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NHPUC 19APR'19AM10:33

April 19, 2019

Debra A. Howland, Executive Director  
New Hampshire Public Utilities Commission  
21 South Fruit Street, Suite 10  
Concord, New Hampshire 03301-2429

Re: DW 18-128, Hampstead Area Water Company, Inc.  
Second Petition for Extension of Emergency Service Agreement

Dear Ms. Howland:

On March 27, 2019, Hampstead Area Water Company, Inc. ("HAWC" or the "Company") filed a petition requesting permission to continue to provide water service to the Tisdale Trailer Park ("Tisdale" or "Trailer Park") within the Town of Salem until such time the Commission issues an order on HAWC's current petition to expand its franchise to include Tisdale, Docket No. DW 19-011. The Company also requested authority from the Commission to continue to charge Tisdale the previously approved water rate beyond the original effective period ending November 1, 2018. HAWC's petition was accompanied by the pre-filed supplemental testimony of its president, Harold Morse. Staff recommends that the Commission approve HAWC's petition.

Order No. 26,174 (September 14, 2018) approved a water service agreement between HAWC and Tisdale effective until November 1, 2018. That service agreement, pursuant to a request by the NH Department of Environmental Services ("NHDES"), provides for HAWC to furnish temporary service to Tisdale because its water supply was contaminated by e coli.

The water service agreement provided temporary water service to Tisdale by HAWC via a service line from the Company's Lancaster Farm distribution system through a 1" meter. HAWC, in turn, charged Tisdale its current 1" meter rate of \$30 per month plus a consumption charge of \$5.95 per hundred cubic feet (ccf) of water supplied. A step adjustment approved on November 28, 2018 increased the consumption charge to \$6.11 per hundred cubic feet (ccf) of water supplied.<sup>1</sup>

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<sup>1</sup> These rates were approved by the Commission in Order No. 26,165 (July 31, 2018) and Order No. 26,195 (November 28, 2018) in DW 17-118.

Order No. 26,174 also anticipated that by November 1, 2018, Tisdale's owner would know if efforts to rehabilitate the Trailer Park's water supply were successful. If those efforts proved unsuccessful, it also anticipated that Tisdale's owner would elect to have HAWC supply the Trailer Park's water system on a permanent basis.

On November 15, 2018, HAWC submitted a petition to extend the emergency service contract. In testimony provided in support of HAWC's petition, Harold Morse, HAWC's President, stated that Tisdale's attempts to rehabilitate its water supply were unsuccessful. Mr. Morse further stated that HAWC would be submitting a filing to expand its franchise area to include the Trailer Park. As such, HAWC requested an extension of HAWC's water service agreement with Tisdale. On November 19, Staff filed a letter recommending that the Commission approve HAWC's petition. On November 20 the Commission granted HAWC's request by Secretarial Letter, extending its water service agreement with Tisdale until April 30, 2019, or until an order was issued by the Commission on HAWC's forthcoming franchise expansion petition, whichever was sooner.

HAWC's franchise expansion petition was filed on January 18, 2019 and docketed as Docket No. DW 19-011. Because the approved procedural schedule for Docket No. DW 19-011 will extend beyond the April 30, 2019, deadline of Docket No. DW 18-128, HAWC filed its second request for extension of its water supply agreement with Tisdale.

Specifically, HAWC is requesting authorization from the Commission to continue supplying Tisdale's 58 residents beyond the April 30, 2019 deadline at the previously approved rate, until a Commission order is issued in Docket No. DW 19-011. HAWC further requests that, pursuant to RSAs 374:22, 26 and 378:9, consideration of its instant petition be expedited and a hearing waived due to the continued water demand that exists at Tisdale.

Staff must bring to the Commission's attention, however, that HAWC has not been following the terms of the bulk water sale agreement approved in Order No. 26,174. As revealed through discovery conducted by Staff, the Company changed the original 1" meter to a 2" meter and charged Tisdale the adjusted base charge accordingly. Specifically, HAWC charged Tisdale for a 2" meter service, at \$100 per month based on its tariff, instead of the approved charge for a 1" meter service, which is \$30 per month based on its tariff. The Commission was not notified of this change to the bulk water contract, nor was it approved. As a result, HAWC has overcharged Tisdale \$242, as of March 19, 2019, in base charges.

Staff recommends, however, that due to the impending Commission deadline of April 30, 2019, set in the instant docket, the discrepancy between the billing amounts authorized in the Bulk Water Sale Agreement and the amount actually billed to Tisdale should be addressed in the Company's related Tisdale franchise expansion petition, Docket No. DW 19-011. That will allow HAWC to continue providing uninterrupted, reliable, and potable water service for the residents of Tisdale, who without this water agreement, have no viable water source alternative.

Upon review of the facts and circumstances surrounding HAWC's requests to continue providing water service to Tisdale, Staff recommends that the Commission approve the Company's petition. Staff has determined special circumstances still exist requiring HAWC to provide service to

Tisdale. Staff also recommends that the Commission find, pursuant to RSA 378:18, the terms of the water supply contract remain just and consistent with the public interest and approve them. Staff, therefore, recommends that HAWC's continued provision of water service to Tisdale, under the previously approved contract, including the 1" meter service charge, extends to such time that the Commission issues an order in Docket No. DW 19-011.

Staff further recommends that the Commission need not waive the hearing requirements of RSAs 374:22 and :26 pursuant to RSA 378:9, as requested by HAWC in its motion. Staff notes a hearing is not necessary in this instance, as it has found previously in the instant docket. Lastly, Staff recommends that the overcharge issue be examined in Docket No. DW 19-011.

If you have any questions concerning this matter, please do not hesitate to contact me.

Sincerely,



Robyn J. Descoteau  
Utility Analyst, Gas-Water Division

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