

THE STATE OF NEW HAMPSHIRE

PUBLIC UTILITIES COMMISSION

Fryeburg Water Company

Docket No. DW 09-291

PRE-FILED TESTIMONY OF JEAN ANDREWS

August 10, 2010

1 **Q. What is your position with Fryeburg Water Company?**

2 A. I have served as office manager for the Fryeburg Water Company (the
3 “Company”) since 2002, and its treasurer since 2003.

4 **II. TESTIMONY IN SUPPORT OF TEMPORARY RATES**

5 **Q. Why are temporary rates necessary in this proceeding?**

6 A. The Company has experienced a significant decline in contract sales to Pure
7 Mountain Springs, LLC, a supplier for Poland Springs, to levels well below those
8 used in the 2006 test year for the Company’s most recent rate case. As shown in
9 JA-1, during the test year, Pure Mountain Springs purchased 178.6 million gallons
10 from the Company. Since 2006, however, sales to Pure Mountain Springs have
11 declined significantly to 121.6 million gallons in 2007, 110.0 million gallons in
12 2008, and 85.9 million gallons in 2009.

13 **Q. How does the decline in sales to Pure Mountain Springs impact the**
14 **Company’s revenues?**

15 A. Revenues derived from sales to Pure Mountain Springs in 2009 were \$67,006 less
16 than those received in 2006, despite a 16.02% rate increase approved by the
17 Maine PUC effective on November 15, 2007 and a step increase of 3.0% effective
18 January 1, 2009. JA-1. This loss in revenue has had an adverse negative impact
19 on the Company’s ability to provide service to its customers and its ability to earn
20 a reasonable return on the Company’s investment in its water infrastructure that is
21 dedicated to public service of its customers in New Hampshire and Maine.

1 **Q. What is the Company's allowed rate of return?**

2 A. The Maine PUC approved a 10.5% return on equity for the Company in Maine
3 PUC Docket No. 2006-590. On July 9, 2008, the New Hampshire Public Utilities
4 Commission issued Order No. 24,873 in Docket No. DW07-115, which allowed
5 the Company to charge its approved Maine rates to New Hampshire customers,
6 subject to a minor adjustment of \$1.69 per year per customer. As a result, the
7 Company's allowed rate of return on equity is 10.5%.

8 **Q. What is the Company's actual rate of return?**

9 A. The Company has experienced net operating losses in 2007 of \$10,229, in 2008 of
10 \$65,799, and in 2009 of \$57,509, despite a rate increase 16.02% effective
11 November 15, 2007 and a step increase of 3.0% effective January 1, 2009,
12 approved by the Maine PUC. The Company's rate base in 2009 was \$1,676,078.
13 JA-2, Page 16. This results in a rate of return of negative 3.4% in 2009.

14 **Q. Why is a temporary rate request necessary?**

15 A. The Company's previously approved rates were based on test year sales to Pure
16 Mountain Springs of 178 million gallons that have proved to be substantially
17 higher than the actual sales. Temporary rates are necessary in order for the
18 Company to continue to meet its obligations to provide service to its New
19 Hampshire customers at rates that are just and reasonable as allowed RSA 378.

20 **III. TESTIMONY IN SUPPORT OF AUTHORIZATION TO CHARGE**
21 **MAINE RATES TO NEW HAMPSHIRE CUSTOMERS PER RSA 374:24.**

22 **Q. What is the relationship between the Company's customers in Maine and**
23 **New Hampshire?**

1 A. The Company serves approximately 737 customers in Fryeburg, Maine and 67
2 customers in East Conway, New Hampshire. I understand that, since as early as
3 1882, the Company served its customers using a reservoir known as the White
4 Brook lot in Conway as its primary source of supply. *See, Petition of Fryeburg*
5 *Water Company*, 99 N.H. 487 (1955). The Company's supply main traveled
6 approximately a mile and a half to East Conway then an additional mile to
7 Fryeburg, Maine. By 1955, the Company developed a new source known as the
8 Ward Spring located in Fryeburg at the easterly or opposite end of the system
9 from the New Hampshire reservoir. In 1956, the Company discontinued using the
10 White Brook supply. However, the Company has continued to serve the New
11 Hampshire customers that were connected to the supply main from its former
12 New Hampshire reservoir.

13 **Q. What is the financial impact of the Company's service to its New Hampshire**
14 **customers in East Conway?**

15 A. Under current economic conditions, the overall impact of the Company's service
16 to New Hampshire customers is negative because the cost of service is not
17 economically justified by the rates charged. There are too few customers in too
18 large an area to justify the cost of public utility service.

19 In addition, the Company faces significant additional regulatory expenses as a
20 result of its service to New Hampshire customers. For example, following
21 approval of its most recent rate case before the Maine PUC in Docket No. 2006-
22 590, the Company incurred \$20,921.85 in rate case expenses that were approved
23 by this Commission in order to have its Maine approved rates charged to the

1 Company's 67 New Hampshire customers. *See Order No. 24,890*. The costs for
2 a second regulatory review in New Hampshire greatly outweighs the benefits to
3 customers. Using the most recent rate case as an example, the total reduction in
4 rates to all 67 New Hampshire customers was \$131 per year or \$1.69 per year per
5 customer. By comparison, the New Hampshire rate case expenses were \$312.25
6 per customer.

7 **Q. How can the adverse financial consequences of the Company's service to**
8 **customers in New Hampshire be minimized?**

9 A. It would benefit both the Company and its customers if the Company received
10 approval to charge its Maine PUC approved rates to New Hampshire customers
11 without incurring the additional regulatory expenses for rate regulation in New
12 Hampshire. I have been advised by legal counsel that RSA 374:24 allows this
13 Commission to authorize a foreign business entity which is a public utility "under
14 the laws of another state" to "furnish utility service to New Hampshire towns
15 adjacent to the state boundaries when the public utilities commission finds this
16 service to be in the public interest." The legislative history to this provision
17 indicates that it is intended to allow an out-of-state utility such as the Fryeburg
18 Water Company to serve customers in New Hampshire as long as they charged
19 the rates approved by the Maine PUC. *See JA-3*. Permission to serve East
20 Conway as a foreign business entity pursuant to RSA 374:24 would benefit the
21 Company's New Hampshire customers by avoiding the costs for rate regulation
22 that is already provided by review by the Maine Public Utilities Commission.

1 Alternatively, RSA 362:4, III-(a) provides for exemption upon approval by the
2 Commission for utilities providing service to fewer than 75 customers. If the
3 Company is unable to obtain blanket approval to charge its New Hampshire
4 customers the same rates as it charges its Maine customers, such an exemption
5 would be warranted by the significant cost savings that customers would realize.

6 **Q. Would authorization to charge Maine rates to customers adversely impact**
7 **the quality of service provided to New Hampshire customers?**

8 A. No. The Company will continue to provide service pursuant to the terms and
9 conditions of its tariffs that will be filed with this Commission, and the Company
10 will continue to be subject to the statutory requirement to provide service that is
11 reasonably safe and adequate. RSA 374:1. By authorizing the Company to
12 charge rates approved by the Maine PUC under RSA 374:24, the Company and its
13 New Hampshire customers will avoid the costs for a second rate review by the
14 State of New Hampshire, while continuing to receive service that is safe and
15 adequate and subject to the jurisdiction of this Commission.

16 **IV. TESTIMONY IN SUPPORT OF REQUEST FOR WAIVER OF PUC 1600**
17 **FILING REQUIREMENTS.**

18 **Q. What is the status of the Company's most recent rate case?**

19 A. On April 16, 2010, the Maine PUC approved a 12.9% rate increase over 2009 test
20 year revenues in Maine Docket No. 2010-8. A complete copy the Company's
21 submission to the Maine PUC is attached as Exhibit JA-2. The Company
22 originally requested an increase of 15%. However, after review by the Maine
23 PUC staff, a stipulation was approved providing for an increase of 12.9%.

1 **Q. How does the Maine rate review process differ from that in New Hampshire?**

2 A. It is my understanding that rates are reviewed both in New Hampshire and in
3 Maine according to the same general principles. As noted above, in the
4 Company's last rate case in New Hampshire, its Maine rates were approved for
5 use in New Hampshire subject to a total adjustment of \$131.

6 **Q. What impact would a complete rate case filing have on the Company and its
7 New Hampshire customers?**

8 A. A complete rate case filing and review would have a significant adverse impact
9 on the Company and its New Hampshire customers. As noted above, the costs for
10 a second rate approval proceeding in New Hampshire outweigh any potential
11 savings. It is in the best interest of the Company's New Hampshire customers to
12 avoid a second rate review in New Hampshire that would largely duplicate the
13 review conducted by the Maine PUC. In addition, the Company's certified public
14 accountant, Malcolm Horton, and its rate consultant, Ray Hammond, are no
15 longer available. Significant time and expense would be necessary in order to
16 prepare the financial schedules and other information required by New
17 Hampshire's Puc 1600 regulations.

Pure Mountain Springs Consumption History

Sold to PMS	2005	2006	2007	2008	2009	2010
Jan	12,658,855	10,445,940	16,205,545	7,973,745	7,234,493	4,487,390
Feb	9,995,425	10,472,101	10,216,720	8,628,835	5,349,887	4,235,897
Mar	11,070,610	12,812,650	12,043,890	16,791,987	8,372,201	3,707,585
Apr	13,127,045	13,826,168	14,483,540	16,158,719	7,129,344	10,092,829
May	21,440,245	11,910,640	14,133,920	11,757,452	13,346,252	11,984,016
June	11,068,605	17,406,925	7,856,560	16,086,780	12,239,091	
July	11,623,125	17,336,535	4,819,645	9,719,547	7,768,651	
Aug	12,059,820	25,057,240	7,322,663	6,435,923	10,860,541	
Sept	12,073,295	20,794,800	5,879,721	4,208,923	3,552,564	
Oct	9,289,615	19,219,350	14,438,974	5,069,989	5,921,465	
Nov	6,613,350	9,641,915	6,905,130	4,239,987	2265285	
Dec	11,313,990	9,638,720	7,251,195	2,922,165	1824682	
Total	142,333,980	178,562,984	121,557,503	109,994,052	85,864,456	34,507,717
H2O Pumped	2005	2006	2007	2008	2009	2010
Jan	17,270,000	16,892,000	23,496,000	15715000	14,878,000	11,052,507
Feb	17,220,000	14,067,000	16,399,000	15769000	12,788,000	10,229,801
Mar	19,621,000	15,369,000	19,914,000	24602000	16,902,000	10,965,071
Apr	21,756,000	19,483,000	22,172,000	24060000	15,173,000	17,574,621
May	20,842,000	27,442,000	23,500,000	23779000	23,378,000	24,411,030
June	28,554,000	17,288,000	21,020,000	28078000	22,558,000	
July	28,727,000	23,480,000	19,863,000	23719000	17,810,000	
Aug	39,694,000	20,427,000	21,594,000	16178000	21,725,000	
Sept	32,601,000	17,487,000	17,174,000	14486000	13,023,000	
Oct	29,453,000	17,846,000	25,268,000	14034000	15,582,000	
Nov	15,859,000	13,360,000	13,972,000	10479000	8,393,000	
Dec	16,642,000	19,083,000	14,870,000	9681000	8,285,000	
Total	288,239,000	222,224,000	239,242,000	220,580,000	190,495,000	

**STATE OF MAINE
PUBLIC UTILITIES COMMISSION
CASE SUMMARY FORM**

Docket Number: 2010-8		Reporting Category: WATER
Filer: FRYEBURG WATER COMPANY		
Description: PROPOSED RATE INCREASE		
Addendum: TO INCREASE RATES \$72,257 OR 15% OVER CURRENT RATES		
1 st Suspension: 2/1/10		
Statute: 307	Reference/Rule: 35-A	
Filed: 1/4/10	Intent to File:	
Code: RC2	Cross Docket No:	
Note/Comments		
Confidential Material Enclosed: Yes <u>No</u>		
Delegated Authority to TA FIN CAD None		

ASSIGNMENTS						
	CP	Staff	Staff	Staff	Staff	Staff
LEGAL		KAPLY				
ENERGY						
ELECTRIC/GAS						
TELEPHONE/WATER	CP	MORANCIE	SMITH			
CAD						
SAFETY/SECURITY						
E-911						
REVIEWER	RV	HAGLER				

* General Counsel will indicate whether the case is initially expected to be adjudicatory or non-adjudicatory. Non-adjudicatory cases are cases in which there is not a right to a hearing or cases where a hearing is not expected to be necessary. Examples include: routine financing cases, single tariff filings, rulemaking, and advisory rulings.



Fryeburg Water Company
 24 Portland Street, Suite #1
 Fryeburg, ME 04037
 (207) 935-2010

RECEIVED
 2010 JAN -4 A 8:5
 MAINE PUBLIC
 UTIL. COMM.

December 31, 2009

Ms. Karen Geraghty, Esq.
 Administrative Director
 Maine Public Utilities Commission
 State House Station #18
 242 State Street
 Augusta, Maine 04333-0018

Re: Docket No. 2010-8, Fryeburg Water Company Proposed Rate Change

Dear Ms. Geraghty:

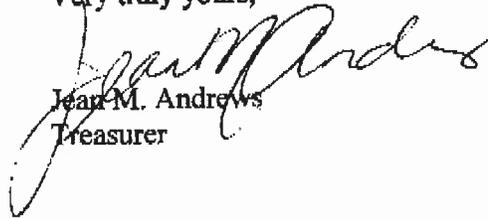
The Fryeburg Water Company proposes to make a needed increase in its water rates effective February 1, 2010 pursuant to the PUC regulations under 35-A M.R.S.A. § 307 and § 310. The Company has experienced losses in each of the past three years and without rate relief will be unable to meet its obligations. The material enclosed herewith, together with this cover letter, comprises our filing to effect such a rate increase.

A total increase of \$72,257 or 15.0% over current rates is proposed apportioned as follows:

Residential	\$23,175	17.0%
Commercial	\$ 8,507	17.0%
Industrial	\$ 610	17.0%
Public Authorities	\$ 1,180	17.0%
Sales for Resale	\$13,900	17.0%
Public Fire Protection	\$ 8,600	8.7%
Private Fire Protection	\$ 2,900	17.0%
Rents from Water Property	<u>\$13,385</u>	<u>17.0%</u>
	\$72,257	15.0%

If you have any questions regarding this filing, please feel free to contact me.

Very truly yours,



Jean M. Andrews
Treasurer

Enclosures

cc: William Black, Esq., Office of the Public Advocate
Debra A. Howland, Executive Director, New Hampshire PUC
Meredith A. Hatfield, Esq., Consumer Advocate, State of NH
Malcolm R. Horton, CPA. Horton, McFarland, Veysey, LLC

**FRYEBURG WATER COMPANY
24 PORTLAND STREET, SUITE 1
FRYEBURG, MAINE 04037**

**EXHIBITS AND SCHEDULES FILED IN
SUPPORT OF RATE REVISIONS TO
BE EFFECTIVE FEBRUARY 1, 2010**

**FRYEBURG WATER COMPANY
FILING REQUIREMENTS - CHAPTER 120, SECTION 5, PARAGRAPH B**

Sub Para.	Requirement	Reference/Response
1	Cover Sheet	See Preceding Page
2	Test Year	Calendar Year 2009
3	Exhibit Showing Test Year:	
	Revenues	Sections 1 & 2
	Expenses	Sections 1 & 3
	Rate Base	Section 7
4	Exhibits Showing Adjustments to:	
	Revenues	Section 12
	Expenses	Section 4
	Depreciation	Section 3
	Rate Base	Section 7
5	Support for Above Adjustments	Section 4
6	Comparative Income Statements	Section 1
7	Return	Section 1
8	Computation of Revenue Requirements	Section 6
9	Attrition Adjustment	Section 11
10	Elasticity Adjustment	None Proposed
11	Change in Rate Design	None Proposed
12	Effect of Proposed Rate Changes Upon the Various Classes of Customers	None Proposed
13	Filing Contents Known or Believed by the Utility to be:	Section 12
	(a) Contrary to Commission Policy	None
	(b) Matters on Which Commission Decision Conflict	None
	(c) Matters Not Previously Resolved by Commission Decision	None
14	Changes in Operations	None
15	Copy of Customer Letter	Included
16	Public Fire Protection Graph	Section 9

FRYEBURG WATER COMPANY

SECTION 1

Operating Statement

	2007	2008	2009	Adjustment	Pro Forma
Operating Revenues	468,709	516,715	483,186	72,257	555,443
Operating Expenses:					
Depreciation	376,531	434,772	390,350	(36,761)	353,589
Taxes Other than Income taxes	30,647	35,788	38,152	-	38,152
Income Taxes	33,902	38,844	35,909	-	35,909
Provision for Deferred Income taxes - Credit	-	-	-	10,900	10,900
Invest. Tax Credits Restored to Operating Income	(1,820)	(1,820)	(1,820)	-	(1,820)
Total Operating Expenses	(300)	(300)	(300)	-	(300)
Net Operating Income	438,960	507,284	462,291	(25,861)	436,430
Other Income	30,749	9,431	20,895	98,118	119,013
Revenues from Merchandising & Jobbing	9,045	209	3,276	0	3,276
Interest Income	0	0	65	0	65
Total Other Income	9,045	209	3,341	0	3,341
Net Income for Rates	39,794	9,640	24,236	98,118	122,354
Debt Service:					
Interest Expense	49,329	74,394	81,405	(3,245)	78,160
Amortization - Debt Discount/Exp	694	1,040	1,040	0	1,040
Total Debt Service	50,023	75,434	82,445	(3,245)	79,200
Income After Deducting Interest	(10,229)	(65,794)	(58,209)	101,363	43,157

FRYEBURG WATER COMPANY

SECTION 2

OPERATING REVENUES

	2007	2008	2009	Adjustments	#	Pro Forma
Metered Rates						
Residential	125,502	145,686	136,322	23,175	12-1	159,497
Commercial	39,754	47,010	50,040	8,507	12-1	58,547
Industrial	19,094	6,398	3,590	610	12-1	4,200
Public Authorities	2,539	4,234	6,947	1,180	12-1	8,127
Sales for Resale	96,488	99,460	81,768	13,900	12-2	95,666
Total Metered Rates	283,377	302,788	278,665	47,372		326,037
Fire Protection:						
Public Fire Protection	76,500	97,762	98,400	8,600	12-2	107,000
Private Fire Protection	15,314	17,973	17,100	2,900	12-2	20,000
Total Fire Protection	91,814	115,735	115,500	11,500		127,000
Sales of Water	375,191	418,523	394,165	58,872		453,037
Misc Service Revenues	639	1,708	1,728	0		1,728
Rents from Water Property	93,679	96,484	78,717	13,385	12-2	92,102
Other Water Revenues N.H. Surcharge	-	-	8,576	-		8,576
Total Operating Revenues	469,709	516,715	483,186	72,257		555,443

