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STATE OF NEW HAMPSHIRE



PUBLIC UTILITIES COMMISSION  
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October 8, 2018

NHPUC 20CT18PM4:16

Debra A. Howland  
Executive Director  
New Hampshire Public Utilities Commission  
21 South Fruit Street, Suite 10  
Concord, NH 03301

Re: DW 17-118, Hampstead Area Water Company, Inc.  
Petition for Change in Rates  
Recovery of Rate Case Expenditures  
Recovery of Temporary/Permanent Rate Reconciliation Recoupment  
Staff Recommendation for Approval

Dear Ms. Howland:

On August 31, 2018, Hampstead Area Water Company, Inc. ("Hampstead") submitted to the Commission Staff ("Staff") its proposal for recovery of rate case expenses relative to the above-referenced docket and its proposal for recovery of the revenue difference between temporary and permanent rates. Recovery of rate case expenses and temporary-permanent rate recoupment is authorized pursuant to NH Code Admin Rules Puc 1900 *et seq.* Hampstead's submission was made in accordance with a Settlement Agreement approved by the Commission in Order No. 26,165 on July 31, 2018. Staff is recommending that the Commission approve a combined recovery amount of \$154,697 for Hampstead via a total customer surcharge of \$42.08 for each of its 3,676 non-Bow Lake water customers, to be assessed over 5 monthly billing periods at \$8.42 per month. A discussion relative to the basis for Staff's recommendation follows. Staff's calculations are also attached to this correspondence.

Hampstead's filing requested approval for a combined recovery amount of \$157,593. Hampstead's proposed recovery amount consisted of \$37,722 of rate case expenses and \$119,871 of temporary-permanent rate recoupment. In order to recover this amount, the Company proposed a total surcharge for each of its 3,723 customers of \$42.33 over 5 monthly billing periods, or \$8.47 per month.

Submitted with Hampstead's proposal for recovery of rate case expenses and temporary-permanent rate recoupment were spreadsheets detailing the Company's calculation of the proposed recovery rates and copies of supporting invoices which Staff thoroughly reviewed.

Staff also propounded discovery to Hampstead relative to its filing, to which the Company responded. A copy of Hampstead's discovery responses are attached to this correspondence.

With regard to Hampstead's request to recover \$37,722 in rate case expenses, Staff recommends an adjustment of \$(1,286) in order to arrive at an amended recovery amount of \$36,436. Staff's review revealed that certain charges included in a Lewis Builders Development, Inc. invoice were related to the Commission Staff's audit in this case. Hampstead's audit costs were allowed to be recovered in customer rates; therefore this cost should not be included in the surcharge for recovery of rate case expenses.<sup>1</sup>

A schedule showing a comparison of the proposed adjusted rate case expense amount of \$36,436 in this case to other recently approved rate case expense amounts is attached. Staff believes that this schedule shows that the adjusted total surcharge of \$9.91 per customer ( $\$36,436 \div 3,676$ ), (\$1.98 per month for 5 months), for the rate case portion of recovery is reasonable.

Regarding Hampstead's request to recover \$119,871 in temporary-permanent rate recoupment, Staff recommends an adjustment of \$(1,610). This revises Hampstead's amount for the recovery of temporary-permanent rate recoupment to \$118,261. Staff's adjustment corrects Hampstead's original request which was miscalculated because it applied the step adjustment consumption rate of \$5.95 per hundred cubic feet instead of the permanent consumption rate of \$5.94 per hundred cubic feet. Per the approved Settlement Agreement, the rates approved in the step adjustment are not reconcilable to the effective date of temporary rates.

