

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DW 12-306

ROSEBROOK WATER COMPANY, INC.

Temporary and Permanent Rate Proceeding

**Order Suspending Proposed Tariffs
and
Scheduling Prehearing Conference**

ORDER NO. 25,442

December 21, 2012

Rosebrook Water Company, Inc. (Rosebrook) is a regulated water utility pursuant to RSA 362:2 and 362:4, and provides water service to approximately 404 customers in the Town of Carroll. On October 12, 2012, Rosebrook filed a Notice of Intent to file rate schedules and, on November 20, 2012, filed its rate schedules which would increase its annual revenues by \$70,058 or 33.44%. Rosebrook also seeks approval of temporary rates pursuant to RSA 378:27, at a level equal to its currently effective rates, during the pendency of the permanent rate proceeding. Rosebrook proposes that temporary rates be effective as of the date it notifies customers of its rate case request. Rosebrook's filing and subsequent docket filings, other than any information for which confidential treatment is requested of or granted by the Commission, will be posted to the Commission's website at <http://www.puc.nh.gov/Regulatory/Docketbk/2012/12-306.html>.

Rosebrook seeks to earn an overall rate of return of 10.78% and a return on equity capital of 11.25%. Rosebrook states that while it realized net operating income of \$40,575 during its 2011 test year, it would have incurred a net loss had two affiliated entities not written off amounts owed to them by Rosebrook. Rosebrook attributes the need for a rate increase to

increased operation and maintenance expenses and has provided proforma adjustments of \$48,694 in its proposed rates. Rosebrook has recently replaced a turbine pump in well #1, installed power to the water storage tank, added a generator to the pump house, and has replaced the water storage tank roof. Finally, Rosebrook seeks approval for a step adjustment to its revenue requirement of \$1,559 to reflect property tax expense relating to capital improvements placed in service during 2012.

Rosebrook presently charges residential customers using a 5/8th inch meter a quarterly rate of \$35.00 and a volumetric rate of \$4.04 per 1000 gallons. New rates, if approved, would be \$46.75 per quarter and \$5.26 per 1000 gallons. Commercial customers using a 2-inch, 3-inch, and 8-inch meter presently pay \$101.50 per quarter and the same volumetric rate as residential customers and new rates, if approved, would result in a \$135.56 quarterly charge and \$5.26 per 1000 gallons.

On December 12, 2012, Commission Staff filed a recommendation that the Commission investigate Rosebrook's affiliate contracts and its' compliance with RSA 366:3. Staff stated that the issue is properly included in this proceeding because Rosebrook seeks recovery of costs associated with these affiliate contracts in its proposed rates. Staff discovered this issue while reviewing Rosebrook's proposed stock transfer in Docket No. DW 12-299 which may be found at: <http://www.puc.nh.gov/Regulatory/Docketbk/2012/12-299.html>.

The filing raises, *inter alia*, issues related to: RSA 378 and whether the proposed permanent and temporary rates are lawful, just, and reasonable; the rate design is reasonable, the cost of equity capital and step adjustments are reasonable; and whether Rosebrook's affiliate

contracts are just and reasonable and in the public good. Each party has the right to have an attorney represent the party at the party's own expense.

Based upon the foregoing, it is hereby

ORDERED, that Rosebrook Water Company's NHPUC No. 2 WATER – 1st Revised Page 9 and 1st Revised Page 10 are hereby suspended; and it is

FURTHER ORDERED, that a Prehearing Conference be held before the Commission located at 21 South Fruit Street, Suite 10, Concord, New Hampshire on January 29, 2013 at 10:00 a.m., at which each party and Commission Staff will provide a preliminary statement of its positions with regard to the petition; and it is

FURTHER ORDERED, that immediately following the Prehearing Conference, Rosebrook, Staff, and any intervenors hold a technical session to review the issues and to recommend a procedural schedule for consideration of the issues in this proceeding; and it is

FURTHER ORDERED, that pursuant to N.H. Code Admin. Rules Puc 203.12 and Puc 1203.02, Rosebrook shall notify all persons desiring to be heard at this hearing by mailing, by first class mail, a copy of this order no later than January 8, 2013 to all customers, known prospective customers, and the Town Clerk for the Town of Carroll, such mailing documented by affidavit filed with the Commission on or before January 25, 2013; and it is

FURTHER ORDERED, that pursuant to N.H. Code Admin. Rules Puc 203.17, any party seeking to intervene in the proceeding shall submit to the Commission seven copies of a petition to intervene with copies sent to Rosebrook and the Office of the Consumer Advocate on or before January 25, 2013, such petition stating the facts demonstrating how its rights, duties,

privileges, immunities or other substantial interest may be affected by the proceeding, as required by N.H. Code Admin. Rule Puc 203.17 and RSA 541-A:32, I(b); and it is

FURTHER ORDERED, that any party objecting to a petition to intervene make said objection on or before January 29, 2013.

By order of the Public Utilities Commission of New Hampshire this twenty-first day of December, 2012.



Amy L. Ignatius
Chairman

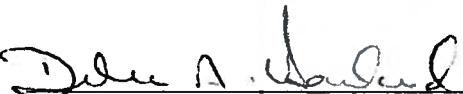


Michael D. Harrington
Commissioner



Robert R. Scott
Commissioner

Attested by:



Debra A. Howland
Executive Director

Individuals needing assistance or auxiliary communication aids due to sensory impairment or other disability should contact the Americans with Disabilities Act Coordinator, NHPUC, 21 S. Fruit St., Suite 10, Concord, New Hampshire 03301-2429; 603-271-2431; TDD Access: Relay N.H. 1-800-735-2964. Notification of the need for assistance should be made one week prior to the scheduled event.