SECTION 3

FRYEBURG WATER COMPANY

OPERATION AND MAINTENANCE

	2007	2008	2009	Adjustment	Pro Forma
Employee Salaries & Wages	100,623	106,244	119,253	0	119,253
Officers, Trustees Salaries & Wages	65,384	61,864	48,333	(8,333) 4-1	40,000
Employee Pension Benefits	43,892	50,775	60,887	(4,014) 4-1	56,873
Purchased Water	0	0	0	0	0
Purchased Power	28,682	28,836	24,920	0	24,920
Fuel for Power	0	0	0	0	0
Chemicals	18,675	30,609	24,016	0	24,016
Materials & Supplies	22,619	32,423	13,996	0	13,996
Contractual - Engineering	0	0	0	0	0
Contractual - Accounting	3,800	4,825	4,850	250 4-2	5,100
Contractual - Legal	11,298	21,187	2,649	0	2,649
Contractual - Management Fees	0	0	0	0	0
Contractual - Other	24,858	21,335	4,521	0	4,521
Rentals	7,850	7,800	7,800	0	7,800
Rental of Equipment	0	0	0	0	0
Transportation Expenses	18,907	18,511	20,790	0	20,790
Insurance - Vehicle	0	0	0	0	0
Insurance - General Liability	2,441	2,613	2,520	0	2,520
Insurance - Workman's Comp	6,999	7,099	6,213	0	6,213
Insurance - Other	0	0	0	0	0
Advertising Expense	72	156	72	0	72
Regulatory Commission Expense	0	0	0	0	0
Normalization of Rate Case Expense	14,644	32,388	40,133	(23,199) 4-2	16,934
Regulatory Commission Exp. - Other	0	0	0	0	0
Bad Debt Expense	753	1,270	(107)	746 4-3	639
Miscellaneous Expenses	7,034	6,837	9,504	(2,211) 4-3	7,293
Total Operation and Maintenance	376,531	434,772	390,350	(36,761)	353,589

Utility Name FRYEBURG WATER COMPANY

Year of Report: December 31, 2009

BASIS FOR WATER DEPRECIATION CHARGES							Section 3-2
Line Number	ACCT. NO. (a)	ACCOUNT NAME (b)	Total Investment (c)	Depreciation Base (d)	Depreciation Rate (e)	Annual Depreciation (f)	
1	304	Structures and Improvements	91,415	100.0%	2.0 - 3.0%	3,814	
2	305	Collecting and Impounding Reservoirs					
3	306	Lake, River and Other Intakes					
4	307	Wells and Springs	174,120	100.0%	2.0%	3,483	
5	308	Infiltration Galleries and Tunnels					
6	309	Supply Mains					
7	310	Power Generation Equipment					
8	311	Pumping Equipment	113,903	79.0%	5.0%	4,641	
9	320	Water Treatment Equipment	21,186	83.5%	5.0%	855	
10	330	Distribution Reservoirs and Standpipes	531,515	100.0%	1.3%	6,036	
11	331	Transmission and Distribution Mains	753,616	7.9%	1.3%	8,021	
12	333	Services	279,203	25.9%	3.0%	2,622	
13	334	Meters and Meter Installations	126,379	96.6%	4 - 7.5%	3,731	
14	335	Hydrants	49,301	87.3%	2.9%	886	
15	339	Other Plant and Miscellaneous Equipment	25,024	100.0%	10.0%	2,364	
16	340	Office Furniture and Equipment	2,154	41.2%	12.1%	54	
17	341	Transportation Equipment					
18	342	Stores Equipment					
19	343	Tools, Shop and Garage Equipment	15,563	75.4%	7.1%	899	
20	344	Laboratory Equipment	482	29.0%	10.0%	28	
21	345	Power Operated Equipment					
22	346	Communication Equipment					
23	347	Miscellaneous Equipment	9,200	58.7%	10%	718	
24	348	Other Tangible Plant					
25		Total Depreciable Water					
26		Plant In Service	2,193,061			38,152	

**FRYEBURG WATER COMPANY
TAXES OTHER THAN INCOME**

SECTION 3-3

Property Taxes	19,925
Regulatory	3,219
Payroll	<u>12,765</u>
Total 2009 and Pro Forma	<u>35,909</u>

FRYEBURG WATER COMPANY
ADJUSTMENT TO SALARY & WAGE EXPENSE & BENEFITS

SECTION 4-1

Item	President	Superintendent	Operator	Office Manager	Totals
Salary - 2009	48,333	52,957	39,304	26,992	167,586
Reduction Eff 9-1-09	(8,333)				(8,333)
Pro forma Salaries	40,000	52,957	39,304	26,992	159,253
Payroll Taxes					
SUTA - FUTA	90	90	90	90	360
Mcare	650	827	614	422	2,513
Soc Sec	2,778	3,536	2,625	1,806	10,745
Total Payroll Taxes	3,518	4,453	3,329	2,318	13,618
Benefits					
Retirement Provision	4,800	4,083	3,030	2,147	14,060
Uniform	-	382	382	-	764
Health Insurance	6,857	12,848	5,586	16,758	42,049
Total Benefits - Pro Forma	11,657	17,313	8,998	18,905	56,873
Total Benefits - 2009					60,887
Adjustment					(4,014)

**FRYEBURG WATER COMPANY
OTHER ADJUSTMENTS**

SECTION 4-2

Acct No.	2009	Adjustment	Pro Forma
632 Accounting 5% Increase	4,850.00	250.00	5,100.00
666 Rate Case Expense	40,133.00	(23,199.00)	16,934.00
2007 M.P.U.C.	64,453.86		
Amortize 24 Months From 11-15-07			
2007	4,027.60		
2008	32,226.93		
2009	28,199.33		
	<u>64,453.86</u>		
2008 N.H.	<u>29,350.22</u>		
Amortize 30 Months from 10-1-08			
2008	2,496.00		
2009	11,934.00		
2010	11,934.00		
2011	<u>2,986.22</u>		
Total 2009	<u>40,133.33</u>	Amortization	
2009 M.P.U.C.	<u>10,000.00</u>	Estimated	
Amortize 24 Months			
2010	5,000.00		
2011	5,000.00		
	<u>10,000.00</u>		
Total			
2010	<u>16,934.00</u>	Amortization	
2011	<u>7,986.00</u>	Amortization	

**FRYEBURG WATER COMPANY
OTHER ADJUSTMENTS - CONTINUED**

SECTION 4-3

Acct#	2009	Adjustment	Pro Forma
670 Bad Debt Expense	(107)		
2007	753		
2008	1,270		
	<u>1,916</u>		
Three Year Average	<u>639</u>	746	639
675 Miscellaneous			
Telephone	2,562		
Utility Dues	628		
Amortize - Comp. Plan	2,400		
Amortize Test Well	2,211	(2,211)	- Completed
All Other	1,703		
	<u>9,504</u>	<u>(2,211)</u>	<u>7,293</u>

**FRYEBURG WATER COMPANY
COST OF CAPITAL**

SECTION 6-1

CAPITAL COMPONENT

	Amount Issued	Amount Outstanding	Cost Rate	Percent of Total	Weighted Cost
Long Term Debt					
Bonds:					
2005 Issue	347,000	307,000	6.22	18.06	1.12
2006 Issue	260,000	230,000	7.58	13.53	1.03
2007 Issue	503,000	452,700	7.37	26.63	1.96
2008 Issue	90,000	80,000	7.65	4.70	0.36
2008 Issue	231,000	217,929	2.30	12.82	0.29
Common Stock	96,000	96,000	10.50	5.65	0.59
Retained Earnings	316,377	316,377	10.50	18.61	1.95
Total	1,843,377	1,700,006		100.00	7.30
Principal Due 2009	68,221				
Interest Adjustment					
2005 Issue	19,095				
2006 Issue	17,434				
2007 Issue	29,561				
2008 Issue	6,136				
2008 Issue	5,931				
	<u>78,157</u>				
2009 Interest Adjustment	81,405				
	<u>(3,248)</u>				

**FRYEBURG WATER COMPANY
PRO FORMA RETURN****SECTION 6-2**

Total Rate Base	(Section 7)	1,876,078
Times Rate of Return		<u>7.30%</u>
Return on Rate Base		<u>122,353</u>
Debt Requirements:		
Interest - Section 6-1		78,157
Principal Section 6-1		<u>68,221</u>
Total Requirement		<u>146,378</u>

FRYEBURG WATER COMPANY
TEST YEAR RATE BASE

Section 7

Utility Plant:		
Land and Land Rights	298,076	
Depreciable Property Section 3-2	<u>2,193,021</u>	
		2,491,097
Less: Accumulated Depreciation		<u>532,590</u>
Net Water Plant		<u>1,958,507</u>
Materials and Supplies		<u>48,419</u>
Less: Credits		
Contributions in Aid of Construction		300,409
Deferred Investment Tax Credit		4,950
Deferred Income Tax - Depreciation		17,073
Deferred Income Tax - Other		<u>8,416</u>
Total Credits		<u>330,848</u>
Net Rate Base		<u>1,676,078</u>

FRYEBURG WATER COMPANY
Public Fire Protection

SECTION 9

11
 Stone Water Utilities Association, March, 1981

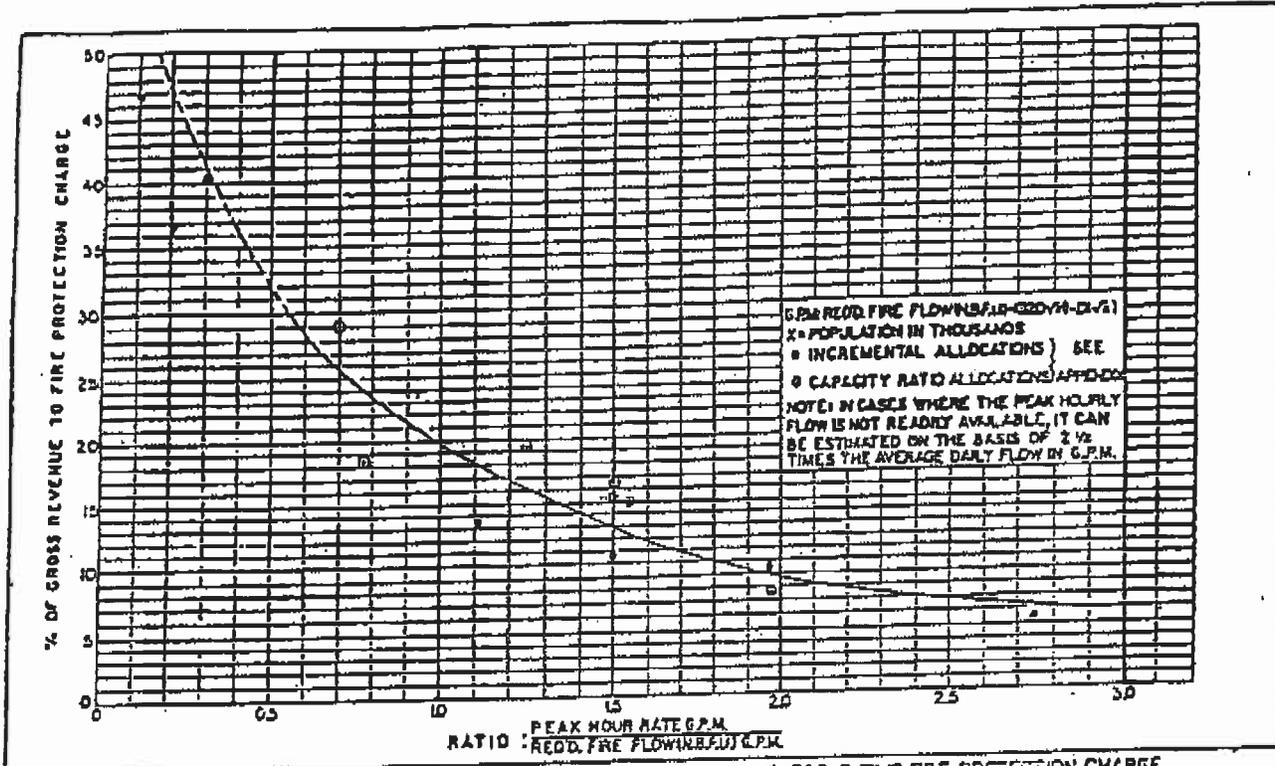


FIG. 1 DETERMINATION OF PERCENTAGE OF GROSS REVENUE FOR PUBLIC FIRE PROTECTION CHARGE

Population 3500
 Production 110,586,000
 Required Flow = 1,801
 Average Flow 210
 Peak Flow 525
 Ratio .29

% Allocation from Curve .40% allowed = 30%

Total Water Pumped 220,580,000
 Water Pumped by PMS 109,994,000
 Water Pumped to Distribution System 110,586,000

FRYEBURG WATER COMPANY
CALCULATION OF REVENUE REQUIREMENT

SECTION 11

	Pro Forma
Expenses:	
Operating Expenses:	353,589
Depreciation	38,152
Amort. Of Utility Plant Acquisition Adj.	0
Taxes Other than Income	35,909
Income Taxes	10,900
Deferred Federal Income Taxes	0
Provision for Deferred Income Taxes - Credit	(1,820)
Invest. Tax Credits Deferred to Future Periods	0
Invest. Tax Credits Restored to Op. Income	(300)
	<hr/>
Total Operating Expenses	436,430
Less: Revenues from Merchandising & Jobbing	(3,340)
	<hr/>
	433,090
Revenue Requirement	<hr/> 555,443 <hr/>
Return on Rate Base - Section 6-2	<hr/> 122,353 <hr/>
Tax Calculation	
Revenue	555,443
Less:	
Interest & Debt Discount/Exp	(79,197)
Operating Expenses Other than Inc. Tax	(425,530)
Plus Other Income	3,340
State Taxable Income	<hr/> 54,056
State tax:	
25,000 @ 3.5%	875
29,056 @ 7.93%	2,305
State Income Tax	<hr/> 3,180 <hr/>
Federal Taxable Income	50,876
Federal Tax	
50,000 @ 15%	7,500
877 @ 25%	220
Federal Income Tax	<hr/> 7,720 <hr/>
Total Income Tax	<hr/> 10,900 <hr/>

FRYEBURG WATER COMPANY

SECTION 12

	2007	2008	2009	Pro Forma
Metered Rates				
Residential	125,502	145,686	136,322	159,499
Commercial	39,754	47,010	50,040	58,546
Industrial	19,094	6,398	3,590	4,200
Public Authorities	2,539	4,234	6,947	8,128
Sales for Resale	96,488	99,460	81,766	95,666
Total Metered Revenue	283,377	302,788	278,665	326,039
Public Fire Protection	76,500	97,762	98,400	107,000
Private Fire Protection	15,314	17,973	17,100	20,007
Total Fire Protection	91,814	115,735	115,500	127,007
Total Sales of Water	375,191	418,523	394,165	453,046
Miscellaneous Service Revenues	639	1,708	1,728	1,723
Rents from Water Property	93,879	96,484	78,717	92,098
Other Water Revenues - N.H. Sur Charge	-	-	8,576	8,576
Total Operating Revenues	469,709	516,715	483,186	555,443

**FRYEBURG WATER COMPANY
BILL ANALYSIS FOR THE YEAR 2009 AND PRO FORMA
SEASONAL METERS - MINIMUM BILLS
AND ANNUAL CONSUMPTION OVER MINIMUM**

SECTION 12-1

Meter Size	Minimums		Current		Pro Forma	
	No. of Bills		Rates	Amount	Rates	Amount
5/8"	4		110	439	128	514
2"	<u>5</u>		<u>330</u>	<u>1,651</u>	<u>387</u>	<u>1,932</u>
	9			2,090		2,446
Consumption						
Block	No. of Bills	Usage	Current		Pro Forma	
			Rates	Amount	Rates	Amount
2400 CF	5	12,000	109.80	549	128.46	642
Next 600 CF	5	3,000	2.46	74	2.87	86
Next 69000 CF	5	313,344	0.98	3,071	1.15	3,603
Over 69000 CF	<u>4</u>	<u>1,321,900</u>	<u>0.68</u>	<u>8,989</u>	<u>0.795</u>	<u>10,509</u>
	<u>19</u>	<u>1,650,244</u>		<u>12,683</u>		<u>14,840</u>
Total Seasonal				14,773		17,286

**FRYEBURG WATER COMPANY
BILL ANALYSIS FOR THE YEAR 2009 AND PRO FORMA
ANNUAL METERS - MINIMUM BILLS
AND ANNUAL CONSUMPTION OVER MINIMUM**

Meter Size	Minimums		Current		Pro Forma	
	No. of Bills		Rates	Amount	Rates	Amount
5/8"	1,287		39.24	50,501.00	46.00	59,202.00
3/4"	19		61.38	1,166.00	71.83	1,364.00
1"	27		89.40	2,414.00	104.56	2,823.00
1 1/2"	47		124.68	5,859.00	145.96	6,860.00
2"	31		171.72	5,326.00	201.16	6,235.00
	<u>1,411</u>			<u>65,266</u>		<u>76,484</u>
Consumption						
Block	No. of Bills	Usage	Current		Pro Forma	
			Rates	Amount	Rates	Amount
1200 CF	1,656	1,987,200	3.27	64,981.00	3.83	76,176
Next 1800 CF	1,366	1,278,415	2.46	31,449.00	2.87	36,690
Next 69000 CF	290	1,965,500	0.98	19,262.00	1.15	22,488
	<u>3,312</u>	<u>5,231,115</u>		<u>115,692</u>		<u>135,354</u>
Total Annual Meters				180,958		211,838
Total Seasonal Meters				14,773		17,286
Partial Billing				1,168		1,247
				<u>196,899</u>		<u>230,371</u>

**FRYEBURG WATER COMPANY
OTHER SALES
CURRENT AND PRO FORMA**

SECTION 12-2

Public Fire Protection

#	Type	Current		Pro Forma	
		Charge	Amount	Charge	Amount
77	Public Hydrants	24,800	98,400	28,750	107,000

Private Fire Protection

#	Type		Current		Pro Forma	
			Charge	Amount	Charge	Amount
9	Private Hydrants	6"	864	7,776	1,008	9,072
2	Sprinklers (1")	2"	288	576	336	672
1		3"	432	432	504	504
4		4"	576	2,304	672	2,688
4		6"	864	3,456	1,008	4,032
2		8"	1,152	2,304	1,344	2,688
	Partial		252	252		351
Total Private Fire Revenue				<u>17,100</u>		<u>20,007</u>

Sales for Resale

#		2009 Usage	Current		Pro Forma	
			Rates	Amount	Rates	Amount
4	Minimum	4,800	3.27	156	3.83	184
	Step 1	7,200	2.46	177	2.87	206
	Step 2	276,000	0.98	2,704	1.15	3,174
	Over	<u>11,577,000</u>	0.68	<u>78,723</u>	0.795	<u>92,037</u>
Total Resale		<u>11,865,000</u>		<u>81,760</u>		<u>95,601</u>

Rent from Water Property - P.M.S.

	2009 Usage	Current		Pro Forma	
		Charge	Amount	Charge	Amount
1st Qtr	2,729,800	0.68	18,562		
2nd Qtr	4,301,700	0.68	29,251		
3rd Qtr	2,893,500	0.68	19,675		
4th Qtr	<u>1,652,000</u>	0.68	<u>11,233</u>		
	<u>11,577,000</u>		<u>78,721</u>	0.795	<u>92,037</u>

**STATE OF MAINE
PUBLIC UTILITIES COMMISSION
SCHEDULE OF RATES
OF
FRYEBURG WATER COMPANY**

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2010 JAN -4 A 8:5
MAINE PUBLIC
UTIL. COMM.