The calculation used in Hampstead's request for recovery of expenses and rate recoupment presented a total number of customers of 3,723. Staff's discovery revealed that included in that count are customers located in the Town of Strafford at the newly acquired Bow Lakes Estates Water system ("Bow Lakes"). Commission Order No. 26,153<sup>2</sup>, states that the customers of Bow Lakes will remain on the Bow Lakes tariff until meters are fully installed which is to be followed by 30 days' notice of the rate change for those customers. As of the date of this recommendation, neither condition has been met. Therefore, the customers of Bow Lakes are not currently subject to Hampstead's tariff. As such, Staff recommends that these customers be excluded from recovery of rate case expenses and the temporary-permanent rate recoupment. Therefore, the total number of customers should be reduced by 47 to a revised number of 3,676.

In conclusion, Staff recommends that Hampstead be authorized to recover a combined amount of \$154,697, consisting of rate case expenses of \$36,436 and a temporary-permanent recoupment amount of \$118,261. Such recovery will be achieved through a total surcharge of \$42.08 per customer to be collected over 5 monthly installments of \$8.42 per customer at the same time water rates are due.

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<sup>1</sup> DW 17-118; Hampstead Area Water Company General Rate Case Filing: Within the filing received October 17, 2017, Audit cost recovery is shown on the Permanent Rate adjustment schedules as pro-forma adjustment #7 on Schedule 1A. Puc Order No. 26,165 dated July 31, 2018 approves the terms of the Settlement Agreement on Permanent Rates.

<sup>2</sup> See DW 17-145; Hampstead Area Water Company and Bow Lakes Estates Water Works Joint Petition to Transfer Utility Assets and Franchise and Related Approvals

Before filing its recommendation, Staff inquired of Hampstead and the Office of the Consumer Advocate ("OCA") regarding its positions relative to Staff's recommendation. Hampstead responded that it had reviewed Staff's proposal and found it acceptable. The OCA did not provide a response to Staff's inquiry.

If there are any questions regarding this recommendation, please let me know.

Sincerely,

A handwritten signature in black ink, reading "Robyn J. Descoteau". The signature is fluid and cursive, with the first name "Robyn" and last name "Descoteau" clearly legible.

Robyn J. Descoteau

Utility Analyst, Gas & Water Division

Attachments: Rate Case Expense Staff Recommendation Schedule  
Company responses to Staff Data Requests  
Rate Case Expense Analysis, Small Water Companies

Cc: Service List

**HAMPSTEAD AREA WATER COMPANY  
DW 17-118  
DEFERRED RATE CASE EXPENSE  
TEMPORARY/PERMANENT RATE RECONCILIATION RECOUPMENT**

	<b>Company Proposed Amount</b>	<b>Staff Adjustments</b>	<b>Staff Proposed Amount</b>
Total Rate Case Expenses	\$ 37,722	\$ (1,286)	\$ 36,436
Total Temp/Perm Rate Reconciliation Recoupment	119,871	(1,610)	118,261
Total Amount to be Recovered	157,593	(2,896)	154,697
 Number of Customers	 3,723	 (47)	 3,676
 <b>Total per Customer</b>	 <b>\$ 42.33</b>		 <b>\$ 42.08</b>
 <b>To be Recovered over 5 months</b>	 <b>\$ 8.47</b>		 <b>\$ 8.42</b>



# HAMPSTEAD AREA

WATER COMPANY, INC

54 SAWYER AVENUE, ATKINSON, NH 03811

TEL: 603.362.4299 FAX: 603.362.4936  
www.hampsteadwater.com

September 26, 2018

Robyn Descoteau  
NH PUC  
21 S. Fruit Street, Suite 10  
Concord, NH 03301-2429


RE: DW-17-118  
Answers to Staff Data Requests – Set 4

Dear Robyn:

Please find enclosed the Company's Answers to Staff Data Requests – Set 4 regarding the above referenced docket. An email copy has also been sent this day to OCA and PUC staff on the Service List.

If you have any questions, please don't hesitate to contact us.

