



**RE: New Hampshire Public Utilities Commission
DW 17-118**

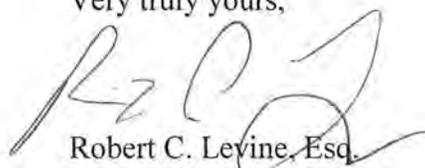
Introductory Letter

Hampstead Area Water Company (“HAWC” or “Company”) respectfully requests that the Commissioners accept this filing in support of its request for an increase in the water rate that the Company charges its customers. If the rate filing is accepted as submitted, the Company would have a permanent revenue increase of \$223,672, effective October 5, 2017. The permanent revenue increase of \$223,672 enables the Company to earn a proposed 6.42% rate of return on its investment, reflected in a proforma rate base of \$5,225,351. Also, the Company is requesting a step increase of \$64,638, effective upon completion of the projects. The step increase of \$64,638 enables the Company to earn a proposed 6.42% rate of return on its investment, reflected in a projected rate base of \$394,637. The average annual amount including the step increase for a general customer will increase from \$475.47 to \$557.07, an increase of \$ or 17.16%. As of December 31, 2016 the Company had 3,578 customers. In the event that the Commission suspends the proposed permanent rates, the Company is proposing temporary rates. The proposed temporary rates would result in an increase in revenue of \$131,780 or 7.36%. On a per general customer basis, the average costs would go from \$475.47 to \$512.77, an increase of \$37.30 or 7.84%.

It has been approximately 5 years since the last rate case. Since that time, the Company has expanded its franchise area, made significant capital improvements including the acquisition of satellite systems, refinance debt, added additional paid in capital and increased revenue and expenses. The Company has made a few proforma adjustments in its filing. The proforma adjustments are an attempt to adjust test year rate base, rate of return, revenue and expenses to what the Company believes such rate base, rate of return, revenue and expenses need to be in order for the Company to recover its costs and to earn a fair and reasonable return on its investment. The Company is requesting that the proposed rate be effective for service rendered commencing October 5, 2017.

With respect to the specific rate filing and its exhibits and supporting schedules, we have engaged the services of Stephen P. St. Cyr of St. Cyr & Associates to prepare the rate filing and exhibits, and to draft and present testimony on the merits of the case. Enclosed is his testimony, the exhibits and supporting schedules, the Testimony of Harold J. Morse, President of Hampstead Area Water Company, Inc., and the other rate filing requirements.

Very truly yours,



Robert C. Levine, Esq.
General Counsel