Proposed Effective Date: February 1, 2010

Effective: _____


Hugh Hastings II President

FRYEBURG WATER COMPANY

Page #1
Fifth
Revision

**Quarterly, Monthly and Seasonal Rates for Water
to Maine Metered Customers**

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Quarterly Rates:

For the First	1,200 cubic feet per quarter	\$46.00
For the Next	1,800 cubic feet per quarter	\$2.87 per 100 cubic feet
For the Next	69,000 cubic feet per quarter	\$1.15 per 100 cubic feet
For all in Excess of 72,000 cubic feet per quarter		\$.795 per 100 cubic feet

Monthly Rates:

For the First	400 cubic feet per month	\$15.33
For the Next	600 cubic feet per month	\$2.87 per 100 cubic feet
For the Next	23,000 cubic feet per month	\$1.15 per 100 cubic feet
For all over	24,000 cubic feet per month	\$.795 per 100 cubic feet

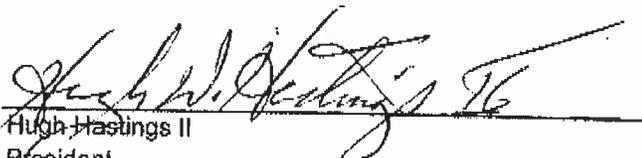
Seasonal Rates:

For the First	2,400 cubic feet per season	\$128.46
For the Next	600 cubic feet per season	\$2.87 per 100 cubic feet
For the Next	69,000 cubic feet per season	\$1.15 per 100 cubic feet
For all over	72,000 cubic feet per season	\$.795 per 100 cubic feet

Minimum Charges:

Meter Size Inches	Quarterly Minimum		Monthly Minimum		Seasonal Minimum	
	Charge	Allowance	Charge	Allowance	Charge	Allowance
5/8"	46.00	1,200	15.33	400	128.46	2,400
3/4	71.83	2,100	23.94	700	159.49	4,200
1	104.56	3,600	34.85	1,200	193.89	7,200
1 1/2	145.96	7,200	48.65	2,400	276.44	14,400
2	201.16	12,000	67.05	4,000	386.52	24,000
3	339.16	24,000	113.05	8,000	661.70	48,000
4	477.16	36,000	159.05	12,000	936.89	72,000
6	891.16	72,000	297.05	24,000	1,509.72	144,000

Proposed Effective Date: February 1, 2010
Effective: _____


Hugh Hastings II
President

FRYEBURG WATER COMPANY

**Sheet #2
Fifth
Revision**

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MAINE PUBLIC
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PUBLIC FIRE PROTECTION

MUNICIPAL FIRE PROTECTION CHARGES

For the 77 standard fire hydrants owned by the Company and connected to its system on December 15, 2009, there shall be paid to the Company a fire protection charge of:

Town of Fryeburg: \$107,000 Annual Rate \$26,750 Quarterly Rate (I)

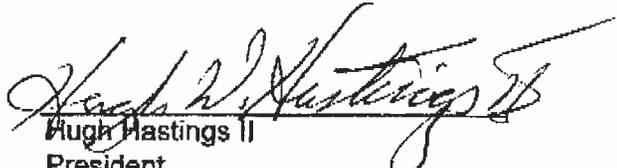
Charges for each public fire hydrant, owned and maintained by the Company, installed after December 15, 2009 will be governed by Chapter 690 of the Public Utility Commission's rules. (N)

All new hydrants now in existence or to be installed will be cared for and maintained in good working order, unavoidable accidents excepted, by the Company. Hydrants are to be connected only to mains having a diameter of 6" or larger. (N)

Once any fire hydrants are installed and are in operation, the total Fire Protection Charge then in effect shall not be reduced should the Town order one or more hydrants discontinued. (N)

Proposed Effective Date: February 1, 2010

Effective: _____


Hugh Hastings II
President

FRYEBURG WATER COMPANY

**Sheet #3
Fourth
Revision**

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MAINE PUBLIC
UTIL. COMM.

PRIVATE FIRE PROTECTION RATES

FIRE SERVICE OTHER THAN MUNICIPAL FIRE HYDRANTS:

Available to all customers using the Company's service for private fire protection. The following rates apply to fire protection only and include no allowance of water for other than fire fighting purposes.

Rates

For automatic sprinkler systems to be used only for fire protection inside of buildings, the charge per inch of service pipe diameter shall be:

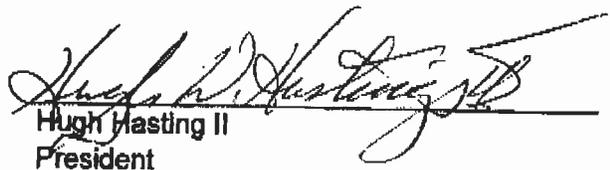
\$ 168.00 (I)

For each private hydrant furnished, installed and maintained by the customer for private fire protection, the charge shall be:

\$ 1,008.00 (I)

Proposed Effective Date: February 1, 2010

Effective _____

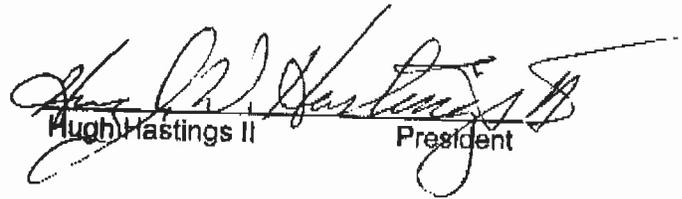

Hugh Hasting II
President

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION
SCHEDULE OF RATES
OF
FRYEBURG WATER COMPANY**

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Effective: _____


Hugh Hastings II President

FRYEBURG WATER COMPANY

Page #1
Second
Revision

**Quarterly, Monthly and Seasonal Rates for Water
to New Hampshire Metered Customers**

Quarterly Rates:

For the First	1,200 cubic feet per quarter	\$46.00
For the Next	1,800 cubic feet per quarter	\$2.87 per 100 cubic feet
For the Next	69,000 cubic feet per quarter	\$1.15 per 100 cubic feet
For all in Excess of	72,000 cubic feet per quarter	\$.795 per 100 cubic feet

Monthly Rates:

For the First	400 cubic feet per month	\$15.33
For the Next	600 cubic feet per month	\$2.87 per 100 cubic feet
For the Next	23,000 cubic feet per month	\$1.15 per 100 cubic feet
For all over	24,000 cubic feet per month	\$.795 per 100 cubic feet

Seasonal Rates:

For the First	2,400 cubic feet per season	\$128.46
For the Next	600 cubic feet per season	\$2.87 per 100 cubic feet
For the Next	69,000 cubic feet per season	\$1.15 per 100 cubic feet
For all over	72,000 cubic feet per season	\$.795 per 100 cubic feet

Minimum Charges:

**Meter Size
Inches**

	Quarterly Minimum		Monthly Minimum		Seasonal Minimum	
	Charge	Allowance	Charge	Allowance	Charge	Allowance
5/8"	46.00	1,200	15.33	400	128.46	2,400
3/4	71.83	2,100	23.94	700	159.49	4,200
1	104.56	3,600	34.85	1,200	193.89	7,200
1 1/2	145.96	7,200	48.65	2,400	276.44	14,400
2	201.16	12,000	67.05	4,000	386.52	24,000
3	339.16	24,000	113.05	8,000	661.70	48,000
4	477.16	36,000	159.05	12,000	936.89	72,000
6	891.16	72,000	297.05	24,000	1,509.72	144,000

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Proposed Effective Date: February 1, 2010
Effective: _____


Hugh Hastings II
President

**FRYEBURG WATER COMPANY
24 PORTLAND STREET, SUITE 1
FRYEBURG, ME 04037**

To Our Customers:

The Fryeburg Water Company hereby notifies its customers that a proposed increase in rates has been filed with the Maine Public Utilities Commission.

The Company has experienced losses in each of the past three years and without rate relief will be unable to meet its obligations.

A total increase of \$72,257 is proposed apportioned as follows:

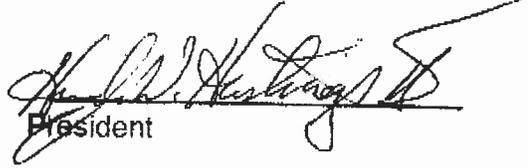
Residential	\$23,175	17.0%
Commercial	\$ 8,507	17.0%
Industrial	\$ 610	17.0%
Public Authorities	\$ 1,180	17.0%
Sales for Resale	\$13,900	17.0%
Public Fire Protection	\$ 8,600	8.7%
Private Fire Protection	\$ 2,900	17.0%
Rents from Water Property	<u>\$13,385</u>	<u>17.0%</u>
	<u>\$72,257</u>	<u>15.0%</u>

To present your views on this proposed increase, you may participate in one of two ways:

2. You may petition to intervene. If your petition to intervene is granted, you will be a party with the right to participate formally in the hearings and in negotiations. Your petition must be made in writing and must state the name and docket number of this proceeding, and the manner in which you are affected by the proceedings. Your petition must also include a short and plain statement of the nature and extent of the participation you seek, and a statement of the nature of the evidence or argument you intend to submit. Your petition must be received by the Administrative Director, Public Utilities Commission, 18 State House Station, Augusta, ME 04333-0018, no later than *February 1, 2010*. You must send a copy of your petition to the Fryeburg Water Company, 24 Portland Street, Suite 1, Fryeburg, ME 04037
2. You may appear as a public witness at a hearing, if a hearing is held, and give your views on the proposed increase. If you wish to request that the Commission hold a hearing, you must file a written request with the Administrative Director at the above address

If you requested that your name be added to the mailing list as an interested person, you will receive notice of the time and place of any hearings, including public witness hearing, held in this case. Persons who request a hearing will automatically be added to the mailing list as an interested person.

If you need more information about which method of participation you should choose or have questions regarding this proceeding, contact the Administrative Director of the Commission (287-3831), or call the Fryeburg Water Company (207) 935-2010. Title 35-A of the Maine Revised Statutes and Commission Rules adopted thereunder will govern this proceeding.


President

ELECTRONICALLY FILED ON DECEMBER 8, 2009

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

FRYEBURG WATER COMPANY)
)
Re: Proposed Rate Increase to Increase)
Rates # \$72,257 or 15% Over Current)
Rates)
)
Docket No. 2010-08)

**PETITION TO INTERVENE
OF PUBLIC ADVOCATE OFFICE**

January 4, 2010

**THIS IS A VIRTUAL DUPLICATE OF THE ORIGINAL HARDCOPY
SUBMITTED TO THE COMMISSION IN ACCORDANCE WITH
ITS ELECTRONIC FILING INSTRUCTIONS**

The Public Advocate, pursuant to 35-A M.R.S.A. § 1702 and pursuant to § 721 of the Rules of Practice and Procedure (Chapter 110) of the Maine Public Utilities Commission, petitions to intervene as a party in the above-captioned proceeding and notifies the Commission of its intention to intervene.

The grounds for this Petition are:

1. On January 4, 2010, Fryeburg Water Company filed a request for a rate increase with the Public Utilities Commission, to increase rates \$72,257 or 15% over current rates.
2. Title 35-A M.R.S.A. § 1702 gives the Public Advocate authority to intervene in such proceedings before the Public Utilities Commission when the Public Advocate deems that it is necessary.

WHEREFORE, Petitioner requests this Commission to permit the Public Advocate to intervene in the above-captioned proceeding.

January 4, 2010

Respectfully submitted,

William C. Black
Deputy Public Advocate

cc: Service List

Ms. Katharine Geraghty, Esq
Administrative Director
Maine Public Utilities Commission
State House Station #18
242 State Street
Augusta, ME 04333-0018

RECEIVED January 15, 2010
2010 JAN 19 P 1:04
MAINE PUBLIC UTIL. COMM.

*C's
Stephan
Matt
Laurie
File
Cheryl-Sust*

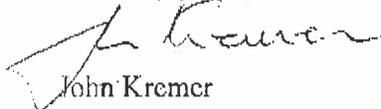
RE: Docket No. 2010-8, Fryeburg Water Company Proposed Rate Change

Dear Ms. Geraghty,

I have downloaded the above reference document submitted to you and have but one question. How is it possible that MPUC can intelligently analyze a rate request without requiring a balance sheet and cash flow statement? Can the MPUC tell me what will Fryeburg Water Company do with the excess \$33,462 cash flow (Net Profit plus non cash amortization and depreciation less debt repayment)? Will they pay dividends to shareholders on the back of the 17% rate increase to residential and other customers or spend the money on capital expenditures or put it in the bank? You can't answer that question without a balance sheet and cash flow statement.

In short, I am baffled.

Sincerely yours,



John Kremer
443 Main Street
Fryeburg, ME 04037

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

January 19, 2010

PROCEDURAL ORDER

FRYEBURG WATER COMPANY
Proposed Rate Increase to Increase Rates
(\$72,257 or 15% Over Current Rates)

Docket No. 2010-8

A scheduling conference call in this matter will be held on January 22, 2010 at 10:00 a.m. in the Commission's hearing room. Parties can access the conference using the Commission's telebridge by dialing 1-916-233-0499 and then entering PIN# 896460.

BY ORDER OF THE HEARING EXAMINER

Matthew S. Kaply

Jan. 19, 2010

William Harriman
32 Ice House Rd.
Fryeburg, Me 04037
207-935-7195
no e-mail address

to: administrative director, MPUC

This letter is being sent to petition to intervene in Fryeburg water company docket # 2010-8.

As a ratepayer on a fixed income, a 17% increase would adversely affect my costs for living.

I have extensive information and paperwork that puts in question Fryeburg water company's commitment and responsibility to its municipal ratepayers. I will enclose a copy of a letter from the Maine drinking water program concerning the lack of monitoring for 4 1/2 years of the Nestle' well.

Please list me as a public witness. I am willing to present my paperwork and testify. Also add my name to the service list.

I appreciate your prompt action on this matter.

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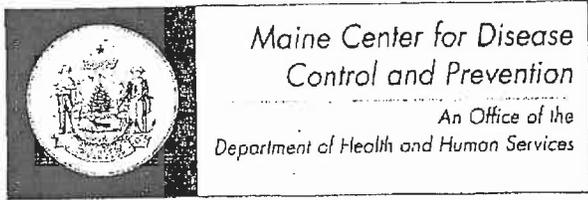
Respectfully submitted,

William Harriman
32 Ice House Rd.
Fryeburg, Me 04037

cc: Cliff Hall selectman Fryeburg
Fryeburg water company

Morancie
Knaply
S.M.H.L.
Shots
C.F. [unclear]
[unclear]

copy



John E. Boldacci, Governor Brenda M. Harvey, Commissioner

Department of Health and Human Services
Maine Center for Disease Control and Prevention
286 Water Street
#11 State House Station
Augusta, Maine 04333-0011
Tel: (207) 287-8016
Fax: (207) 287-9058; TTY: 1-800-606-0215

March 25, 2008

Bill Harriman
32 Ice House Road
Fryeburg, ME 04037

Subject: Monitoring Schedule for the Fryeburg Water Company (ME0090600) Pure Mountain Spring Well

Dear Mr. Harriman:

The newest source at the Fryeburg Water System, the Pure Mountain Spring Well, was drilled in 2002. After reviewing the raw water quality, determining that the results were acceptable, and evaluating other criteria, the Drinking Water Program approved the well in November 2002. The Fryeburg Water Company put the well into service in September 2003. Testing requirements for this well were not established until several weeks ago. The reason for this is that either the monitoring schedules were created in our database and not saved or that the monitoring schedules were never created. The Drinking Water Program is continually making improvements to prevent these situations from occurring. When we do discover errors such as the missing monitoring schedules, we promptly make the necessary corrections. The Fryeburg Water Company has been monitoring and reporting the following finished water parameters at the Pure Mountain Spring facility: pH, fluoride, free chlorine, and flow. In addition, the Fryeburg Water Company has been regularly monitoring for bacteria, lead and copper, and disinfection by-products in the distribution system as well as regularly monitoring for all required parameters at the Ward Spring facility. (well 2)

If you have any questions, please contact me via phone at 207-287-1979 or via e-mail at:
Daniel.Piasecki@Maine.gov

Sincerely,

Daniel R. Piasecki
Compliance Officer
Maine Drinking Water Program
www.MEDWP.com

cc: Tera Parc, Drinking Water Program
Eben Joslyn, Drinking Water Program

① Why was the MDWP testing a private well? Approval the well for what?
② By monitoring well 2 "for all required parameters", it makes the lack of monitoring for Nestle's well a deliberate act.

W.H.

Jan. 19, 2010

William Harriman
32 Ice House Rd.
Fryeburg, Me 04037
207-935-7195
no e-mail address

to: administrative director, MPUC

This letter is being sent to petition to intervene in Fryeburg water company docket # 2010-8.

As a ratepayer on a fixed income, a 17% increase would adversely affect my costs for living.

I have extensive information and paperwork that puts in question Fryeburg water company's commitment and responsibility to its municipal ratepayers. I will enclose a copy of a letter from the Maine drinking water program concerning the lack of monitoring for 4 1/2 years of the Nestle' well.

Please list me as a public witness. I am willing to present my paperwork and testify. Also add my name to the service list.

I appreciate your prompt action on this matter.

RECEIVED
2010 JAN 20 A 9:
MAINE PUBLIC
UTIL. COMM.

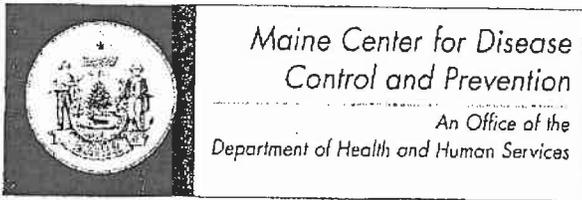
Respectfully submitted,

William Harriman
32 Ice House Rd.
Fryeburg, Me 04037

cc: Cliff Hall selectmen Fryeburg
Fryeburg water company

Morancie
Knaply
Smith
C. F. Telewinski

copy



Maine Center for Disease Control and Prevention
An Office of the Department of Health and Human Services

John E. Baldacci, Governor Brenda M. Harvey, Commissioner

Department of Health and Human Services
Maine Center for Disease Control and Prevention
286 Water Street
#11 State House Station
Augusta, Maine 04333-0011
Tel: (207) 287-8016
Fax: (207) 287-9058; TTY: 1-800-606-0215

March 25, 2008

Bill Harriman
32 Ice House Road
Fryeburg, ME 04037

Subject: Monitoring Schedule for the Fryeburg Water Company (ME0090600) Pure Mountain Spring Well

Dear Mr. Harriman:

The newest source at the Fryeburg Water System, the Pure Mountain Spring Well, was drilled in 2002. After reviewing the raw water quality, determining that the results were acceptable, and evaluating other criteria, the Drinking Water Program approved the well in November 2002. The Fryeburg Water Company put the well into service in September 2003. Testing requirements for this well were not established until several weeks ago. The reason for this is that either the monitoring schedules were created in our database and not saved or that the monitoring schedules were never created. The Drinking Water Program is continually making improvements to prevent these situations from occurring. When we do discover errors such as the missing monitoring schedules, we promptly make the necessary corrections. The Fryeburg Water Company has been monitoring and reporting the following finished water parameters at the Pure Mountain Spring facility: pH, fluoride, free chlorine, and flow. In addition, the Fryeburg Water Company has been regularly monitoring for bacteria, lead and copper, and disinfection by-products in the distribution system as well as regularly monitoring for all required parameters at the Ward Spring facility. (well 2)

If you have any questions, please contact me via phone at 207-287-1979 or via e-mail at: Daniel.Piasecki@Maine.gov

Sincerely,

Daniel R. Piasecki
Compliance Officer
Maine Drinking Water Program
www.MEDWP.com

Ec: Tera Pare, Drinking Water Program
Eben Joslyn, Drinking Water Program

① why was the MDWP testing a private well? Approve the well for what?
② By monitoring well 2 "for all required parameters", it makes the lack of monitoring for Nestle's well a deliberate act.