Sincerely,



John Sullivan  
Controller

Enclosures  
JS/ja

cc: HAWC Mgrs.  
Robert Levine, Esq.  
Anthony Augeri, Esq.  
Discovery Service List w/enclosures

**DW 17-118  
HAMPSTEAD AREA WATER COMPANY, INC.  
STAFF DATA REQUESTS – SET 4**

**ANSWERS**

**Date request received: 09-11-18  
Staff 4-1**

**Date of Response: 09-26-18  
Witness: Stephen P. St. Cyr**

**Re: Temporary Rate Recoupment**

Should not the new usage rate used in the Temporary Rate Recoupment calculation be \$5.94 per ccf (see Settlement Attachment A, Schedule 6) since that rate represents the calculated consumption charge after application of the permanent rate increase but before application of the first step increase? Please explain. Also, please note the last sentence under Section II.C.1. of the Settlement Agreement on Page 3.

**Answer:** Yes. See attached.

**DW 17-118  
HAMPSTEAD AREA WATER COMPANY, INC.  
STAFF DATA REQUESTS – SET 4**

**ANSWERS**

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**Date request received: 09-11-18  
Staff 4-2**

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**Date of Response: 09-21-18  
Witness: John Sullivan**

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For the customers reported equaling 3,723, please provide a breakdown by town.

**Answer:**

– see attachment.

**DW 17-118  
HAMPSTEAD AREA WATER COMPANY, INC.  
STAFF DATA REQUESTS – SET 4**

**ANSWERS**

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**Date request received: 09-11-18  
Staff 4-3**

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**Date of Response: 09-21-18  
Witness: John Sullivan**

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**Re: Rate Case Expenses**

The September 30, 2017 invoice from LBD contains charges totaling \$1,286.04 relative to the NHPUC audit (see Sullivan: 9/15, 22, 29 and Budek 9/22, 29). Should not the charges relative to this entry be deducted from rate case expense recovery? Please explain.

**Answer:**

That is correct. The charges of \$1,286.04 of audit expenses were mistakenly included with the rate case expenses.



**DW 17-118  
HAMPSTEAD AREA WATER COMPANY, INC.  
STAFF DATA REQUESTS – SET 4**

**ANSWERS**

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**Date request received: 09-11-18  
Staff 4-4**

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**Date of Response: 09-21-18  
Witness: John Sullivan**

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The October 31, 2017 invoice from LBD contains charges totaling \$588.84 relative to the NHPUC audit (see Sullivan 10/6). Should not the charges relative to this entry be deducted from rate case expense recovery? Please explain.

**Answer:**

That is not correct. The 10/31/17 invoice from LBD totals \$2,184.43. The \$588.84 was not included in the rate case expenses. The summary sheet of rate case expenses shows only \$1,559.59 (\$2,148.43 less \$588.84 = \$1,559.59) being charged to rate case expenses.

**DW 17-118  
HAMPSTEAD AREA WATER COMPANY, INC.  
STAFF DATA REQUESTS – SET 4**

**ANSWERS**

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**Date request received: 09-11-18  
Staff 4-5**

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**Date of Response: 09-21-18  
Witness: John Sullivan**

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Re: 1/31/18 LBD # 16842, \$869.66: Please provide timesheets for Sullivan.

**Answer:**

see attachment.

**DW 17-118  
HAMPSTEAD AREA WATER COMPANY, INC.  
STAFF DATA REQUESTS – SET 4**

**ANSWERS**

**Date request received: 09-11-18  
Staff 4-6**

**Date of Response: 09-21-18  
Witness: John Sullivan**

Please provide further detail for the LBD estimate stating John 10 hours and Bob 4 hours.

