

Readopt with amendments Puc 700, effective 9-10-13 (Document #10408), to read as follows:

CHAPTER Puc 700 RULES FOR SEWER UTILITIES

PART Puc 701 APPLICATION OF RULES

Puc 701.01 Application of Rules. These rules shall apply to any utility as defined in Puc 702.08.

PART Puc 702 DEFINITIONS

Puc 702.01 "Commission" means the New Hampshire public utilities commission.

Puc 702.02 "Customer" means any person, firm, corporation, municipality or any other entity being supplied sewage disposal service by a utility.

Puc 702.03 "Department" means the New Hampshire department of energy.

Puc 702.04 "Septic pumping" means the removal of sludge and scum from a septic or holding tank system for transport to appropriate disposal facilities.

Puc 702.05 "Sewage" means ground garbage, human or animal excretions and all other waterborne waste normally disposed of by residential, industrial, or commercial facilities through a sanitary sewage disposal system excluding solid waste, industrial waste and septic pumping.

Puc 702.06 "Sewage disposal service" means the collection, transportation, treatment, and disposal of sewage including but not limited to the active processing of sewage to remove impurities and its ultimate discharge in the environment. This definition does not include septic pumping.

Puc 702.07 "Sewage disposal system" means the plant and property, including all pipes, pumps, structures and other facilities and equipment owned, operated, and controlled or managed by a utility in connection with the sewage disposal service to its customers.

Puc 702.08 "Utility" means any "public utility" as defined in RSA 362:2 owning, operating or managing any plant or equipment or any part of the same for the furnishing of sewage disposal for the public except:

- (a) Municipal corporations operating within their corporate limits;
- (b) Municipal corporations which are exempt pursuant to RSA 362:4, to the extent of such exemption;
- (c) Any landlord supplying sewage disposal service to its tenants which service is included in a rental fee;
- (d) Any association of residents supplying sewage disposal service to themselves; or
- (e) Any other entity otherwise exempt from regulation by statute or commission order.

PART Puc 703 SERVICE PROVISIONS

Puc 703.01 Filing of Tariffs. No utility shall render sewage disposal service until a complete tariff containing terms and conditions and rate schedules shall have been filed and approved by the commission according to Puc 1600.

PART Puc 704 RECORDS, REPORTS, ACCOUNTING REQUIREMENTS, AND SHORT-TERM DEBT

Puc 704.01 Records in General. All records shall be organized, arranged, or prepared to ensure that sufficient data is available to determine the status of compliance with these rules.

Puc 704.02 Preservation of Records.

(a) All records shall be preserved by the utility for a period of 2 years unless otherwise designated herein or by the commission's or the department's rules governing the preservation of records, including, but not limited to, Puc 704.04(b) and En 706.

(b) All records shall be kept within New Hampshire at the office or offices of the utility and shall be open at all reasonable hours for examination by the commission or the department.

Puc 704.03 Reports to Commission.

(a) The utility shall furnish the commission with any information concerning the utility's facilities or operations which the commission shall request and need for determining rates or judging the practices of the utility, including whether the service provided and facilities used are reasonably safe and adequate.

(b) Each utility shall file periodic reports with the commission as required by Puc 708.

Puc 704.04 Uniform System of Accounts for Accounting Records.

(a) Each utility shall maintain its accounts and records in conformity with the "Uniform Classification of Accounts for Sewer Utilities" established and issued by the commission as a uniform system of accounts pursuant to RSA 374:8.

(b) Each utility shall keep and preserve all accounts and records as provided in the "Regulations to Govern the Preservation of Records of Electric, Gas and Water Utilities Regulation" issued by the National Association of Regulatory Utility Commissioners, which is established and designated by the commission as part of its uniform system of accounts pursuant to RSA 374:8.

Puc 704.05 Work Order and Continuing Property Records. Each utility shall maintain a work order system and continuing property records according to the "Uniform Classification of Accounts for Sewer Utilities" and shall provide the commission or the department access to such records when requested.

Puc 704.06 Short Term Debt. No utility shall issue or renew any notes, bonds or other evidence of indebtedness payable less than 12 months after the date thereof without prior commission approval pursuant to Puc 201.05 if said short term debt exceeds 10% of the utility's net fixed plant.

PART Puc 705 FORMS TO BE FILED

Puc 705.01 E-22 Report of Proposed Expenditures for Additions, Extensions and Capital Improvements to Fixed Capital.

(a) Except as provided in (i) below, each utility shall file with the commission and the department an annual report of proposed expenditures for addition, extensions and capital improvements to fixed capital on or before May 15 of each year.

(b) If the utility creates its own Form E-22, the report shall include a caption identifying the report as “E-22 Report of Proposed Expenditures for Additions, Extensions and Capital Improvements to Fixed Capital” along with the name of the utility filing the report.