W.H.

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

January 22, 2010

PROCEDURAL ORDER

FRYEBURG WATER COMPANY
Proposed Rate Increase to Increase Rates
(\$72,257 or 15% Over Current Rates)

Docket No. 2010-8

An initial scheduling conference in this matter was held on January 22, 2010. Petitions to intervene by the Office of Public Advocate and customer William Harriman were granted.

The following schedule is hereby adopted in this proceeding.

Activity

Deadline for Data Requests February 5, 2010

Deadline for Department's Data Responses February 19, 2010

All data requests, data responses and other motions filed by parties in this proceeding shall be formatted, and distributed in accordance with Section 302 of Chapter 110 of the Commission's rules.

Additionally, a scheduling conference call in this matter will be held at 11:00 a.m on February 22, 2010 in the Commission's hearing room at 101 Second Street, Hallowell. Parties can access the conference call using the Commission's telebridge by dialing 1-916-233-0499 and then entering 173464#.

Dated at Hallowell, Maine this 22nd day of January, 2010.

BY ORDER OF THE HEARING EXAMINER

Matthew S. Kaply

MAINE PUBLIC UTILITIES COMMISSION
AUGUSTA, MAINE

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IN RE:)
) Docket No. 2010-008
FRYEBURG WATER COMPANY) January 22, 2010
)

Proposed Rate Increase to Increase Rates
(\$72,257 or 15%)

APPEARANCES:

MATT KAPLY, Hearing Examiner
STEPHANI MORANCIE, Maine Public Utilities Commission
LUCRETIA SMITH, Maine Public Utilities Commission
JEAN ANDREWS, Fryeburg Water Company

1 CONFERENCE COMMENCED (January 22, 2010, 10:01 a.m.)

2 MR. KAPLY: Good morning and welcome to the Public
3 Utilities Commission. My name is Matt Kaply; I'm the Hearing
4 Examiner assigned to this case. Joining me at the bench today
5 are Stephani Morancie and Lucretia Smith from the Commission.
6 We're here today on the record in docket number 2010-8,
7 captioned Fryeburg Water Company proposed rate increase to
8 increase rates \$72,257 or 15 percent. This is a case conference
9 in this matter and what I'd like to do initially is take
10 appearances from folks on the telebridge of which I believe we
11 only have one this morning.

12 MS. ANDREWS: Yes, good morning. My name is Jean
13 Andrews with the Fryeburg Water Company. I am the office
14 manager and treasurer.

15 MR. KAPLY: Thank you very much. What I'd like to
16 handle at this case conference is we've got a couple of
17 petitions to intervene and I'd like to set an initial schedule
18 for discovery, specifically data requests and data responses.
19 Are there any issues -- Jean, are there any issues that you need
20 to raise at this meeting?

21 MS. ANDREWS: I do not.

22 MR. KAPLY: Okay. We received a Petition to Intervene
23 from the Office of the Public Advocate. That petition is hereby
24 granted. We've also received a letter from William I believe
25 it's Harriman. The letter does not specifically -- well, it

1 does say this letter is being sent to petition to intervene so I
2 think this is clearly a Petition to Intervene in this rate case.
3 Does the water company have a position on this Petition to
4 Intervene?

5 MS. ANDREWS: We do not.

6 MR. KAPLY: Very well, in which case that -- the
7 Petition to Intervene of William Harriman is hereby granted.
8 And I think that allows us to move right on to setting
9 scheduling for data requests. We had been looking at an initial
10 schedule of data requests to the water company to be issued by
11 February 5th, with data responses from the water company being
12 due two weeks after that. In general, does a two-week timeframe
13 for responding to data requests, does that seem to be something
14 you, the water company, would be able to do?

15 MS. ANDREWS: I think so. It's just a tough time of
16 year with end-of-year audits and all of that, but I think that
17 we should -- that should be sufficient time.

18 MR. KAPLY: Well, certainly, if that becomes
19 problematic, you can always file a motion for an extension.

20 MS. ANDREWS: Okay.

21 MR. KAPLY: But I think as an initial matter what I'd
22 like to do is schedule data requests due in by February 5th,
23 responses from the water company by February 19th, and then
24 following that we'd have a teleconference, which I would like to
25 schedule for February 22nd at 11:00 a.m. to discuss scheduling

1 for a technical conference.

2 MS. ANDREWS: So Monday the 22nd --

3 MR. KAPLY: Wait a second Jean, we just had -- I think
4 we had a tour come through. It's a new building, so people are
5 around. There's a lot of show and tell going on. Is February
6 22nd at 11 o'clock clear for you?

7 MS. ANDREWS: 11 o'clock, yeah, that's fine.

8 MR. KAPLY: And since you are the only person here,
9 apparently there's nobody to object. So what I'm going to do is
10 lock those dates in. We'll send out a procedural order today
11 indicating all of those deadlines and also indicating that the
12 Petitions to Intervene were granted. And unless there's
13 anything further, I think that's all the business I needed to
14 conduct on the record today.

15 MS. ANDREWS: Okay.

16 MR. KAPLY: Is there any questions or concerns that
17 you need to raise?

18 MS. ANDREWS: There's none for me. I was -- the only
19 thing I wanted -- you have not heard from the New Hampshire
20 Public Utilities Commission or their staff as far as petitioning
21 to intervene?

22 MR. KAPLY: I have not. That is not something we've
23 heard. Has anybody?

24 MS. MORANCIE: No.

25 MR. KAPLY: Not at this point, though.

1 MS. ANDREWS: Okay.

2 MR. KAPLY: Our rules around intervention are pretty
3 loose. So I think we would judge -- if there was a late
4 petition intervention, we would address it when it showed up.

5 MS. ANDREWS: Okay.

6 MR. KAPLY: Okay?

7 MS. ANDREWS: Very good.

8 MR. KAPLY: Thank you very much. You have a good day.
9 We can go off the record.

10 CONFERENCE ADJOURNED (January 22, 2010, 10:06 a.m.)

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C E R T I F I C A T E

I hereby certify that this is a true and accurate transcript of the proceedings which have been electronically recorded in this matter on the aforementioned hearing date.

D. Noelle Forrest
D. Noelle Forrest, Transcriber

RECEIVED 1-24-2010

2010 JAN 26 P 1 31

Dear Sir:

MAINE PUBLIC
UTIL. COM. ~~FRYEBURG~~

Fryeburg Water Co is asking
for another raise. They got one
a year or so ago. I'm paying for
water I don't use. They allow 1200
cubic feet of water every 3 months
I use 300 cubic ft and pay for 1200.
I'm sure there are other people doing
the same. They're making a lot off
Poland Spring.

Gas is going up, oil is up
Electricity is up. People are
out of work. People who are
retired don't get a raise this
year. So why should the rich
get richer and the poor get poorer?

2010-8

Comm
Stephani
Smith
Matt
S.L.
Casefile

Yours Truly

Philip Burnell
305 PORTLAND ST.
FRYEBURG, ME 04637

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

Docket No. 2010-8

January 26, 2010

FRYEBURG WATER COMPANY
Proposed Rate Change to Increase Rates
\$72,257 or 15% Over Current Rates

SUSPENSION ORDER #1

REISHUS, Chairman; VAFIADES and CASHMAN, Commissioners

Fryeburg Water Company, filed with this Commission pursuant to 35-A M.R.S.A. § 307 on January 4, 2010, proposed to become effective on February 3, 2010, its changes of schedule(s) requesting a rate increase.

Inasmuch as sufficient time does not exist prior to the effective date of the proposed schedule(s) to allow the Commission adequate time in which to more fully investigate the matter, the operation of said schedule(s) is hereby suspended pursuant to 35-A M.R.S.A. § 310, for a period of three months from and including, February 3, 2010, unless otherwise ordered.

Dated at Hallowell, Maine, this 26th day of January, 2010.

BY ORDER OF THE COMMISSION

Karen Geraghty
Administrative Director



Fryeburg Water Company
24 Portland Street, Suite #1
Fryeburg, ME 04037
(207) 935-2010

ELECTRONICALLY FILED ON FEBRUARY 19, 2010

Ms. Karen Geraghty, Esq.
Administrative Director
Maine Public Utilities Commission
18 State House Station
Augusta, ME 04333-0018

Re: FRYEBURG WATER COMPANY
Proposed Rate Change to Increase Rate \$72,257 or 15% Over Current Rates
Docket No. 2010-08

**THIS IS A VIRTUAL DUPLICATE OF THE ORIGINAL HARDCOPY
SUBMITTED TO THE COMMISSION IN ACCORDANCE WITH ITS
ELECTRONIC FILING INSTRUCTIONS**

Dear Ms. Geraghty:

Enclosed for filing in the above-referenced proceeding, please find Fryeburg Water Company's Responses to the First Request of the Public Advocate.

A hard copy of the filing plus one copy has been sent to the Commission and additional copies have been sent to all parties listed as intervenors on the service list.

Please contact me with any questions.

Respectfully submitted,

Jean Andrews
Office Manager/Treasurer

Enclosure
cc: Service List



Fryeburg Water Company
24 Portland Street, Suite #1
Fryeburg, ME 04037
(207) 935-2010

ELECTRONICALLY FILED ON FEBRUARY 19, 2010

Ms. Karen Geraghty, Esq.
Administrative Director
Maine Public Utilities Commission
18 State House Station
Augusta, ME 04333-0018

Re: FRYEBURG WATER COMPANY
Proposed Rate Change to Increase Rate \$72,257 or 15% Over Current Rates
Docket No. 2010-08

**THIS IS A VIRTUAL DUPLICATE OF THE ORIGINAL HARDCOPY
SUBMITTED TO THE COMMISSION IN ACCORDANCE WITH ITS
ELECTRONIC FILING INSTRUCTIONS**

Dear Ms. Geraghty:

Enclosed for filing in the above-referenced proceeding, please find Fryeburg Water Company's Responses to Advisor's Data Request No. 1.

A hard copy of the filing plus one copy has been sent to the Commission and additional copies have been sent to all parties listed as intervenors on the service list.

Please contact me with any questions.

Respectfully submitted,

Jean Andrews
Office Manager/Treasurer

Enclosure
cc: Service List

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

EXHIBIT JA-2

<u>FRYEBURG WATER COMPANY</u>	)	RESPONSE TO FIRST DATA
	)	REQUEST OF THE PUBLIC
RE: Proposed Rate Increase to Increase	)	ADVOCATE
rates (\$72,257 or 15% Over Current)	
Rates))	
	)	February 19, 2010
<u>Docket No. 2010-8</u>)	

Question #1. Filing, Section 3, Operation and Maintenance, Employee Salaries & Wages: Please provide an explanation for the 12.2% increase in this account between 2008 and 2009.

Answer #1. The base salaries were \$115,753 for 2008 and \$117,282 for 2009, an increase of 1.3%. Subsequent to filing, adjustments have been made to the 2009 total reducing it by \$12,329, to \$106,924 compared with \$106,244 for 2008. The adjustments were to capitalize labor and assign to jobbing.

Prepared by and competent to testify: Malcolm R. Horton, Jr., CPA

**STATE OF MAINE
PUBLIC UTILITIES COMMISSION**

EXHIBIT JA-2

FRYEBURG WATER COMPANY	)	RESPONSE TO FIRST DATA
RE: Proposed Rate Increase to Increase	)	REQUEST OF THE PUBLIC
rates (\$72,257 or 15% Over Current	)	ADVOCATE
Rates))	
Docket No. 2010-8	)	February 19, 2010

Question #3. Filing, Section 3, Operation and Maintenance, Miscellaneous Expense: Separately for each of the years 2007, 2008 & 2009, please provide a breakdown and dollar amount for each of the items in this account.

Answer #3.	2007	2008	2009
Amortization - Study	\$2,400	\$2,400	\$2,400
Amortization - Test Well	2,211	2,211	2,211
Utility Dues	1,065	1,458	1,855
Conference, Training and Licensing	1,358	768	2,388
Directors Fees	-0-	-0-	650
	\$7,034	\$6,837	\$9,504

Prepared by and competent to testify: Malcolm R. Horton, Jr., CPA

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

EXHIBIT JA-2

<u>FRYEBURG WATER COMPANY</u>	)	RESPONSE TO FIRST DATA
	)	REQUEST OF THE PUBLIC
RE: Proposed Rate Increase to Increase	)	ADVOCATE
rates (\$72,257 or 15% Over Current)	
Rates))	
)	
Docket No. 2010-8	)	February 19, 2010

Question #4. Filing, Section 3-2, Page W-4, 2009 Annual Report: Please provide a copy of the remainder of the 2009 Annual Report.

Answer #4. Page W-4 was prepared to compute depreciation for 2009. The annual report has not yet been prepared.

Prepared by and competent to testify: Malcolm R. Horton, Jr., CPA

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

EXHIBIT JA-2

FRYEBURG WATER COMPANY	)	RESPONSE TO FIRST DATA
	)	REQUEST OF THE PUBLIC
RE: Proposed Rate Increase to Increase	)	ADVOCATE
rates (\$72,257 or 15% Over Current)	
Rates))	
	)	February 19, 2010
Docket No. 2010-8)	

Question #5. Filing, Section 3, Operation and Maintenance, Employee Salaries & Wages, and 2007/2008 Annual Reports, page W-6: In Section 3 of the filing, Employee Salaries and Wages for the years 2007 & 2008 are listed as \$106,623 and \$160,244, respectively. Whereas on page W-6 in the 2007 & 2008 Annual reports, Employee Salaries and Wages sum to \$114,010 and \$125,449 respectively for 2007 & 2008. Please reconcile this discrepancy.

Answer #5. Employee salaries and wages for 2007 and 2008 were listed on page W-2 line 1 as \$100,623 and \$160,244, the amounts charged to operations and maintenance. The amounts on page W-6 are the gross salaries paid, the difference being amounts charged to capital and to jobbing.

Prepared by and competent to testify: Malcolm R. Horton, Jr., CPA

**STATE OF MAINE
PUBLIC UTILITIES COMMISSION**

EXHIBIT JA-2

FRYEBURG WATER COMPANY)
RE: Proposed Rate Increase to Increase rates (\$72,257 or 15% Over Current Rates))
Docket No. 2010-8)

**RESPONSE TO FIRST DATA
REQUEST OF THE PUBLIC
ADVOCATE**

February 19, 2010

Question #6. Filing, Section 3, Operation and Maintenance, Trustees Salaries & Wages, and 2007/2008 Annual Reports, page W-6: In Section 3 of the filing, Trustees Salaries & Wages for the years 2007 & 2008 are listed as \$65,384 and \$61,864, respectively. Whereas on page W-6 in the 2007 & 2008 Annual Reports, Trustees Salaries & Wages sum to \$64,800 and \$64,800 respectively for 2007 & 2008. Please reconcile this discrepancy.

Answer #6. The amounts reported on W-6 are the gross amounts for tax reporting which included \$4,800 each year for payments in lieu of a pension plan.

The amounts listed on page W-2 include the pension amount as well as directors fees of \$1,250.

	2007	2008	
	\$60,000	\$60,000	
	4,800	4,800	
	1,250	1,250	
Less:	<u>(666)</u>	<u>(4,186)</u>	Capitalization
	<u>\$65,384</u>	<u>\$61,864</u>	

Prepared by and competent to testify: Malcolm R. Horton, Jr., CPA

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

EXHIBIT JA-2

FRYEBURG WATER COMPANY)
)
RE: Proposed Rate Increase to Increase)
rates (\$72,257 or 15% Over Current)
Rates))
)
Docket No. 2010-8)

**RESPONSE TO FIRST DATA
REQUEST OF THE PUBLIC
ADVOCATE**

February 19, 2010

Question #7. Filing, Section 4-1, Adjustment to Salary & Wage Expense & Benefits, Health Insurance:
Please provide an explanation for the variation, across employees, in the Health Insurance
expense.

Answer #7. Please see attached analysis prepared by Jean Andrews.

Prepared by and competent to testify: Jean Andrews, Treasurer

11/30/2009
12:57 PM

**Fryeburg Water Company
Health Insurance Comparison**

Employee	2008/2009	Proposed 4		Actual Emp		
		Emp.	2009/2010	Medigap	Aetna Rx	Savings
Jean Andrews	\$1,462.08	\$1,990.98	\$1,395.58			
Eric Belcher	\$487.36	\$663.67	\$465.54			
John Hastings	\$1,120.94	\$1,526.42	\$1,070.71			
Hugh Hastings	\$1,120.94	\$1,526.42		\$368.02	\$203.40	
Monthly Totals	\$4,191.32	\$5,707.49	\$3,503.25	\$368.02	\$203.40	
Yearly Totals	\$49,143.74	\$68,489.88	\$48,896.04	\$4,416.24	\$2,440.80	\$19,593.84

Employee	Jean	Eric	John	Hugh	Medigap	Aetna	Anthem	Total	Paid to Date
Jan-08	\$1,381.71	\$460.57	\$1,059.31	\$1,059.31				\$3,960.90	
Feb-08	\$1,381.71	\$460.57	\$1,059.31	\$1,059.31				\$3,960.90	
Mar-08	\$1,381.71	\$460.57	\$1,059.31	\$1,059.31				\$3,960.90	
Apr-08	\$1,381.71	\$460.57	\$1,059.31	\$1,059.31				\$3,960.90	
May-08	\$1,381.71	\$460.57	\$1,059.31	\$1,059.31				\$3,960.90	
Jun-08	\$1,462.08	\$487.36	\$1,120.94	\$1,120.94				\$4,191.32	
Jul-08	\$1,462.08	\$487.36	\$1,120.94	\$1,120.94				\$4,191.32	
Aug-08	\$1,462.08	\$487.36	\$1,120.94	\$1,120.94				\$4,191.32	
Sep-08	\$1,462.08	\$487.36	\$1,120.94	\$1,120.94				\$4,191.32	\$49,143.74
Oct-08	\$1,462.08	\$487.36	\$1,120.94	\$1,120.94				\$4,191.32	
Nov-08	\$1,462.08	\$487.36	\$1,120.94	\$1,120.94				\$4,191.32	
Dec-08	\$1,462.08	\$487.36	\$1,120.94	\$1,120.94				\$4,191.32	
	\$17,143.11	\$5,714.37	\$13,143.13	\$13,143.13				\$49,143.74	
Jan-09	\$1,462.08	\$487.36	\$1,120.94	\$1,120.94			\$4,191.32	\$4,191.32	
Feb-09	\$1,462.08	\$487.36	\$1,120.94	\$1,120.94			\$4,191.32	\$4,191.32	\$4,191.32
Mar-09	\$1,462.08	\$487.36	\$1,120.94	\$1,120.94			\$4,191.32	\$4,191.32	\$4,191.32
Apr-09	\$1,462.08	\$487.36	\$1,120.94	\$1,120.94			\$4,191.32	\$4,191.32	\$8,382.64
May-09	\$1,462.08	\$487.36	\$1,120.94	\$1,120.94			\$4,191.32	\$4,191.32	
Jun-09	\$1,396.58	\$465.54	\$1,070.71		\$1,472.08	\$203.40	\$2,932.83	\$2,932.83	\$5,882.42
Jul-09	\$1,396.58	\$465.54	\$1,070.71			\$203.40	\$2,932.83	\$2,932.83	\$8,210.48
Aug-09	\$1,396.58	\$465.54	\$1,070.71			\$203.40	\$2,932.83	\$2,932.83	\$406.80
Sep-09	\$1,396.58	\$465.54	\$1,070.71		\$1,104.06	\$203.40	\$2,932.83	\$2,932.83	\$4,555.57
Oct-09	\$1,396.58	\$465.54	\$1,070.71			\$203.40	\$2,932.83	\$2,932.83	
Nov-09	\$1,396.58	\$465.54	\$1,070.71			\$203.40	\$2,932.83	\$2,932.83	\$6,026.51
Dec-09	\$1,396.58	\$465.54	\$1,070.71			\$203.40	\$2,932.83	\$2,932.83	
	\$17,086.46	\$5,695.58	\$13,099.67	\$9,604.64	\$2,576.14	\$1,423.80	\$41,486.41	\$41,486.41	\$41,847.06

Attachment to Advocate Question #7

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

EXHIBIT JA-2

<u>FRYEBURG WATER COMPANY</u>	)	RESPONSE TO FIRST DATA
	)	REQUEST OF THE PUBLIC
RE: Proposed Rate Increase to Increase	)	ADVOCATE
rates (\$72,257 or 15% Over Current)	
Rates))	
	)	February 19, 2010
<u>Docket No. 2010-8</u>)	

Question #8. Filing, Section 6.1, Cost of Capital: Please provide the maturity dates for each of the bonds listed under Long Term Debt.