**Answer:**

Response – Actual hours since 7/31:

John	4
Bob	2.8 (through week ending 8/31/18)
Judy	1.5

Estimated to complete:

John	2
Bob	4
Judy	1

4-1

# HAMPSTEAD AREA WATER CO.

9/26/2018

Deferred Rate Case Expenses 1-00-186.01  
8/29/18

Date	Description	Amount	Rate Case
6/9/17	Steve St Cyr	388.13	388.13
6/30/17	LBD	301.08	301.08
7/7/17	Steve St Cyr	2,581.87	2,581.87
7/31/17	LBD	175.39	175.39
8/12/17	Steve St Cyr	3,459.38	3,459.38
8/31/17	LBD	1,641.01	1,641.01
9/6/17	Atkinson PO	51.85	51.85
9/9/17	Steve St Cyr	2,278.13	2,278.13
9/30/17	LBD	2,259.39	2,259.39 <1226>
10/7/17	Steve St Cyr	253.12	253.12
10/31/17	LBD # 16557	1,559.59	1,559.59
11/3/17	Steve St Cyr	1,434.38	1,434.38
11/6/17	ARCC (mailing)	1,678.08	1,678.08
11/6/17	ARCC (mailing)	2,033.36	2,033.36
11/30/17	LBD # 16657	1,041.75	1,041.75
12/9/17	Steve St Cyr	1,265.62	1,265.62
12/31/17	Steve St Cyr	776.25	776.25
12/31/17	LBD # 16742	420.60	420.60
1/29/18	Patnaude	128.50	128.50
1/29/18	Patnaude	296.70	296.70
1/31/18	LBD # 16842	869.66	869.66
2/3/18	Steve St Cyr	1,485.00	1,485.00
3/10/18	Steve St Cyr	67.50	67.50
3/31/18	LBD # 17021	87.67	87.67
4/10/18	Steve St Cyr	67.50	67.50
4/30/18	LBD # 17087	927.83	927.83
5/19/18	Steve St Cyr	118.13	118.13
5/31/18	LBD # 17158	1,083.76	1,083.76
6/23/18	Steve St Cyr	3,408.75	3,408.75
6/30/18	LBD # 17263	1,949.99	1,949.99
7/14/18	Steve St Cyr	1,721.25	1,721.25
7/31/18	LBD # 17304	30.75	30.75
8/28/18	Steve St Cyr	202.50	202.50
8/28/18	Steve St Cyr	438.75	438.75
8/29/18	LBD estimate	1,238.76	1,238.76
	Balance 12/31/18	37,721.98	37,721.98 <1226> 36,435.98
	Number of Customers		3,723
	Total Per Customer		10.13 9.79
		SUMMARY	
	Total Rate Case Expenses	37,722	36,436
	Total Temp Rate Recoupment	118,261	118,261
	To Be Recovered	\$ 155,983	154,697
	Number of Customers	3,723	3,723
	Total Per Customer	\$ 41.90	41.35
	To Be Billed Over 5 Months	\$ 8.38	8.31

367  
42.1  
8.1

Hamstead	1 288	1287
Danville	159	159
Chester	60	60
Plaistow	75	75
Sandown	296	296
Salem	82	83
Atkinson	1,227	1201
<del>Nottingham</del>	19	19
East Kingston	123	124
Kingston	100	99
Newton	134	134
Fremont	113	113
<u>Stratford</u>	47	

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3,723

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< 47 >

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3676

9/26/2018

# Hampstead Area Water Co., Inc.

## Temporary Rate Recoupment

Temp Rate Start Date: 10/17/17

**ATKINSON/HAMPSTEAD CORE SYSTEM**

<u>Meter Read Dates</u>		<u>Usage (CF)</u>	<u>Prorated after 10/17/18</u>	
10/2/17	10/31/18	1,399,459	675,601	14 of 29 days
10/31/18	11/30/17	1,231,613	1,231,613	
11/30/17	12/29/17	1,175,098	1,175,098	
12/29/17	1/31/18	1,313,290	1,313,290	
1/31/18	2/28/18	1,097,522	1,097,522	
2/28/18	3/30/18	1,134,140	1,134,140	
3/30/18	4/30/18	1,227,134	1,227,134	
Sub-Total 5.02		<u>8,578,256</u>	<u>7,854,398</u>	
4/30/18	5/31/18	1,433,379	1,433,379	First bill at 5.56 was for meter reading 5/31/18 First bill at 5.95 was for meter reading 7/31/18
5/31/18	6/28/18	<u>1,962,376</u>	<u>1,962,376</u>	
Sub-Total 5.56		<u>3,395,755</u>	<u>3,395,755</u>	