(c) The utility shall report the following on Form E-22 with respect to any proposed expenditures for additions, extensions and capital improvements which meet the conditions of (d) below:

- (1) A description of the addition, extension or capital improvement;
- (2) The location of the proposed addition, extension, or capital improvement;
- (3) The total estimated cost of the proposed addition, extension, or improvement by work category; and
- (4) The signature, full name and title of the utility employee who supervised the preparation of the report and the date submitted.

(d) Each utility shall report to the commission when the probable cost of any addition, extension or capital improvement to its utility plant will exceed the reportable amounts shown in Table 7.5.1 below:

Table 7.5.1 Reportable Amounts by Utility Plant Range

UTILITY PLANT RANGE	REPORTABLE AMOUNT
\$400,000 and under	\$ 5,000
400,001 to \$1,000,000	10,000
1,000,001 to 2,000,000	15,000
2,000,001 to 3,000,000	22,500
3,000,001 to 50,000,000	30,000
50,000,001 to 100,000,000	50,000
100,000,001 and over	100,000

(e) The reportable amount shall be based on the gross fixed capital, as of December 31st of the calendar year immediately preceding, of each core stand-alone or satellite system with an independent source of supply.

(f) Companies with more than \$10,000,000 in fixed capital may use the next higher reporting limit for their satellite systems.

(g) The reporting limits shall apply to total project cost including contributions in aid of construction.

(h) For purposes of (d) above, reporting to the commission shall consist of:

- (1) A completed E-22 form; or
- (2) With written approval of the commission pursuant to (i) below, a construction budget.

(i) The commission shall accept a construction budget in place of individual E-22 forms if the proposed budget:

- (1) Highlights all projects above the utility's reporting limit;
- (2) Contains a level of detail appropriate to the expenditures anticipated and to identification of potential project-specific issues; and
- (3) Covers a period of no longer than one year.

(j) A utility shall file an original and duplicate copy of the report or the construction budget as follows:

- (1) An individual E-22 form no fewer than 30 days before starting actual construction or expenditure of funds; or
- (2) A construction budget no fewer than 60 days before starting actual construction or expenditure of funds.

(k) A utility may provide an additional copy of its filing and request that it be date-stamped and returned by the commission to confirm filing.

(l) If the cost of a project is anticipated to fall below the applicable reporting limit but later exceeds it, the utility shall immediately file an E-22 form at whatever time or phase of the project it becomes apparent the limit will be exceeded. This requirement shall include projects listed in the construction budget but not highlighted in accordance with (i)(1) above.

(m) Investigation of or comment on a construction budget or E-22 by the commission or department, or failure of the commission or department staff to identify prudence review issues as described in (n) below shall not constitute a final prudence review and the commission shall not be precluded from analyzing the merit of any expenditure in a future rate case.

(n) If a project not included in an approved construction budget arises which will exceed a utility's reporting limit, the utility shall file an E-22 form.

Puc 705.02 E-25 Sewer Report of Proposed Changes in Depreciation Rates.

(a) Each utility shall file with the commission and the department "Form E-25 Sewer Report of Proposed Changes in Depreciation Rates" when it proposes any change in depreciation rates.

(b) If the utility creates its own Form E-25 Sewer, the utility shall include on Form E-25 Sewer a caption identifying it as "Form E-25 Sewer Report of Proposed Change in Depreciation Rates".

(c) The utility shall include on Form E-25 Sewer the following:

- (1) The name of the company;
- (2) The date;
- (3) The account number and title;
- (4) The estimated whole life, both present and proposed, in years;
- (5) The net salvage, both present and proposed, by percentage;
- (6) The depreciation accrual rate, both present and proposed, by percentage;
- (7) The net annual change in dollars;
- (8) The reasons for the change; and
- (9) The signature, the printed full name and title of the utility employee who supervised the preparation of the form as well as the date submitted.

(d) A utility shall not implement any change in depreciation rates until the proposed change has been approved by the commission in an adjudicatory proceeding pursuant to Puc 200.

Puc 705.03 F-3 Pro Forma Income Statement at Present and Proposed Rates for Year Ended.

(a) Each utility which requests a rate increase shall file Form "F-3 Pro Forma Income Statement at Present and Proposed Rates for Year Ended" with the commission and the department.

(b) If the utility creates its own Form F-3, the utility shall include on Form F-3 a caption identifying the report as "Form F-3 Pro Forma Income Statement" and include the name of the utility filing the report.

(c) The utility shall include on Form F-3 the following:

(1) A breakdown of operating revenues and expenses for:

- a. Actual year ended;
- b. Adjustments and pro forma at present rates;
- c. At proposed rates with additional requirements; and
- d. Total requirements.