Answer #8. See attached

Prepared by and competent to testify: Malcolm R. Horton, Jr., CPA

FRYEBURG WATER COMPANY
COST OF CAPITAL

CAPITAL COMPONENT

	Due Date	Amount Issued	Amount Outstanding	Cost Rate	Percent of Total	Weighted Cost
Long Term Debt						
Bonds:						
2005 Issue	8-1-2010	347,000	307,000	6.22	18.06	1.12
2006 Issue	8-1-2026	260,000	230,000	7.58	13.53	1.03
2007 Issue	11-1-2010	503,000	452,700	7.37	26.63	1.96
2008 Issue	10-31-2017	90,000	80,000	7.65	4.70	0.36
2008 Issue	11-1-2023	231,000	217,929	2.30	12.82	0.29
Common Stock		96,000	96,000	10.50	5.65	0.59
Retained Earnings		316,377	316,377	10.50	18.61	1.95
Total		1,843,377	1,700,006		100.00	7.30
Principal Due 2009		68,221				
Interest Adjustment						
2005 Issue		19,095				
2006 Issue		17,434				
2007 Issue		29,561				
2008 Issue		6,136				
2008 Issue		5,931				
		<u>78,157</u>				
2009 Interest Adjustment		<u>81,405</u>				
		<u>(3,248)</u>				

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

EXHIBIT JA-2

FRYEBURG WATER COMPANY	)	RESPONSE TO FIRST DATA
	)	REQUEST OF THE PUBLIC
RE: Proposed Rate Increase to Increase	)	ADVOCATE
rates (\$72,257 or 15% Over Current)	
Rates))	
	)	February 19, 2010
Docket No. 2010-8)	

Question #9. Filing, Section 7, Test Year Rate Base, Materials & Supplies: Please provide a listing of the items included in this account.

Answer #9. See attached.

Prepared by and competent to testify: Malcolm R. Horton, Jr., CPA

2/8/2010
8:23 AM

Fryeburg Water Company 2009 End of Year Inventory

Item #	Category	Called	Item Description	Pg. #	2009		
					Unit Price	End	Value
20905	Meters	Guts	2 Meter Chamber Comp A	H-03	\$55.16	2	\$110.32
22020	Pipe	Pipe	2" SDR 21 RIT	A-12	\$0.46	60	\$27.60
22100	Pipe	Pipe	6" SDR 21 RIT	A-12	\$2.42	2080	\$5,033.60
22140	Pipe	Pipe	8" SDR 21 RIT	A-12	\$3.96	500	\$1,980.00
33151	Fittings	Cap	3 MJ DI Solid Cap		\$17.82	3	\$53.46
33330		Cap	4 MJ DI Solid Cap		\$28.88	1	\$28.88
33360	600D Fittings	Tee	6 MJ DI Tee CL	B-03	\$100.30	1	\$100.30
33375	600D Fittings	Tee	6 MJ DI Hyd Tee Cl	B-04	\$131.54	1	\$131.54
33385	600D Fittings	Tee	6x4 MJ DI Tee CL	B-03	\$53.42	1	\$53.42
33400	Fittings	90 Bend	6 MJ DI 90 Bend CL	B-02	\$72.58	3	\$217.74
33410	600D Fittings	45 Bend	6 MJ DI 45 Bend CL	B-02	\$38.36	3	\$115.08
33585	Fittings	Cap	6 MJ DI Solid Cap	B-07	\$40.73	1	\$40.73
33595	600D Fittings	Cap	6x2 MJ DI Tap Cap	B-07	\$46.87	1	\$46.87
33615	600D Fittings	Tee	8 MJ DI Tee CL	B-03	\$97.24	1	\$97.24
33625	Fittings	Tee	8x6 MJ DI Tee CL	B-03	\$134.85	2	\$269.70
33635	600D Fittings	Tee	8x6 MJ DI HYD Tee CL	B-04	\$163.80	1	\$163.80
33720	600D Fittings	Reducer	8x6 MJ DI Reducer CL	B-05	\$59.47	2	\$118.94
33800	Adaptor	Adaptor	8 Foster MJ Adaptor w/acc Pkg	B-11	\$146.22	1	\$146.22
34500	Fittings	Cap	12 MJ DI Solid Cap	B-07	\$80.86	1	\$80.86
36196	Fittings	Nipple	1x3 Brass Nipple		\$3.96	3	\$11.88
36199	Fittings	Nipple	1x4 Brass Nipple		\$4.58	1	\$4.58
36515	Fittings	Nipple	2 x 3 Brass Nipple		\$13.57	3	\$40.71
36545	Fittings	Tee	2 Brass Tee		\$31.70	2	\$63.40
36605	Fittings	Bushing	2x1 Brass Bush		\$18.56	3	\$55.68
36608	Fittings	Bushing	2 x 3/4 Brass Bush		\$18.23	1	\$18.23
39047	1	Valves	Gate 6 Valve Wheel Style OL	C-10	\$523.84	1	\$523.84
39336	3	Valves	Gate 6 MJ DI RS Valve OL	C-02	\$483.84	1	\$483.84
39469	2	Valves	Gate 8 MJ DI RS Valve OL	C-02	\$512.00	2	\$1,024.00
39887	2	Valves	Gate 12 MJ DI RS Valve OL	C-02	\$1,503.34	1	\$1,503.34
41885	Hydrant	Extension	WB-67-250 Top Extension Kit	D-03	\$200.49	1	\$200.49
41905	Hydrant	Repair Kit	WB-67-250 Break Repair Kit	D-03	\$130.00	6	\$780.00
44050	T-Bolt		5/8" x 3" T-Bolts & Nuts	B-13	\$1.54	13	\$20.02
44085	Gland	Gland	4 MJ DI Gland	B-13	\$10.25	2	\$20.50
44090	Gasket	Gasket	4 MJ Gasket	B-14	\$2.63	12	\$31.56
44094	Fittings	Acc. Pak	4 MJ DI Grip Ring Accessory Pak	B-24	\$34.01	2	\$68.02
44095	T-Bolt		3/4" x 3 1/2" 4 per joint	B-13	\$1.54	12	\$18.48
44105	Gasket		4 MJ Gasket	B-14	\$3.25	8	\$26.00
44155	Gland	Gland	6 MJ DI Gland	B-13	\$12.50	15	\$187.50
44159	Fittings	Acc. Pak	6 MJ Accessory Pack DI Std	B-14	\$26.39	18	\$475.02
44160	Gasket	Gasket	6 MJ Gasket	B-14	\$2.74	25	\$68.50
44164	1	Fittings	6 MJ DI Grip Ring Accessory Pak	B-24	\$33.90	10	\$339.00
44170	Gasket	Gasket	6 MJxPVC Transition Gasket	B-14	\$6.69	40	\$267.60
44225	Gland	Gland	8 MJ DI Gland	B-13	\$12.74	2	\$25.48
44229	Fittings	Acc. Pak	8 MJ Accessory Pack DI Std	B-14	\$31.45	15	\$471.75
44230	Gasket	Gasket	8 MJ Gasket	B-14	\$5.24	20	\$104.80
44234	1	Fittings	8 MJ IPS Grip Ring Accessory Pak	B-24	\$59.42	5	\$297.10
44245	Gasket	Trans Ga	8 MJxPVC Transition Gasket	B-14	\$11.11	17	\$188.87
44370	Gasket	Gasket	12 MJ Gasket	B-14	\$7.78	17	\$132.26
44374	Fittings		12 MJ DI Grip Ring Acces. Pack	B-24	\$94.57	2	\$189.14
44380	Gasket	Trans Ga	12 MJxPVC Trans Gasket	B-14	\$17.60	5	\$88.00

2/8/2010
8:23 AM

Fryeburg Water Company 2009 End of Year Inventory

44565	Fittings	3/4 Duc Lug	B-17	\$3.00	10	\$30.00
45070	Valves	26 Valve Box Top TF	E-05	\$65.05	6	\$390.30
45080	Valves	36 Valve Box Top TF	E-05	\$68.57	2	\$137.14
45125	Valves	Gate Box 36 Valve Box Base Bell	E-05	\$50.67	3	\$152.01
45140	Valves	48 Valve Box Base Bell	E-05	\$62.37	2	\$124.74
45285	Valve Box / Extension	5 1/4 x 1 Fixed Top Ext L/C	E-09	\$7.38	2	\$14.76
45370	Srvc Boxes Rope	1 Service Box Plug Cover Rope	E-01	\$6.23	4	\$24.92
45372	Srvc Boxes Cover	1 Service Box Plug Repair Cover	E-03	\$6.13	2	\$12.26
45425	Srvc Boxes Service B	5 1/2 - 6 1/2 Service Box L/C	E-01	\$12.20	6	\$73.20
45476	Srvc Boxes Rod	1/2 x 24 SS Service Box Rod	E-01	\$9.19	8	\$73.52
45490	Srvc Boxes Rod	36 Service Box Rod	E-01	\$6.35	3	\$19.05
45565	Srvc Boxes	Service Box Foot Piece Heavy	E-03	\$19.46	1	\$19.46
45595	Srvc Boxes Ext	1x6 Service Box Ext w/screw L/C	E-03	\$8.45	2	\$16.90
46030	Tubing	3/4 x 100 Copper Tube	F-01	\$1.07	200	\$214.00
46160	Tubing	PVC Pipe 1 x 300 CTS Plastic Tube 200		\$0.36	100	\$36.00
46290	Clamps	Clamps 1 1/2 SS Clamp for PE Pipe	G-13	\$1.29	1	\$1.29
47020	Couplings	Union 3 p 1/2 CPLG CPPJ	G-08	\$9.85	2	\$19.70
47080	Couplings	Adaptor 1/2 CPLG CPPJ x MIP	G-09	\$7.46	10	\$74.60
47100	Couplings	Adaptor 1/2 CPLG CPPJ x IPPJ	G-10	\$7.02	2	\$14.04
47165	Corporation	Corporation 3/4 Ball Corp CC x CPPJ	G-03	\$22.79	3	\$68.37
47230	Valves	Curb Stop 3/4 Ball Curb CPPJ	G-06	\$25.00	20	\$500.00
47250	Valves	Shut off 3/4 Ball Curb CPPJXIP	G-06	\$31.05	13	\$403.65
47280	Valves	3/4" Ball Curb IP	G-05	\$20.11	2	\$40.22
47410	Couplings	Union 3 p 3/4 CPLG CPPJ	G-08	\$9.85	16	\$157.60
47430	Couplings	Adaptor 3/4 CPLG CPPJ x IPPJ	G-10	\$9.12	9	\$82.08
47450	Couplings	3/4 CPLG CPPJXFEIP	G-09	\$9.82	7	\$68.74
47460	Couplings	3/4 CPLG IPPJ x FEIP		\$12.92	1	\$12.92
47480	Couplings	3/4 CPLG CPPJ x MIP	G-09	\$8.58	11	\$94.38
47500	Couplings	3/4 CPLG IPPJ x MIP STL 65 Dress	G-10	\$9.80	3	\$29.40
47540	Couplings	Union 3 p 3/4x1 CPLG CPPJ	G-08	\$13.31	9	\$119.79
47730	Tubing	Insert 3/4 Plastic Insert Tube PE #51	G-12	\$1.25	18	\$22.50
47785	Corporation	Curb Stop 1 Ball Corp CC x CPPJ	G-03	\$29.98	5	\$149.90
47819	Valves	1 IP x Pack Joint Ball Corp Ford FB-110	G-03	\$31.94	2	\$63.88
47880	Valves	Curb Stop 1 Ball Curb Stop	G-06	\$53.17	7	\$372.19
47910	Valves	Shut off 1 Ball Curb CPPJ X FIP	G-06	\$78.97	7	\$552.79
47930	Valves	1 Ball Curb IP	G-05	\$39.09	1	\$39.09
48060	Couplings	3-piece U 1 CPLG CPPJ	G-08	\$9.36	9	\$84.24
48130	Couplings	Adaptor 1 CPLG CPPJ x FEIP	G-09	\$11.79	5	\$58.95
48150	Couplings	Adaptor 1 CPLG IPPJ x FEIP	G-09	\$18.69	2	\$37.38
48170	Couplings	1 CPLG CPPJXMIP	G-09	\$9.89	6	\$59.34
48180	Couplings	1x3/4 CPLG CPPJXMIP	G-08	\$9.45	16	\$151.20
48190	Couplings	1 CPLG IPPJ x MIP	G-10	\$12.51	2	\$25.02
48220	Fittings	Elbow 1 90 Elbow CPPJ		\$21.82	7	\$152.74
48260	Fittings	1" x 3/4" Tee CPPJ		\$33.54	1	\$33.54
48330	Tubing	Insert 1 SS Insert Tube	G-12	\$1.58	35	\$55.30
48440	Couplings	1 1/4 CPLG IPPJ x MIP	G-10	\$12.51	1	\$12.51
48460	Couplings	1 1/4 CPLG CPPJ	G-08	\$18.89	1	\$18.89
48680	Couplings	1 1/2 CPLG CPPJ	G-08	\$12.82	1	\$12.82
48747	Couplings	1 1/2 CPLG CPPJ x IPPJ		\$11.42	1	\$11.42
48990		2 Ball Corp CC x CPPJ	G-03	\$132.74	5	\$663.70
49010	Valves	2 Ball Corp IP x CPPJ	G-03	\$190.72	3	\$572.16
49050	Valves	2 Ball Curb CPPJ	G-06	\$158.81	3	\$476.43

2/8/2010
8:23 AMFryeburg Water Company
2009 End of Year Inventory

49110		Couplings	2 CPLG CPPJ x FEIP		\$55.70	2	\$111.40
49150		Couplings	2 CPLG CPPJ x MIP	G-09	\$51.29	2	\$102.58
49163		Couplings	2 CPLG CPPJ x IPPJ		\$51.29	1	\$51.29
49180		Couplings	Union 3 p 2 CPLG CPPJ	G-08	\$42.71	7	\$298.97
49197		Couplings	2 90 Elbow CPPJ	G-08	\$119.91	2	\$239.82
49310		Tubing	2 Plastic Insert Tube PE #55	G-12	\$2.91	10	\$29.10
49371		Valves	3/4 Watts Ball Valve IP W/L	C-36	\$12.54	13	\$163.02
49394		Valves	1 1/4 Watts Ball Valve	C-36	\$45.74	1	\$45.74
49402	1	Valves	1 1/2 Watts Ball Valve	C-36	\$56.46	1	\$56.46
49416		Valve	2 Watts Ball Valve IP W/L	C-36	\$62.74	7	\$439.18
50086		Meters	5/8" ECR Register CF		\$48.20	17	\$819.40
50096		Meters	Rubber G 5/8 Meter Gasket Rubber 3/4OD	H-05	\$0.35	40	\$14.00
50133	MBS	Meters	3/4 SR ECR Meter 100F w/pad	H-01	\$84.75	2	\$169.50
50152		Meters	1 SR ECR Meter 100F w/pad	H-01	\$174.00	3	\$522.00
50203		Meters	Rubber G 1 Meter Gasket Rubber 1 1/4OD	H-05	\$0.29	12	\$3.48
50243	2	Meters	Meter 2 SR Meter ECR 100F w/pad L/C	H-01	\$636.82	1	\$636.82
50295		Flange	2 Meter Flg BR 2 FIP Ea	H-35	\$28.75	6	\$172.50
50310		Flange	2 Meter Gasket Flg Ea	H-35	\$1.88	4	\$7.52
50320		Flange	3/4x2 3/4 Plated B&N 2	H-35	\$3.03	2	\$6.06
50540		Meters	Gasket Register Gaskets		\$0.76	18	\$13.68
50550		Meters	5/8 Meter Strainer	H-02	\$4.61	5	\$23.05
50555		Meters	Gasket 5/8 Meter Chamber Gasket	H-02	\$1.12	12	\$13.44
50565		Meters	Guts 5/8 Meter Chamber Comp A	H-02	\$18.75	14	\$262.50
50600		Meters	Bottom Li 5/8 Meter Bottom Plate Liner	H-02	\$1.70	16	\$27.20
50605		Accessories	Meter Bas 5/8 Meter Bottom Plate Iron	H-02	\$5.00	21	\$105.00
50610		Accessories	Bolt 5/8 Meter Casing Bolt	H-02	\$1.02	16	\$16.32
50745		Meters	1 Meter Strainer	H-02	\$8.11	2	\$16.22
50750		Meters	Gasket 1 Meter Chamber Gasket	H-03	\$1.67	10	\$16.70
50805		Accessories	Meter Bas 1 Meter Bottom Liner	H-02	\$2.78	3	\$8.34
50810		Accessories	Meter Bas 1 Meter Bottom Plate Iron	H-02	\$14.32	5	\$71.60
50895		Meters	Strainer 2 Meter Strainer	H-03	\$13.79	1	\$13.79
52010		Meters	Yoke 5/8 #1 Kornerhorn L/C	H-28	\$20.69	8	\$165.52
52020		Valves	Ford Valv Kornerhorn Valve	H-32	\$16.95	44	\$745.80
52035		Accessories	Yoke nut 3/4 #7 DCBF Prev 1-3K L/C		\$38.00	6	\$228.00
52050		Accessories	Yoke Nut 1/2 CP Setter Pack Joint 1-3 K	H-29	\$2.64	9	\$23.76
52060		Accessories	York Nut 1/2 IP Setter Pack Joint 1-3K	H-29	\$2.52	22	\$55.44
52070		Accessories	Yoke nut 3/4 CP Setter Pack Joint 1-3K	H-29	\$9.61	47	\$451.67
52080		Accessories	York Nut 3/4 IP Setter Pack Joint 1-3K	H-29	\$9.52	174	\$1,656.48
52090		Accessories	Yoke nut 1 CP Setter Pack Joint 1-3K	H-29	\$8.30	53	\$439.90
54020		Clamp	Leak Clar 1/2 x 6 Leak Clamp		\$11.61	1	\$11.61
54060		Clamp	Leak Clar 3/4 x 3 Leak Clamp		\$6.98	1	\$6.98
54070		Clamp	Leak Clar 3/4 x 6 Leak Clamp	J-07	\$12.36	5	\$61.80
54130		Clamp	Leak Clar 1x 6 Leak Clamp	J-07	\$12.98	3	\$38.94
54180		Clamp	Leak Clar 1 1/4 x 6 Leak Clamp		\$19.80	1	\$19.80
54330		Clamp	Leak Clar 2 x 6 Leak Clamp		\$27.20	1	\$27.20
54340		Clamp	Leak Clar 2 x 9 Leak Clamp		\$54.63	1	\$54.63
55490	F	Saddles	Saddle 4 S70 Saddle 3/4 CC PVC	J-31	\$27.20	4	\$108.80
55535	F	Saddles	Saddle 4 S70 Saddle 2CC PVC	J-31	\$58.58	4	\$234.32
55780	RM	Clamp	Repair Cl: 6 x 16 SS1 Rep Clamp 684724		\$98.59	1	\$98.59
55780	RM	Clamp	Repair Cl: 6 x 16 SS1 Rep Clamp 684724		\$98.59	1	\$98.59
55870	RM	Clamp	Repair Cl: 6 x 16 SS2 Rep Clamp 684764	J-05	\$165.00	1	\$165.00
55870	RM	Clamp	Repair Cl: 6 x 16 SS2 Rep Clamp 684764	J-05	\$165.00	1	\$165.00