**SATELLITE SYSTEMS**

<u>Meter Read Dates</u>		<u>Usage (CF)</u>	<u>Prorated after 10/17/18</u>	
10/16/17	11/15/17	479,616	463,629	29 of 30 days
11/15/17	12/15/17	454,316	454,316	
12/15/17	1/15/18	486,504	486,504	
1/15/18	2/15/18	448,282	448,282	
2/15/18	3/15/18	394,117	394,117	
3/15/18	4/18/18	469,344	469,344	
Sub-Total 5.02		<u>2,732,179</u>	<u>2,716,192</u>	
4/16/18	5/15/18	472,159	472,159	First bill at 5.56 was for meter reading 5/15/18 First bill at 5.95 was for meter reading 8/15/18
5/15/18	6/15/18	745,808	745,808	
6/15/18	7/16/18	<u>915,876</u>	<u>915,876</u>	
Sub-Total 5.56		<u>2,133,641</u>	<u>2,133,641</u>	

TOTAL USAGE @ 5.02

10,670,690 CF

New Rate 5.94  
Temp Rate 5.02  
Increase  
Sub-Total

0.92 per 100 cf  
\$97,249

TOTAL USAGE @ 5.56

5,529,396 CF

New Rate 5.94  
Temp Rate 5.56  
Increase  
Sub-Total

0.38 per 100 cf  
\$21,012

Temporary Rate Recoupment  
Number of Customers  
Total Per Customer

118,261  
3,723  
\$31.76

## A-6 LIST OF TOWNS SERVED

List by operating divisions the towns served directly, indicating those in which franchise is for limited area by an asterisk (\*) after name. Give population of the area and the number of customers.

Line No.	Town	Population of Area	Number of Customers	Line No.	Town	Population of Area	Number of Customers
1	Hampstead, N. H.	8,628	1,287	16	Sub Totals Forward	90,809	3,646
2	Sandown, N.H.	6,395	292	17			
3	Danville, N.H.	4,506	159	18			
4	Chester, N.H.	5,012	60	19			
5	Nottingham, N. H.	5,041	19	20			
6	E. Kingston	2,466	124	21			
7	Kingston, N.H.	6,061	99	22			
8	Atkinson, N.H.	6,767	1,201	23			
9	Salem, N. H.	28,673	83	24			
10	Plaistow, N.H.	7,571	75	25			
11	Newton, N. H.	4,947	134	26			
12	Fremont, N. H.	4,742	113	27			
13				28			
14				29			
15	Sub Totals Forward.	90,809	3,646	30	Total	90,809	3,646

## A-7 PAYMENTS TO INDIVIDUALS

List names of all individuals, partnerships, or corporations to whom payments totaling \$10,000 or more for services rendered were made or accrued during the year, and the amount paid or accrued to each. Where payments or accruals to the individual members of a partnership or firm together total \$10,000 or more, list each individual and the amount paid or due each.