(d) Each utility which requests a rate increase shall file with the commission the following:

(1) A calculation of rate base and calculation of rate of return;

(2) A description, including a reproduction of actual required income and pro forma test period for rate base, rate of return, income required, adjusted net operating income, deficiency, tax effect and revenue deficiency;

(3) A detailed schedule, explaining and showing how each pro forma adjustment was determined, of operating revenues and operating expenses, operating rents and net operating income for 12 months, the pro forma adjustments, test year as proformed, first preceding year and second preceding year;

(4) A description of property taxes including the town, the period, the actual amount paid, the amount accrued, the amount not applicable to utility operations, proforma adjustments, proformed property taxes;

(5) If a discount on property taxes was available, the company shall state such and shall include the rate, and whether or not the utility took advantage of the discount;

(6) A description of payroll which shall describe accounts in operation, maintenance, construction, plant removal and other accounts specified for 12 months ending, pro forma adjustment and proformed to 12 months;

(7) A balance sheet of assets and deferred charges which shall include sewer plant, other property, investments, current assets, deferred charges for 12 months ending, first preceding year, second preceding year, and test year average of monthly balance sheets;

(8) A description of capitalization, long-term debt, current and accrued liabilities, deferred credits, reserves and contributions in aid of construction for 12 months ending, and first preceding year, second preceding year, and test year average of monthly balance sheets;

(9) A description of plant held for future use, deferred charges, deferred credits, accumulated deferred taxes on income for each account or subaccount and accumulated depreciation;

- (10) A description of transmission and distribution inventory, appliance inventory, other materials and supplies for the test year average, first preceding year and the second preceding year;
- (11) A description of contributions in aid of construction, the name or year received, the actual amount, original amount booked and the annual depreciation taken on contributed capital;
- (12) A description of the utility's rate which shall include a description of each of the following:
 - a. Plant-in-service, less accumulated depreciation and plant held for future use to derive net utility plant;
 - b. Cash, working capital, materials and supplies, repayments, less deferred taxes, investment tax credits, customer deposits, and customer advances to determine net operating income applicable to rate base; and
 - c. Rate of return for jurisdictional proforma test year average, jurisdiction 13-month average, total proformed test year average, and total 13 month average;
- (13) A description of and accounting of working capital which shall be based upon the balance sheet approach or a detailed lag study; and
- (14) The signature, the printed full name and title of the utility employee who supervised the preparation of the Form.

Puc 705.04 F-4 Authority to Issue Securities.

- (a) Each utility shall file form “ F-4 Authority to Issue Securities” with the commission and the department when it seeks authority to issue securities.
- (b) A utility shall include on form F-4 the following:
 - (1) A petition which shall include:
 - a. A caption identifying the form as “Form F-4 Authority to Issue Securities” and the name of the company;
 - b. A description of authorized and outstanding long-term debt and capital stock;
 - c. The amount of short-term notes outstanding;
 - d. A clause giving a description and the amount of new securities, to whom issued, the interest rates if known and the date of the indenture mortgage under which the debt is to be issued;
 - e. A description of what the proceeds will be used for;
 - f. A list of exhibits attached to the petition;
 - g. A certification statement as contained in (e) below; and
 - h. The petitioner's prayer asking for the relief requested;
 - (2) Exhibit 1, an application for leave to issue securities pursuant to RSA 369:3 that includes a statement in reasonable detail of any proposed additions, construction or working capital requirements together with any proposed construction budget;

- (3) Exhibit 2, providing a statement showing the estimated cost of financing including, for example, legal costs, printing, documentary tax, trustee services, and financial services;
 - (4) Exhibit 3, consisting of a current balance sheet adjusted for financing with journal entries and explanations for actual, adjustments, and as adjusted;
 - (5) Exhibit 4, consisting of a current income statement adjusted for financing including new interest, depreciation and taxes with entries for actual, adjustments and as adjusted;
 - (6) Exhibit 5, consisting of a statement of capitalization ratios after giving effect to the proposed financing; and
 - (7) Exhibit 6, consisting of a weighted average cost of debt.
- (c) The utility shall also provide the following:
- (1) A copy of the purchase and sale agreement for long-term financing including any letter of commitment from a lender stating the details of financing;
 - (2) A copy of the mortgage indenture;
 - (3) A copy of terms of the new common or preferred stock;
 - (4) An appropriate authorizing resolution of petitioner's stockholders or other group or body whose consent is necessary to authorize the petitioner to enter into the new financing; and
 - (5) An original and 6 copies of the petition and exhibits.
- (d) By submitting or signing a form F-4 petition, the persons shall agree to comply with the certification requirement as set forth in (e) below.
- (e) Each utility shall provide, in connection with a form F-4 "Petition for Authority to Issue Securities", a certification which shall provide as follows:
- "The petitioner utility company believes and, therefore, alleges that the securities to be issued will be consistent with public good and that it is entitled to issue said securities under RSA 369 for the purposes set forth in its petition."

Appendix

Rule	Specific State Statute the Rule Implements
Puc 701.01-702.08	RSA 365:8, I (e), (l)
Puc 703.01	RSA 365:8, I (e), (l); 374:15
Puc 704.01-704.06	RSA 365:8, I (e), (l); 369:1, 3; 374:3, 4, 13
Puc 705.01-705.03	RSA 365:8, I (e), (l); 374:3, 4, 15
Puc 705.04	RSA 365:8, I (e), (l); 369:1, 3