2/8/2010
 8:23 AM

**Fryeburg Water Company
 2009 End of Year Inventory**

55921	RM	Clamp	Repair Cl: 6 x 8 SS2 Rep Clamp 3/4 CC 684724	J-06	\$171.63	11	\$1,887.93
56106	RM	Saddles	Saddle 6 202N Saddle 1CC 663760	J-26	\$89.55	3	\$268.65
56264	RM	Saddles	Repair Sæ 6 331 Rep Sad 2IP 690740 SSB		\$127.37	1	\$127.37
56264	RM	Saddles	Repair Sæ 6 331 Rep Sad 2IP 690740 SSB		\$127.37	1	\$127.37
56267	RM	Saddles	Saddle 6 202N Saddle 2CC 663760		\$111.16	1	\$111.16
56320	F	Saddles	Saddle 6 PVC BR Saddle 3/4CC 663 S70603		\$40.58	1	\$40.58
56569		Clamp	Repair Cl: 8 SS1 Rep Clamp 8.54 - 8.94	J-04	\$82.58	1	\$82.58
56570		Clamp	Repair Cl: 8 SS1 Rep Clamp 8.99 - 9.39		\$82.58	1	\$82.58
56781		Clamp	Repair Cl: 8 Repair SS2 Clamp x 3/4 CC	J-06	\$176.58	1	\$176.58
56825		Clamp	Repair Cl: 8 Repair SS Clamp x 1 ip	J-06	\$243.75	2	\$487.50
57100	F	Saddles	Saddle 8 PVC BR Saddle 3/4CC 863 S70803	J-31	\$55.77	5	\$278.85
57105	F	Saddles	Saddle 8 PVC BR Saddle 1CC 863 S70-804	J-31	\$55.77	14	\$780.78
57110	F	Saddles	Saddle 8 PVC BR Saddle 2CC	J-31	\$72.58	3	\$217.74
58070		Clamp	Repair Cl: 12 Repair Clamp 13.10 - 14.30		\$289.79	1	\$289.79
58190	RM	Clamp	Repair Cl: 12 SS2 Rep Clamp 14.10 - 14.50		\$256.47	1	\$256.47
58357	RM	Saddles	Saddle 12 202N Saddle 3/4CC 1200-1320		\$118.11	7	\$826.77
74312		Accessories	1 PT SCH 80 PVC Cement	A-39	\$4.31	1	\$4.31
74318		Accessories	1 QT PVC Primer Purple	A-39	\$7.25	1	\$7.25
91715		Tape	3x1000 Detect Tape Water	A-40	\$0.30	500	\$150.00
91726		Tape	3x1000 Non Detect Tape Caution	A-40	\$8.35	500	\$4,175.00
NON01119685	Backflow	Backflow	4 Flowmatic Check Valve #B9107		\$3,098.00	1	\$3,098.00
	Couplings		1" x 3/4" CPLG CPPJ x IPPJ		\$9.45	1	\$9.45
			1/2 Tee CPPJ		\$18.98	1	\$18.98
	Couplings		3/4 x 1 CPLG IPPJ x FEIP	G-10	\$12.92	2	\$25.84
	Pipe	Pipe	8" DI		\$12.32	60	\$739.20
	Pipe	Pipe	4" DI		\$6.16	120	\$739.20
	Pipe	Pipe	12" DI		\$18.50	40	\$740.00
	Hydrant	Hydrant	Mueller 5-1/4 x 6 OL		\$979.07	2	\$1,958.14
							\$50,239.49

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

EXHIBIT JA-2

FRYEBURG WATER COMPANY	)	RESPONSE TO FIRST DATA
	)	REQUEST OF THE PUBLIC
RE: Proposed Rate Increase to Increase	)	ADVOCATE
rates (\$72,257 or 15% Over Current)	
Rates))	
	)	February 19, 2010
Docket No. 2010-8)	

Question #10 Please provide the dollar amount of Accumulated Depreciation separately at year end for each of the years 2007, 2008 and 2009.

Answer #10. Accumulated Depreciation	12/31/07	\$469,757
	12/31/08	494,438
	12/31/09	532,590

Prepared by and competent to testify: Malcolm R. Horton, Jr., CPA

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

EXHIBIT JA-2

FRYEBURG WATER COMPANY	)	RESPONSE TO FIRST DATA
	)	REQUEST OF THE PUBLIC
RE: Proposed Rate Increase to Increase	)	ADVOCATE
rates (\$72,257 or 15% Over Current)	
Rates))	
	)	February 19, 2010
Docket No. 2010-8)	

Question #11 Did the Company install water meters during the 2009 year? If so, how many and at what cost?

Answer #11. The Company installed 28 meters in 2009 at a cost of \$8,664.

Prepared by and competent to testify: Malcolm R. Horton, Jr., CPA

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

EXHIBIT JA-2

FRYEBURG WATER COMPANY	)	RESPONSE TO FIRST DATA
	)	REQUEST OF THE PUBLIC
RE: Proposed Rate Increase to Increase	)	ADVOCATE
rates (\$72,257 or 15% Over Current)	
Rates))	
	)	February 19, 2010
Docket No. 2010-8)	

Question #12 Sections 4-1, Officers, Trustees - Salaries & Wages: Please provide the reason for the \$8,333 reduction - and the size of the reduction - in the President's salary in the *Pro-forma* year.

Answer #12. Aware of our aging workforce, many of the duties of the President have been or are being transferred to other positions within the Company. The President has also taken an extended vacation over the winter holiday and has agreed to a reduction in his salary to compensate for his time away and any changes regarding his position.

Prepared by and competent to testify: Jean Andrews, Treasurer

FRYEBURG WATER COMPANY)
)
RE: Proposed Rate Increase to Increase)
 rates (\$72,257 or 15% Over Current)
 Rates))
)
Docket No. 2010-8)

RESPONSE TO FIRST DATA
REQUEST OF THE PUBLIC
ADVOCATE

February 19, 2010

Question #13 Section 3, Employee Pension Benefits: If not directly related to the explanation provided in response to OPA-1-1 above, please explain the \$4,014 reduction in Employee Pension Benefits.

Answer #13. Please see Section 4-1. The reduction in benefits relates to health insurance costs.

Prepared by and competent to testify: Malcolm R. Horton, Jr., CPA

<u>FRYEBURG WATER COMPANY</u>	)	RESPONSE TO FIRST DATA
	)	REQUEST OF THE PUBLIC
RE: Proposed Rate Increase to Increase	)	ADVOCATE
rates (\$72,257 or 15% Over Current)	
Rates))	
	)	February 19, 2010
<u>Docket No. 2010-8</u>)	

Question #14 Section 6.1, Cost of Capital, Retained Earnings: Please provide the justification for including Retained Earnings in the Company's capital structure, and please provide a justification for the proposed 10.5% return to be earned on those Retained Earnings.

Answer #14. The 10.5% return was used in the prior proceeding 2006-590. Inclusion of retained earnings as part of equity is needed to produce a return from which interest and principal are paid. As noted in Section 6-3, using the 10.5% return does not meet the required debt service by \$24,025.

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

EXHIBIT JA-2

FRYEBURG WATER COMPANY)
)
RE: Proposed Rate Increase to Increase)
rates (\$72,257 or 15% Over Current)
Rates))
)
Docket No. 2010-8)

**RESPONSE TO FIRST DATA
REQUEST OF THE PUBLIC
ADVOCATE**

February 19, 2010

Question #15 Section 4.2, Account 666, Rate Case Expense: Please provide an estimate of the dollar amount of Rate Case Expense expended in this case at the conclusion of providing responses to this round of data requests.

Answer #15. The present estimate is \$9,000.

Prepared by and competent to testify: Malcolm R. Horton, Jr., CPA

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

FRYEBURG WATER COMPANY)
)
RE: Proposed Rate Increase to Increase)
rates (\$72,257 or 15% Over Current)
Rates)
)
Docket No. 2010-8)

**RESPONSE TO ADVISOR'S
DATA REQUEST NO. 1**

February 19, 2010

Question #1. Please provide an update for the status of all items agreed to in the Stipulation and Modified Stipulation approved by the Commission in Docket 2006-590: Maine Public Utilities Commission Investigation into Fryeburg Water Company's Rates. Include in this update, the status of the construction projects as well as the cost of the projects.

Answer #1. The Improvements described in 2006-590 were completed and supported in the step increase described in Hammond Exhibit 1-Revised 11/23/08 attached.

FRYEBURG WATER COMPANY
STEP INCREASE IMPROVEMENTS - REVISED 11/23/08

EXHIBIT 1

DESCRIPTION	ACTUAL COSTS	RETIREMENTS
	2008	
REPLACE APPROX. 1,000' OF MAIN - EAST CONWAY	42,719	(1,000)
FINISH TRANSFERING SERVICE FROM OLD TO NEW MAINS	31,283	(1,000)
PURCHASE LAND FOR OFFICE and WELLHEAD PROTECTION	243,293	
METER UNMETERED CUSTOMERS	20,802	
DETAILED MAPPING OF SYSTEM WITH GIS/AUTO CAD	22,325	
LESS RESERVOIR LOOPS	(82,000)	
TOTALS	\$ 278,422	\$ (2,000)

Attachment to Advisor Request #1

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

FRYEBURG WATER COMPANY)
)
RE: Proposed Rate Increase to Increase)
rates (\$72,257 or 15% Over Current)
Rates)
)
Docket No. 2010-8)

**RESPONSE TO ADVISOR'S
DATA REQUEST NO. 1**

February 19, 2010

Question 2: Section 1, Operating Statement: Please describe the types of merchandising and jobbing included in this line item. Please include a breakdown for 2007, 2008 and 2009 and explain why the account decreased for 2008.

Answer 2: Jobbing includes backflow inspections, repairs and service lines as requested. In 2008 the Company was very involved in the projects described in Hammond Exhibit 1.

**STATE OF MAINE
PUBLIC UTILITIES COMMISSION**

FRYEBURG WATER COMPANY)	RESPONSE TO ADVISOR'S
RE: Proposed Rate Increase to Increase)	DATA REQUEST NO. 1
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Rates)	
Docket No. 2010-8)	February 19, 2010

Question #3. Section 3, Operation and Maintenance, Employee Salaries and Wages: Has the Company performed a salary study to determine wage levels? If not, how were wage levels determined?

Answer #3. The Company compared 17 companies (2) and obtained an unofficial report from M.R.W.A. (1) along with Fryeburg 2009 and 2010 pro forma. Wage levels were determined by negotiation. Summary below:

	(1) MRWA	(2) Average 2008	Fryeburg 2009	Fryeburg 2010
Officers	-	-	48,333	40,000
Superintendent	52,260	54,120	51,958	51,958
Accounting/Billing	36,660	25,871	26,761	26,761
All Other	<u>36,188</u>	<u>26,992</u>	<u>38,563</u>	<u>38,563</u>
	<u>125,108</u>	<u>106,983</u>	<u>165,615</u>	<u>157,282</u>

Prepared by and competent to testify: Mr. Horton, Jr., CPA

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

<u>FRYEBURG WATER COMPANY</u>)	RESPONSE TO ADVISOR'S
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<u>Docket No. 2010-8</u>)	

Question #4. Section 3, Operation and Maintenance, Purchased Power: How was the pro forma amount determined.

Answer #4. Purchased power was unchanged from 2009.

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Docket No. 2010-8)	

Question #5. Section 3, Operation and Maintenance, Chemicals: How was the pro forma amount determined? Please include a list of all chemicals, their process and the amounts used per year.

Answer #5. The pro forma amount for operation and maintenance, Chemicals, was determined by using the same figure as 2009. The wet summer directly affected our chemical cost for 2009 due to the reduction in demand and pumping. We feel that as long as chemical costs remain stable, our cost should remain the same because we have been able to optimize pump #3, which uses less chemical than pump #2.

The water supplied by the Fryeburg Water Company is disinfected with a trace amount of Sodium Hypochlorite (bleach) to take care of any impurities that might be present within the distribution system. Sodium Fluoride is added to the water to promote dental health. Potassium Hydroxide is also added to the water to help adjust the pH. Following are amounts used by year:

	2007	2008	2009
Potassium Hydroxide - Gallons	3,344	3,276	2,138
Sodium Hypochlorite - Gallons	377	357	329
Sodium Fluoride - Pounds	2,700	2,550	2,400

Prepared by and competent to testify: Jean Andrews, Treasurer

**STATE OF MAINE
PUBLIC UTILITIES COMMISSION**

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Rates)	
Docket No. 2010-8)	February 19, 2010

Question #6. Section 3, Operation and Maintenance, Materials and Supplies: How was the pro forma amount determined? Please include a list of the items included in this account.

Answer #6. Pro forma was based on 2009.

Source - Fuel	\$ 553
Source - Telephone	625
Source - From Inventory	2,586
Treatment - Testing	1,782
Distribution Maintenance	1,379
Hydrant Repair	36
Equipment Repair	123
Office Expense	3,536
Postage	609
Office Telephone	2,541
All Other	<u>226</u>
	<u>\$13,996</u>

Prepared by and competent to testify: Mr. Horton, Jr., CPA

STATE OF MAINE
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)	DATA REQUEST NO. 1
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Rates)	
)	February 19, 2010
<u>Docket No. 2010-8</u>)	

Question #7. Section 3, Operation and Maintenance, Contractual Accounting: Please explain what items are included in this account and how the pro forma was determined.

Answer #7. Auditing and P.U.C. reporting assistance with a 5% increase for 2009 audit to be done in 2010.

Prepared by and competent to testify: Mr. Horton, Jr., CPA

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

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Rates)	
)	February 19, 2010
Docket No. 2010-8)	

Question #8. Section 3, Operation and Maintenance, Legal: Please explain what items are included in this account and how the pro forma was determined.

Answer #8. This was general legal services not related to rate making. The pro forma is unchanged although the Company has had much higher charges in prior years.

Prepared by and competent to testify: Mr. Horton, Jr., CPA

**STATE OF MAINE
PUBLIC UTILITIES COMMISSION**

FRYEBURG WATER COMPANY)	RESPONSE TO ADVISOR'S
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Rates)	
Docket No. 2010-8)	February 19, 2010

Question #9 Section 3, Operation and Maintenance, Other: Please explain what items are included in this account and how the pro forma was determined.

Answer #9 The account includes the following:

Plowing	\$ 2,855
Monitoring Wells	600
Other repairs.	1,066
The pro forma is	\$ 4,521

Prepared by and competent to testify: Mr. Horton, Jr., CPA

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

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<u>Docket No. 2010-8</u>)	

Question #10. Section 3, Operation and Maintenance, Rentals: Please explain what items are included in this account and how the pro forma was determined.

Answer #10. This is the rental charged for the Company offices and is unchanged for the pro forma.

Prepared by and competent to testify: Mr. Horton, Jr., CPA

STATE OF MAINE
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)	February 19, 2010
<u>Docket No. 2010-8</u>)	

Questions #11. Section 3, Operation and Maintenance, Transportation Expense: Please explain what items are included in this account and how the pro forma was determined.

Answer #11. This account is made up of allowances for the use of trucks and other vehicles owned by employees. The Company owns no vehicles and all costs are paid by the employees. No change made for the pro forma.

Prepared by and competent to testify: Mr. Horton, Jr., CPA

**STATE OF MAINE
PUBLIC UTILITIES COMMISSION**

FRYEBURG WATER COMPANY)	
RE: Proposed Rate Increase to Increase rates (\$72,257 or 15% Over Current Rates)	)	RESPONSE TO ADVISOR'S DATA REQUEST NO. 1
Docket No. 2010-8	)	February 19, 2010

Question #12. Section 3, Operation and Maintenance, Miscellaneous Expenses: Please explain what items are included in this account and how the pro forma was determined.

Answer #12. The account includes the following:

Amortization - Study	\$ 2,400
Amortization - Test Well	2,211
Director Fees	650
Utility Dues	1,855
Conferences, Training and Licensing	2,388

Prepared by and competent to testify: Mr. Horton, Jr., CPA

STATE OF MAINE
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Rates)	
)	February 19, 2010
<u>Docket No. 2010-8</u>)	

Question #13. Please provide support for the 10.5% Return on Equity requested in Section 6.1.

Answer #13. The 10.5% return was used in the prior proceeding 2006-590, and is needed to produce a return from which interest and principal are paid. As noted in Section 6-2 using the 10.5% return does not meet the required debt service by \$24,025.

Prepared by and competent to testify: Mr. Horton, Jr., CPA

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

<u>FRYEBURG WATER COMPANY</u>)	RESPONSE TO ADVISOR'S DATA REQUEST NO. 1
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Docket No. 2010-8)	February 19, 2010

Question #14. Please explain why there is no deduction for Accumulated Deferred Income Taxes in the rate base calculation shown in Section 6-2.

Answer #14. This account is shown in section 7, the test year rate base.

**STATE OF MAINE
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Rates)	
Docket No. 2010-8)	February 19, 2010

Question #15. Please provide a calculation showing how the fire protection revenue amount of \$107,000 was determined.

Answer #15. Please refer to section 12.