Line No.	Name	Address	Amount
1	Lewis Builders Development	Atkinson, N. H.	406,228
2	Treasurer, State of NH	Concord, N. H.	184,253
3	Pentucket Bank	Haverhill, MA	184,100
4	Ti-Sales Inc	Sudbury, Ma.	124,593
5	Unifil	Boston, Ma.	85,021
6	Eversource	Dallas, Tx.	71,764
7	Town of Hampstead	Hampstead, N.H.	50,959
8	Hampstead Area Water Services	Atkinson, NH	50,000
9	R. E. Prescott	Exeter, N. H.	41,954
10	Anthem Blue Cross Blue Shield	Newark, NJ	38,863
11	East Coast Lumber	Essex Hampstead, N. H.	34,923
12	Viera Artesian Well, LLC	Groveland, MA	32,212
13	Nelson Analytical lab	Manchester, N. H.	31,966
14	Town of Atkinson	Atkinson, N. H.	31,674
15	Atkinson Area Waste Water	Atkinson, N. H.	30,963
16	State of New Hampshire	Concord, N.H.	29,902
17	Acadia Insurance	Philadelphia, PA	27,786
18	Stephen P. St. Cyr & Assoc.	Biddeford, ME	23,318
19	Trendezza, LLC	Bedford, NH	23,000
20	Lewis Equipment Company	Atkinson, NH	19,705
21	Atkinson Resort & Country Club	Atkinson, NH	18,325
22	Hillcrest Estates, LLC	Lowe, MA.	17,000
23	USA Bluebook	Gurnee, IL	15,114
24	NH Electric Co-op	Manchester, N. H.	14,618
25	Lewis Builders Inc.	Atkinson, NH	13,486
26	Marlo Incorporated	Racine, WI	12,267
27	Lewis Engineering PLLC	Litchfield, NH	12,000
28	GSG Supply, Inc.	Haverhill, MA	10,767
29	D&P Swimming Pool	Plaistow, NH	10,512
30			
31			
32	Total		\$ 1,647,273





Rate Case Expense Analysis  
Small Water Companies

Company	Docket	Order	# of Customers	Total Rate		Recovery Period	Recovery per	Total Rate
				Case Expense Allowed	Customer per Qtr/Mo *		Case Expense Per Customer	
Dockham Shores	DW12-355	25,616	60	\$ 7,486	8	\$	15.60	\$ 124.77
Forest Edge	DW12-254	25,612	42	\$ 15,083	16	\$	22.44	\$ 359.12
Tioga River	DW10-217	25,359	110	\$ 15,830	12	\$	11.99	\$ 143.91
Rosebrook **	DW12-306	25,635	404	\$ 1,178	1	\$	2.92	\$ 2.92
Hampstead ***	DW12-170	25,564	3175	\$ 38,143	6	\$	2.00	\$ 12.01
Abenaki ****	DW15-199	25,945	466	\$ 75,389	30	\$	5.39	\$ 161.78
Lakes Region	DW15-209	26,028	1690	\$ 120,000	8	\$	8.88	\$ 71.01
West Swanzey	DW17-103	26,146	81	\$ 10,061	8	\$	15.53	\$ 124.21

\* Recovery per Customer may differ from rate in order: temp/perm differential excluded.

\*\* Rosebrook would have been \$15.42 for 4 quarters (\$141.68/cust) if St. Cyr charges had not been disallowed.  
The St. Cyr charges were disallowed because they were paid by a third party, not Rosebrook.

\*\*\* Hampstead has in-house accounting and in-house legal departments.

\*\*\*\* Abenaki residential customers paid \$5.77/month for 30 months. % of revenue allocation was used.

**SERVICE LIST - EMAIL ADDRESSES - DOCKET RELATED**

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**Pursuant to N.H. Admin Rule Puc 203.11 (a) (1): Serve an electronic copy on each person identified on the service list.**

Executive.Director@puc.nh.gov  
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steve.frink@puc.nh.gov

Docket #: 17-118-1      Printed: October 08, 2018

**FILING INSTRUCTIONS:**

- a) Pursuant to N.H. Admin Rule Puc 203.02 (a), with the exception of Discovery, file 7 copies, as well as an electronic copy, of all documents including cover letter with:**

DEBRA A HOWLAND  
EXECUTIVE DIRECTOR  
NHPUC  
21 S. FRUIT ST, SUITE 10  
CONCORD NH 03301-2429

- b) Serve an electronic copy with each person identified on the Commission's service list and with the Office of Consumer Advocate.**
- c) Serve a written copy on each person on the service list not able to receive electronic mail.**