



# HAMPSTEAD AREA

## WATER COMPANY, INC

54 SAWYER AVENUE, ATKINSON, NH 03811

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www.hampsteadwater.com

November 13, 2009

Debra A. Howland  
Executive Director & Secretary  
Public Utilities Commission  
21 S. Fruit Street, Suite 10  
Concord, N. H. 03301-2429

Re: DW 08-065, Hampstead Area Water Company  
Atkinson-Hampstead Interconnection Project Step Increase

Dear Ms. Howland:

In accordance with the terms of the Stipulation approved by the Commission in Order No. 25,000 dated August 4, 2009 in DW 08-065, the Company "agrees to file with the Commission detailed actual costs of the Project, as well as the return on the assets, the depreciation expenses on those assets, and the direct expenses related to the Project to be recovered through the rate increase". As such, enclosed are one (1) paper set and (7) seven computer disks of the various schedules including plant and contribution in aid of construction, weighted average rate of return, calculation of tax expense, calculation of revenue requirement, calculation of rates, actual costs by vendor and actual costs by invoice. Please note that two computer disks have also been provided to the Office of the Consumer Advocate.

In Order No. 24,937 in Docket DW- 08-088 dated February 6, 2009, the Commission approved HAWC's request to finance the interconnection project, but deferred the issue of how the financing would impact rates to the instant docket. The parties to the Stipulation approved herein by the Commission agreed that at the conclusion of the project, HAWC will submit documentation of its costs relating to the Project for Staff and the OCA's review and then for Commission review and approval. The Project was completed and placed in service on November 10, 2009. Beginning on December 15, 2009, subject to the approval by the Commission, the customer bills will reflect service being rendered for that billing period.

The step adjustment to rates is made contingent on review and approval from the Commission of the actual costs of the Project to confirm that such costs are consistent with Hampstead's petition.

As of July 31, 2009 the Company incurred \$35,357 of financing and step increase expenditures in DW 08-088. The Company has attributed 50% of the costs to financing

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costs and 50% of the costs to rate case expenditures. The annual amortization of the 50% financing costs have been incorporated into the cost of debt / rate of return calculation (see SPS-2). The Company proposes to recover these 50% rate case expenditures over two months as a rate case expenditure surcharge of \$3.04 per customer using a customer base of 2,907.

The Company respectfully requests the opportunity to review the Staff's recommendation prior to submission to the Commission. Further, the Company respectfully requests that the Commission review and approve the costs actually incurred and the related rate increase. The Company also respectfully requests that the Commission issue an order approving the costs actually incurred and the related rate increase as soon as possible so that the Company can reflect the rate increase in its December 15, 2009 billings.

If the Commission and/or its Staff have any questions or comments, please do not hesitate to contact me at your earliest convenience.

Very truly yours,

A handwritten signature in black ink, appearing to read 'R. C. Levine', with a long horizontal flourish extending to the right.

Robert C. Levine, Esq.  
General Counsel

cc: HAWC  
Stephen P. St. Cyr  
Service list