Total sales of water	\$ 453,046
Less: Sales for resale	<u>95,666</u>
	<u>\$ 357,380</u>
Public Fire Protection @ 30%	<u>\$ 107,000</u>

MAINE PUBLIC UTILITIES COMMISSION
AUGUSTA, MAINE

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IN RE:)
) Docket No. 2010-008
FRYEBURG WATER COMPANY) February 22, 2010
)

Proposed Rate Change to Increase Rates \$72,257 or 15% over
Current Rates

APPEARANCES:

MATT KAPLY, Hearing Examiner
STEPHANI MORANCIE, Maine Public Utilities Commission
LUCRETIA SMITH, Maine Public Utilities Commission
WILLIAM BLACK, Office of the Public Advocate
JEAN ANDREWS, Fryeburg Water Company
MALCOLM HORTON, Fryeburg Water Company

1 CONFERENCE COMMENCED (February 22, 2010, 11:01 a.m.)

2 MR. KAPLY: Good morning. Welcome to the Public
3 Utilities Commission. This is Matt Kaply. I'm joined at the
4 bench today by Stephani Morancie and Lucretia Smith. We're here
5 on the record in docket number 2010-08 captioned Fryeburg Water
6 Company proposed rate change to increase rates \$72,257 or 15
7 percent over current rates. This -- this case conference, for
8 my purposes, had been solely to discuss scheduling a technical
9 conference. Are there any other issues that the parties needed
10 to raise on the record? And hearing nothing --

11 MR. BLACK: I can't think of anything, but could you
12 remind me of the docket number again, please?

13 MR. KAPLY: It's docket number 2010-08.

14 MR. BLACK: Thank you.

15 MR. KAPLY: Certainly. So having gotten that out of
16 the way, let's talk about a tech conference. We had looked at
17 March 4th between 1:30 and 4:30. And we were hoping to hear
18 opinions or comments from the parties about that date for a
19 technical conference.

20 MR. BLACK: Between 1:30 and 4:30?

21 MR. KAPLY: That's correct.

22 MR. BLACK: That's fine here. Who's here for the
23 company?

24 MS. ANDREWS: It's Jean Andrews, Bill Black, and
25 Malcolm Horton.

1 MR. BLACK: Hi, Jean.

2 MS. ANDREWS: How are you?

3 MR. BLACK: Hi, Malcolm. Fine.

4 MS. ANDREWS: That's fine with me. I don't know about
5 Mr. Horton.

6 MR. HORTON: Malcolm is fine for that date.

7 MR. KAPLY: Excellent. Well, in which case what we
8 will do is we will lock in March 4th, 2010 between the hours of
9 1:30 and 4:30 at the Commission and we will issue a procedural
10 order accordingly. Is there any other business that we need to
11 conduct today on the record?

12 MS. ANDREWS: None for the company.

13 MR. KAPLY: Excellent. Very good. Thank you folks
14 for calling in and we will see you on March 4th. This
15 conference is concluded.

16 MR. BLACK: Okay.

17 MS. ANDREWS: Have a great day.

18 MR. BLACK: Thank you.

19 CONFERENCE ADJOURNED (February 22, 2010, 11:03 a.m.)
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C E R T I F I C A T E

I hereby certify that this is a true and accurate transcript of the proceedings which have been electronically recorded in this matter on the aforementioned hearing date.

D. Noelle Forrest
D. Noelle Forrest, Transcriber

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

Docket No. 2010-8

February 24, 2010

FRYEBURG WATER COMPANY
Proposed Rate Increase to Increase Rates
(\$72,257 or 15% Over Current Rates)

PROCEDURAL ORDER

A technical conference in this matter will be held at 1:30 p.m. on March 4, 2010 in the Commission's hearing room at 101 Second Street, Hallowell. Parties can access the conference call using the Commission's telebridge by dialing 1-916-233-0499 and then entering 173464#.

Dated at Hallowell, Maine this 24th day of February, 2010.

BY ORDER OF THE HEARING EXAMINER

Matthew S. Kaply

MAINE PUBLIC UTILITIES COMMISSION
AUGUSTA, MAINE

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IN RE:)
) Docket No. 2010-008
FRYEBURG WATER COMPANY) March 4, 2010
)

Proposed Rate Change to Increase Rates \$72,257 or 15 percent
over Current Rates

APPEARANCES:

MATT KAPLY, Hearing Examiner
STEPHANI MORANCIE, Maine Public Utilities Commission
LUCRETIA SMITH, Maine Public Utilities Commission
WILLIAM BLACK, Office of the Public Advocate
RON NORTON, Consultant, Office of the Public Advocate
JEAN ANDREWS, Fryeburg Water Company
MALCOLM HORTON, Fryeburg Water Company

1 CONFERENCE COMMENCED (March 4, 2010, 1:35 p.m.)

2 MR. KAPLY: Good afternoon and welcome to the Public
3 Utilities Commission. My name is Matt Kaply; I'm the Hearing
4 Examiner in this case. Joining me on the bench today are
5 Stephani Morancie and Lucretia Smith from the Commission. We're
6 here today on the record in docket number 2010-008, captioned
7 Fryeburg Water Company proposed rate change to increase rates
8 \$72,257 or 15 percent over current rates. This is a technical
9 conference on a first round of discovery data requests. I'd
10 like to begin by taking appearances from people who are in the
11 room.

12 MR. NORTON: Ron Norton, Public Advocate Office.

13 MS. ANDREWS: Jean Andrews, Fryeburg Water Company.

14 MR. HORTON: Malcolm Horton, consultant of the
15 company.

16 MR. KAPLY: And on the telebridge? Mr. Black?

17 MR. BLACK: Bill Black. Thank you. Sorry.

18 MR. KAPLY: That's okay. So unless there are any --
19 if there's any business we need to conduct on the record, I'd
20 like to begin -- to go directly into questions from the Public
21 Advocate's office initially. Do we need to address anything on
22 the record before we begin asking questions? Very good. Mr.
23 Black, you may begin.

24 MR. BLACK: Okay. The -- Malcolm Horton or Jean, let
25 me start with the issue of contractual -- the legal -- there's

1 an adjustment for specific legal work. The amount paid during
2 the 2009 test year is \$2,649. Perhaps, Jean, can you tell us
3 what the specific legal work was that occurred during the test
4 year, do you know? Just off the top of your head. I don't need
5 amounts; I just want to get categories first of all.

6 MS. ANDREWS: On what particular year, Bill?

7 MR. BLACK: 2009, the test year.

8 MS. ANDREWS: And tell me what the amount was again,
9 I'm sorry.

10 MR. BLACK: 2,649 I believe.

11 MS. ANDREWS: Bear with me one minute, please.

12 MR. BLACK: It's on Section 3, the page (inaudible)
13 Section 3.

14 MS. SMITH: I believe there was a data request.

15 MS. ANDREWS: Well, there were two customer issues
16 that we had that we needed to get legal counsel on.

17 MR. BLACK: I see. In other words customers raising
18 questions about property lines or --

19 MS. ANDREWS: Yeah, one customer -- one customer in
20 particular raising concerns about water quality issues.

21 MR. BLACK: Okay. I understand that the president --
22 there was a data response with respect to the president and the
23 reduction in time of -- in the amount of salary. Can you tell
24 me about the number of vacation days that the president is
25 taking now annually?

1 MS. ANDREWS: I would estimate them to be about 40 per
2 year.

3 MR. BLACK: Forty.

4 MS. SMITH: Are those paid or unpaid?

5 MR. BLACK: Is -- it sounded like the president was --
6 maybe went south for the winter. Is that for a period of 40
7 days or longer?

8 MS. ANDREWS: Yes, that's correct. And then he took a
9 reduction in his salary to compensate for that.

10 MR. BLACK: Okay. And what period -- when did he go
11 down to Florida and when is he coming back?

12 MS. ANDREWS: It was over the Christmas holiday, Bill.
13 I don't -- I couldn't give you exact dates.

14 MR. BLACK: Do you know when he's due back?

15 MS. ANDREWS: Oh, he's back.

16 MR. BLACK: He's back?

17 MS. ANDREWS: Yeah.

18 MR. BLACK: Okay. Did -- there was a salary study
19 that was submitted in, I think, Advisors data response number
20 one, question three, where you show the president's salary for
21 the two years, but you don't show equivalent positions in other
22 utilities studied. Do you know why that is, why there was no
23 president's salary comparison in the other utilities? Was that
24 because the other utilities didn't have the position of
25 president?

1 MR. HORTON: That's correct, Bill. The other ones
2 were probably mostly districts and municipals. And I only found
3 one that had a president and that was -- that was just one out
4 of all the ones I --

5 MR. BLACK: Was that an IOU, investor-owned utility,
6 or was that --

7 MR. HORTON: That was an investor, the same as
8 Fryeburg. That was about \$20,000 in that case.

9 MR. BLACK: Okay.

10 MR. NORTON: Bill? Bill?

11 MR. BLACK: Yes?

12 MR. NORTON: This is Ron. Are you leaving that
13 question? While we're right there, I did have a --

14 MR. BLACK: I was just leaving that question, yes.

15 MR. NORTON: Could I ask a follow up so we don't have
16 to come back?

17 MR. BLACK: Please.

18 MR. NORTON: Malcolm, do you know in this study of 17
19 companies and also the Maine Rural Water Association report, was
20 this collection of companies included in the study comparable
21 with Fryeburg and, if so, how?

22 MR. HORTON: I felt that it was quite comparable
23 except for the president's salary.

24 MR. NORTON: No, what I'm asking you is were these
25 comparably-sized water utilities, water departments?

1 MR. HORTON: Yes, they were in both cases. In other
2 words, the Maine Water Utilities -- Maine Rural Water study had
3 different groups and I was just speaking of the Fryeburg --

4 MS. MORANCIE: Malcolm, Malcolm, sit forward to the
5 microphone.

6 MR. NORTON: Do you have access to that study?

7 MR. HORTON: Yes.

8 MS. ANDREWS: I just got the newest one, the 2009, but
9 I also have 2007.

10 MR. NORTON: But also the one with -- the comparison
11 of the 17 companies, that isn't involved in a study or is that
12 something you did on your own?

13 MR. HORTON: I just did that on my own and summarized
14 it.

15 MS. SMITH: What was the source?

16 MR. HORTON: Personal knowledge of each of them and
17 mainly working from the PUC reports.

18 MR. NORTON: Could you provide us with a list of those
19 companies?

20 MR. BLACK: -- client.

21 MR. HORTON: What was the question?

22 MR. KAPLY: One at a time, please.

23 MR. NORTON: This is Ron again. I'll just ask
24 quickly. Could you provide me with a list of the names of those
25 companies?

1 MR. HORTON: Surely.

2 MS. MORANCIE: Make sure you guys speak into the
3 microphone.

4 MR. NORTON: I'll repeat it. If possible, Malcolm,
5 could you provide a list of those companies that you looked at?

6 MR. HORTON: I can.

7 MR. NORTON: And perhaps also the official name of the
8 report, the source of the Maine Rural Water report.

9 MR. HORTON: Yeah.

10 MR. NORTON: Thank you.

11 MR. BLACK: I'm back.

12 MR. NORTON: Go ahead, Bill, I'm done.

13 MR. BLACK: Oh, I'm sorry. Materials and supplies,
14 this is the response to OPA number 1-11. Malcolm, that shows
15 cost of meters installed in 2009 as \$8,664?

16 MR. HORTON: Yes.

17 MR. BLACK: And would it be -- would it not be more
18 appropriate to capitalize rather than treat as a materials and
19 supplies expense the installed water meters?

20 MR. HORTON: Those were all capitalized, yeah.

21 MR. BLACK: Those were capitalized?

22 MR. HORTON: Yes.

23 MR. BLACK: Okay. Does that -- I guess I'm a little
24 confused then.

25 MR. NORTON: Bill, could I ask a follow up there?

1 MR. BLACK: Sure.

2 MR. NORTON: Malcolm, is that \$8,664 included anywhere
3 in the filing under operation and maintenance in any of those
4 accounts?

5 MR. HORTON: No. No, that's a combination of
6 materials and labor.

7 MR. BLACK: Okay.

8 MR. NORTON: So the expenditure -- no part of that
9 expenditure is in the actual rate filing?

10 MR. HORTON: No.

11 MR. NORTON: Okay.

12 MS. SMITH: Well, the depreciation of the meters
13 capitalized would be in the rate filing.

14 MR. HORTON: That's true.

15 MR. NORTON: Okay, thank you.

16 MR. BLACK: I believe I heard the voice of Lucretia
17 Smith. Is that right?

18 MS. SMITH: It is.

19 MR. BLACK: That's great. I didn't know -- sometimes
20 you're not in water cases. Happy to hear it.

21 MR. NORTON: Bill, just a second, can I ask just a
22 couple more questions on the meter read -- the meter
23 replacement?

24 MR. BLACK: Sure.

25 MR. NORTON: Just curious, of the total number of

1 meters, how many meters have currently been replaced?

2 MR. HORTON: Do you mean -- during what period?

3 MR. NORTON: Well, let me ask this. How many meters
4 remain to be replaced?

5 MR. HORTON: I don't know.

6 MS. ANDREWS: I don't have that. I don't have an
7 answer for you on that.

8 MR. NORTON: Is there an official, formal meter
9 replacement program going forward?

10 MS. ANDREWS: Not a formal one, no.

11 MR. NORTON: Okay.

12 MS. ANDREWS: There's one in the works.

13 MS. SMITH: So the meters that were installed in 2009,
14 those weren't necessarily replacements?

15 MS. ANDREWS: Six of them were brand new services, six
16 were due to foreclosures or disconnections for a lengthy period
17 of time, and 16 of them are meter upgrades.

18 MS. SMITH: Thank you.

19 MS. ANDREWS: You're welcome.

20 MR. BLACK: With respect to the new ones, has there
21 been any growth in number of customers for the water company?

22 MS. ANDREWS: Not a significant growth because we seem
23 to lose them as quickly as we're gaining them.

24 MR. BLACK: Okay. With respect to -- there's an
25 amortization study under the miscellaneous expenses account.

1 You show a \$2,400 annual amortization for a study. Are you
2 familiar with that amortization, Jean or Malcolm?

3 MR. HORTON: That was the master study that was done
4 just before the last rate case.

5 MR. BLACK: And what period -- for what period was
6 that being amortized?

7 MR. HORTON: That was for ten years. That's in
8 accordance with the decree.

9 MR. BLACK: So we're only about halfway through the
10 amortization?

11 MR. HORTON: Yes.

12 MS. SMITH: That was in 2006-590, Bill. That was the
13 agreed-to term in the settlement.

14 MR. BLACK: Okay. Great, thank you.

15 MR. NORTON: Bill, are you done with that question?

16 MR. BLACK: Yes.

17 MR. NORTON: Could I ask before you move on about --

18 MR. BLACK: Sure, go ahead.

19 MR. NORTON: -- about the -- two items in there. And
20 one is amortization of the test well is --

21 MR. BLACK: You better identify the response.

22 MR. NORTON: It's the same response, OPA 1-3.

23 MR. BLACK: Thank you.

24 MR. NORTON: And there's -- on the second line there's
25 amortization of a test well. What's the term of that one?

1 MR. HORTON: That finished in 2009.

2 MR. NORTON: I didn't hear that.

3 MR. HORTON: That finished in 2009. That's an
4 adjustment to the pro forma on Section 3, operation and
5 maintenance.

6 MR. NORTON: Okay. Give me a second, please? Okay, I
7 see, I'm sorry, you dropped that out.

8 MR. HORTON: Yes.

9 MR. NORTON: Thank you. And Bill, I think you had
10 another question on that. Maybe I'll just pop it in now. I
11 believe you had a question regarding going forward in this
12 economic climate whether it was --

13 MR. BLACK: Yeah, but go ahead go ahead with that,
14 please.

15 MR. NORTON: Well, the conference training and
16 licensing, 2,388, I think, to paraphrase Bill's question, I
17 guess, was do you think that's prudent in light of the current
18 economic to -- economic conditions to be moving forward with an
19 increase in that account?

20 MS. ANDREWS: Well, they have to maintain their
21 license. We have two licensed operators who need to maintain
22 their license. One came on with the company in late 2006, and
23 he's since taken on more skills such as cross connection
24 control, testing, and things like that that can bring income
25 into the company. So we're just trying to keep the licenses up

1 to speed.

2 MS. MORANCIE: What class are you, what class license?

3 MS. ANDREWS: We're two. We have one operated with a
4 Class 2 and one who just got his Class 3.

5 MR. NORTON: Okay, thank you. Go ahead, Bill.

6 MR. BLACK: Okay. I'm beginning to wind down. I
7 think the last question I have is about transportation. There's
8 a \$2,000 increase -- for the test year, 2009 test year, there's
9 a \$2,000 increase in transportation expense. Jeanie or Malcolm,
10 can you identify the components of that -- the parts of that
11 \$2,000 increase?

12 MR. HORTON: Jean?

13 MS. ANDREWS: Well, I'm thinking that our second
14 operator got an increase due to fuel costs in his truck
15 allowance. That could account for that.

16 MS. SMITH: I have a --

17 MR. BLACK: Just one final question. Can you tell me
18 which employees have vehicles that are used by the company and
19 what the vehicles are?

20 MS. ANDREWS: The majority of the transportation
21 expenses is the superintendent has a work truck that the company
22 uses, as well as a lot of hand tools and generator things of
23 that item. The second operator uses his personal vehicle on a
24 daily basis as well. I myself get a \$15 vehicle allowance as
25 well for my vehicle.

1 MR. BLACK: \$15 per week?

2 MS. ANDREWS: Per week. And the president gets a \$60
3 per month fee. But the majority of it is for equipment and
4 truck allowance for the superintendent.

5 MR. BLACK: Okay.

6 MS. SMITH: I have a question on that. In the
7 stipulation in 2006-590 it was agreed that, together with its
8 next rate filing seeking a general rate increase, Fryeburg Water
9 Company shall complete and submit in part -- the first part of
10 that was a review of management salaries and the second part was
11 an analysis of the usage of the vehicles and other equipment
12 owned and made available by and basically shall support the
13 truck analysis. And I don't see that filed with this.

14 MR. HORTON: I don't think there was an actual -- an
15 actual comparison made. I searched through the 17 companies
16 that I referred to earlier, and none of those operated in this
17 manner where they paid an allowance to employees. So my study
18 consisted of saying well, how much did they -- what were their
19 comparable costs. And that involved taking their transportation
20 depreciation operating expenses and insurance on vehicles and
21 coming up with a number. But it was really all over the lot.
22 It really wasn't worthy of being submitted.

23 MS. SMITH: Then how were the allowances determined?

24 MS. ANDREWS: Through negotiations with the board of
25 directors.

1 MS. SMITH: Now, the superintendent is -- who is the
2 superintendent?

3 MS. ANDREWS: John Hastings is the superintendent.

4 MS. SMITH: Is he on the board of directors?

5 MS. ANDREWS: He's on the board of directors as well
6 as a stockholder.

7 MS. SMITH: Okay. And you're an officer but you're
8 not -- are you on the board --

9 MS. ANDREWS: Not on the board of directors.

10 MS. SMITH: You're not on the board of directors. And
11 the other operator also gets a truck -- an allowance?

12 MS. ANDREWS: Yes, and he's neither.

13 MS. SMITH: And he's neither. Can we get as ODR
14 number two a breakdown of the transportation allowance by
15 individual?

16 MR. HORTON: Yes.

17 MS. SMITH: And also broken down between what is
18 transportation and what is equipment allowance?

19 MR. NORTON: So I think you're asking a question I
20 would have asked as well, but I'm just trying to make certain
21 that we don't duplicate and everything's in there. In the pro
22 forma for transportation expense in Section 3, there's \$20,790
23 listed. Are you asking too for a breakdown in that?

24 MS. SMITH: My understanding is that is the amount for
25 -- that would be relative to what you're paying for the

1 transportation and also the rental of equipment is included in
2 that amount?

3 MS. ANDREWS: Correct.

4 MS. SMITH: Okay. So yes.

5 MR. NORTON: Yeah. So you're asking for an item-by-
6 item breakdown so we can see precisely where it goes?

7 MS. SMITH: Yes. Per individual.

8 MR. NORTON: Could I add something to that? It's on a
9 related matter. If the company has a transportation
10 reimbursement policy, if so, could we -- could you provide a
11 copy of that along with this response?

12 MS. ANDREWS: Sure.

13 MS. SMITH: Or in lieu of, a copy of the minutes where
14 the transportation allowance was discussed.

15 MR. NORTON: Thank you.

16 MS. ANDREWS: Yeah.

17 MR. BLACK: Hi, this is Bill Black. Sorry, I'm
18 finished with my questions. I meant to say that. And I'm going
19 to have to -- because of a meeting where I am here, I'm going to
20 have to get off the phone. So any further questions on behalf
21 of the Public Advocate will be asked by Ron.

22 MR. KAPLY: Thank you, Bill.

23 MR. HORTON: Thank you, Bill.

24 MR. NORTON: Bye, Bill.

25 MR. BLACK: Bye.

1 MR. KAPLY: Lucretia, would you like to begin?

2 MS. SMITH: I would, and I'm going to go with -- it's
3 not on Advisors data request. I was -- I have to say I started
4 looking at this again this morning. And I've been slightly
5 puzzled by it because it looked like operator maintenance
6 expenses had gone down. And I'm like well, if that's the case,
7 why is there a 15 percent rate increase. So I thought well, let
8 me look. So I went -- your revenue requirement on Section 11 in
9 your filing shows \$555,443. So I went back to the last filing
10 in -- I'm not sure what the docket number was, but it was step
11 two filing for the last case.

12 MR. HORTON: Yes.

13 MS. SMITH: And the revenue requirement in that was
14 \$585,829.

15 MR. HORTON: That's correct.

16 MS. SMITH: So I'm slightly puzzled as to the revenue
17 requirement is less, but you're asking for an increase in rates.
18 And there's no specific discussion of that that I could see in
19 any of the filings. So can you explain that?

20 MR. HORTON: There's been a substantial drop in
21 revenue, principally from the wholesale customer, the sales for
22 re-sale.

23 MS. SMITH: Is there anywhere in your filing that
24 shows a bill analysis that shows the bills -- okay, Section
25 12.1. I see that showing consumption from meter sizes, but I

1 don't see anywhere in the filing where the -- a comparison of
2 the usage for your large customer, for your wholesale customers.

3 MR. HORTON: That would be on Section 12.2.

4 MS. SMITH: Right, but I just see 2009 usage.

5 MR. HORTON: That would be it at the current rates,
6 2009.

7 MS. SMITH: Is there anywhere in the filing that shows
8 a comparative of the water usage for 2007, 2008, 2009 for the
9 large customer? Not the revenue received but the actual water
10 usage.

11 MR. HORTON: That is available.

12 MS. ANDREWS: I actually have something right here if
13 you want to review it. Pure Mountain Springs' consumption for -
14 - the original test year was 2006 for our last rate case and
15 they took over 178 million gallons. In 2007 it was a 121.5
16 million gallons. 2008, 109.9 million gallons. And in 2009 it
17 dropped down to 85.8 million gallons.

18 MS. SMITH: Is that the real reason for the rate
19 increase versus a change in operating cost?

20 MR. HORTON: It is.

21 MS. SMITH: Okay. That helps at least me understand
22 as to --

23 MS. ANDREWS: Would you like a copy of this?

24 MS. SMITH: I wrote it down; it will be in the record.
25 I think I'm all set. Okay. On Advisors question number 1-2 --

1 and I just want to make sure I understand it. The question asks
2 a breakdown of 2007, 2008, and 2009 and explain why the account
3 decreased for 2008. And there's not a breakdown here, but I'm
4 not -- but it also continues -- that says in 2008 the company
5 was very involved in the projects described in Hammond Exhibit
6 1.

7 MR. HORTON: Right.

8 MS. SMITH: Is this the -- this would be the Hammond
9 exhibit -- okay.

10 MR. HORTON: Yes.

11 MS. SMITH: Only because it's just labeled --

12 MS. ANDREWS: Exhibit 1, right?

13 MS. SMITH: -- Exhibit 1 so I just -- so does that
14 mean that you were less involved or less available for projects
15 for (inaudible) inspection, repairs, and service lines which is
16 why those revenues would have decreased in 2008?

17 MS. ANDREWS: We concentrated mainly on these capital
18 improvements as opposed to just upgrading maintenance and --

19 MS. SMITH: Okay.

20 MS. ANDREWS: Yes.

21 MR. NORTON: Excuse me. I'm sorry. I have a follow-
22 up question. This is Ron. Oh, Bill's not here. Looking on
23 Section 1 on that revenues for merchandising and jobbing, and as
24 Lucretia pointed out, that decreased from 2007 to 2008, then
25 it's up again in 2009. Is -- is this pretty typical

1 historically for Fryeburg to have variation of this nature up
2 and down in the merchandising and jobbing account?

3 MR. HORTON: I think it's been relatively constant.
4 But I think the real reason is the downturn in the economy,
5 particularly in the Fryeburg area as far as new construction and
6 other work that might be done for customers.

7 MR. NORTON: Well, Malcolm, I look at that and it
8 doesn't appear to be relatively constant to me. What I'm trying
9 to determine is --

10 MR. HORTON: Yup.

11 MR. NORTON: -- how do we move from the 2009 to the
12 pro forma amount just to list the 2009 amount. It seems to me
13 if there is a variation up and down, we might consider some type
14 of an averaging process there.

15 MR. HORTON: Well, I just -- I don't think the -- you
16 know, in looking at the detail of that merchandising and
17 jobbing, I don't see a great demand. It sort of comes in
18 spurts. But there's just not the individual customer
19 construction that they had back along. They had a couple of
20 large projects with the Fryeburg Academy which Jean can speak to
21 that involved a lot of work.

22 MS. SMITH: I think this question actually would be
23 better spoken to by Jean since she's actually the officer of the
24 company. So at the start of this year and assuming that you
25 have plans going forward as far as what you're -- once the

1 construction season begins, what you'll be doing when you can
2 actually go out and do things like this, have you had any change
3 in the phone calls you've received for such services?

4 MS. ANDREWS: From what I can see, many of the jobs
5 might come from -- there's been an increase in turnover in
6 housings due to foreclosure, re-sales, and things of that
7 nature. So hopefully those homeowners will want to upgrade the
8 systems if they are older systems. But we haven't had a whole
9 lot of calls with regard to new construction. It's just not
10 happening in the Fryeburg area.

11 MS. SMITH: Okay. Thank you. Are you set with that,
12 Ron?

13 MR. NORTON: Yes, thank you.

14 MS. SMITH: Okay. Question three we asked. Okay,
15 question four and there will be a couple others. This one says
16 purchased power was unchanged from 2009. I understood that; I
17 could see that from looking at the piece of paper. My question
18 really was how do you know going forward that 2009 is a good
19 year to base the pro forma going forward on? Do you expect your
20 usage of electricity to change? Is there going to be a change
21 in rates? That's really what I was looking for was how was the
22 pro forma determined.

23 MS. ANDREWS: The status of our power, we've recently
24 been able to optimize one of our pump houses which we call pump
25 house three, which can pump more water quicker using less

1 electricity as well as less chemical than pump house two which
2 is the one that we have used previously. So we are hoping -- we
3 have had a little bit of an increase in our power charges for
4 pump house two so we're hoping to optimize number three to help
5 with some of the costs. So we're hoping that they'll even out
6 and we'll be able to maintain our power charges.

7 MS. SMITH: Do you take standard officer service or do
8 you go out to look for a competitive electricity source?

9 MS. ANDREWS: We take standard offer service.

10 MS. SMITH: Have you gone out to look for --

11 MS. ANDREWS: Not since my -- I have never, no. I
12 don't know. I can't answer that as far as if the president has
13 done that recently or not.

14 MS. SMITH: Okay.

15 MR. NORTON: Well, maybe while you're looking --

16 MS. SMITH: Yeah, go ahead.

17 MR. NORTON: How many -- roughly how many kilowatts
18 hours do you use annually?

19 MS. ANDREWS: I don't think I can answer that. Well,
20 hold on (inaudible). I do have --

21 MS. SMITH: Are you -- do you know if you're a medium
22 customer or a small --

23 MS. ANDREWS: We -- one of ours is a medium general
24 service and has recently been downgraded to -- has been -- we
25 were a small general service and we've been changed to a medium

1 general service based on the fact that the pump didn't run two
2 consecutive months because of the wet summer. And then the
3 other one is a small general service.

4 ms. SMITH: Okay.

5 MR. NORTON: Okay. Thank you.

6 MS. SMITH: We're up to number five which is on
7 chemicals. And I have no questions on it because it's pretty
8 Greek to me so I'm going to look to Stephani to --

9 MS. ANDREWS: Okay.

10 MR. NORTON: Sounds delicious, though.

11 MS. SMITH: Doesn't it? All right, question number
12 six, materials and supplies. I find myself asking this question
13 and I'm almost hesitant to ask, and Ron may throw something at
14 me. It's been going -- it's a lot lower in 2009 than it was in
15 2008, and then again also in 2007. Is the decrease in
16 construction costs -- I'm just trying to figure out what the
17 cause of the decrease was and is it realistic that you would
18 expect that decrease to continue going forward.

19 MR. HORTON: Jean?

20 MS. ANDREWS: I would think that we'd probably be at
21 the bottom right now based on how much -- I mean, I hope it gets
22 better. Based on the amount of work that we've done in the past
23 year which is pretty minimal, I would say that this is probably
24 the bottom.

25 MR. HORTON: If I could cut in on this. I was amazed

1 when I started working on this how dire their situation was.
2 They really operated on fumes towards the end of the year.

3 MS. SMITH: Well, hopefully they aren't any water
4 fumes. If there are, then I think there'll be more problems
5 than this. Okay, I don't have anything on 1-7. 1-8 we've
6 already touched on. 1-9 is operation and maintenance, other.
7 Includes plowing, monitoring wells, other repairs. So it
8 appears that the pro forma is based on the total of the 2009
9 expenditures?

10 MR. HORTON: Correct.

11 MS. SMITH: The monitoring of the wells, is that cost
12 going to stay constant?

13 MS. ANDREWS: We expect it to, yes.

14 MS. SMITH: Okay. The rental charge for the offices,
15 I'd say it's pretty consistent. Have there been any changes in
16 the buildings or --

17 MS. ANDREWS: No, no changes.

18 MS. SMITH: And that's rented from?

19 MS. ANDREWS: The building is rented from Hugh
20 Hastings.

21 MS. SMITH: Okay.

22 MS. ANDREWS: One floor of it.

23 MS. SMITH: Uh-huh.

24 MR. NORTON: I'm sorry, so Hugh Hastings owns the
25 building and rents it the company?

1 MS. ANDREWS: Correct.

2 MR. HORTON: Part of it.

3 MS. ANDREWS: Part of it, right. Just one office.

4 There's two offices. Two tenants within the building.

5 MR. NORTON: And what is the rate, the rental rate per
6 square foot?

7 MS. ANDREWS: It's 650. I don't know what it is per
8 square foot.

9 MR. NORTON: How was that rate determined?

10 MS. ANDREWS: The board of directors -- it's
11 negotiated with the board of directors.

12 MR. NORTON: There was no consideration for rental
13 rates and the market and comparable buildings in the area?

14 MS. ANDREWS: No.

15 MR. NORTON: How many square feet are actually rented?

16 MS. ANDREWS: I don't know.

17 MS. SMITH: And is that included on your 709 reporting
18 as an affiliated transaction?

19 MS. ANDREWS: Yes, it is.

20 MS. SMITH: Okay. I know we touched on it in one of
21 the last cases.

22 MR. NORTON: So I'm assuming this is a monthly rental
23 of \$600 a month?

24 MS. ANDREWS: 650, yes.

25 MR. NORTON: 650. I'm sorry, I can't do

1 multiplication well.

2 MR. HORTON: Is heat included in that?

3 MS. ANDREWS: Heat is included, yes.

4 MR. HORTON: I'd say it was a bargain.

5 MR. NORTON: Could I ask for a data request on that
6 one? I'd just like to -- if possible, could you provide me with
7 the square footage on that rental, please?

8 MS. ANDREWS: Yes.

9 MR. NORTON: Thank you.

10 MS. ANDREWS: You're welcome.

11 MS. SMITH: And since you're doing the square footage
12 of the portion you rent, if you have the total square footage of
13 the building. I know we already touched on 12. Question number
14 13, return on equity. I asked for support for the 10.5 percent,
15 and you didn't provide me any support for the 10.5 percent other
16 than saying that it was what was used the last time.

17 MR. HORTON: That's correct.

18 MS. SMITH: Have you looked to see what other
19 utilities are receiving on return on equity?

20 MR. HORTON: I have not. Not personally, I mean.

21 MR. KAPLY: This rate for return on equity is the rate
22 that was used in the previous rate case, is that correct?

23 MR. HORTON: That's correct.

24 MR. KAPLY: Was there justification in the previous
25 rate case for this return on equity amount?

1 MR. HORTON: I don't know of one.

2 MR. NORTON: 10.5 percent would seem to be the rate
3 that was being settled upon in ROE at that time.

4 MS. SMITH: And I do have to comment on the last
5 sentence. It says, "As noted in Section 6.2, using the 10.5
6 return does not meet the required debt service by 24,025." The
7 required debt service is not a -- something that we look at when
8 you're looking at privately-owned companies. The principal, the
9 terms of the loan, if I were to look at the terms of the loans
10 here which create your debt service, those are much shorter term
11 loans amongst other companies that I've seen which increases
12 your debt service. So that's why we look at the return on
13 equity and the return on -- and the debt cost and that's
14 calculated on the return. It's not to -- we don't look at does
15 it meet your debt service cost in a privately-held company. So
16 I understand your issues with that, but that's how the
17 regulation works.

18 MR. HORTON: I guess the point is that the total
19 return on rate base is not enough to cover the principal and
20 interest.

21 MS. SMITH: It's not supposed to be enough to cover
22 the principal.

23 MR. HORTON: And interest, yeah. But how will they
24 make those payments? I mean, if the return was any less, it
25 would only get -- return on equity was less, it would only get

1 worse.

2 MR. NORTON: Well, for my understanding for the
3 investor-owned utilities is you're dealing with a recovery of
4 the original cost of the investment through the original cost
5 calculation and your return on rate base. That's in your rate
6 base and you're picking it up that way.

7 MS. SMITH: The depreciation.

8 MR. NORTON: Through the depreciation charge that
9 you're allowed in your expensing. It's only in the public
10 sector with the water districts and the water departments that
11 they're able to collect both their principal as well as a
12 depreciation charge.

13 MS. SMITH: Correct.

14 MR. NORTON: And I want to go on the record as not
15 necessarily advocating that but --

16 MS. SMITH: And you've been on the record.

17 MR. NORTON: I had some other questions relating to
18 that --

19 MR. KAPLY: Hold on. Just so that I'm clear, the 10.5
20 rate of return, there isn't anything in the filing to indicate
21 whether or not this is reasonable, is that correct?

22 MR. HORTON: That is correct.

23 MR. KAPLY: Thank you.

24 MR. NORTON: I had questions related to that, but it
25 goes to the calculation of -- with the 10.5 percent and return

1 on equity that's included in calculating the weighted average
2 cost of capital.

3 MS. SMITH: I'm -- go for it.

4 MR. NORTON: Right.

5 MS. SMITH: Yup.

6 MR. NORTON: Okay.

7 MS. SMITH: What page are you on?

8 MR. NORTON: I'm on page 6-1. And I must admit I
9 haven't seen much of this in my experience with retained
10 earnings, and I guess my understanding is that retained earnings
11 represents over the years the net income that's been plowed back
12 into the company?

13 MR. HORTON: Correct.

14 MR. NORTON: I didn't hear that.

15 MS. SMITH: He said correct.

16 MR. NORTON: Okay. And is that all accounted for or
17 represented in physical property that's been purchased or
18 expensed? Let me phrase that differently. Is there any money
19 that's sitting idle in the company?

20 MR. HORTON: There is not.

21 MS. SMITH: This is a consistent way to calculate the
22 capitalization --

23 MR. NORTON: Okay.

24 MS. SMITH: -- of the investor-owned utility, to have
25 retained earnings as well as common stock be part of the equity

1 portion and then the debt be part of the debt portion.

2 MR. NORTON: So I might ask another question in
3 general just to school me if you would. Is it fairly
4 commonplace to have retained earnings be considered -- or
5 receiving the same return on equity as capital -- as stock?

6 MS. SMITH: Yes --

7 MR. NORTON: Okay.

8 MS. SMITH: -- because they're both considered the
9 equity -- part of the equity component.

10 MR. NORTON: I anticipated that would be the case, but
11 I just wanted to ask it. Thank you. Thanks.

12 MS. SMITH: No problem. And part of the problem with
13 the return here -- and I have to say -- is looking at this and
14 part of the -- Fryeburg's problem is that they're so heavily
15 leveraged. And as a result, the returns that are a higher
16 percentage, which are the equity return, is only applied to 22
17 percent.

18 MR. HORTON: Correct.

19 MS. SMITH: And that is, you know, that is the actual
20 situation. Most utilities have 55/45 debt structure, and are
21 not this heavily leveraged.

22 MR. HORTON: No, it's -- you know, if I -- I was
23 thinking what difference would I make if I tried to get away
24 from the 10.5 and said well, these are unusual circumstances and
25 I think we need a 12 percent cost rate, I'd only gain \$5,000.

1 MS. SMITH: And --

2 MR. HORTON: And it probably wouldn't be allowed
3 anyway. But that's the reason, as you stated, that they're so
4 heavily in debt as opposed to equity.

5 MS. SMITH: I think those might be all of my
6 questions. I see some other scribbles but that was from this --
7 today's meeting. So I am set for the time being, Ron.

8 MR. NORTON: Okay. Is Stephani going first?

9 MR. KAPLY: Go ahead.

10 MR. NORTON: Okay. Well, I have a few questions. I
11 don't think they're terribly extensive but we'll see. OPA --
12 response to OPA 1-1. And I've got to re-familiarize with my
13 actual question here. Just a moment. And if we could look at
14 that response in conjunction with Section 3 of the filing, I
15 guess I'm a little confused with some of the numbers. In the
16 filing, 2008 salaries, employee salaries and wages, is reported
17 at \$106,244, and that's actually consistent with the annual
18 report. But in the response I see it listed at 115,753.

19 MR. HORTON: That's correct. That was the base salary
20 for that year.

21 MR. NORTON: Well, which is it, 106,244 or 115,753?

22 MR. HORTON: Well, what you see on the filing, Section
23 3 on line one, is the operation and maintenance expense from
24 page W-2, and what you see on -- as the base salary is the total
25 salary from page W-6.

1 MS. SMITH: Let me try because he's -- Ron is having
2 trouble hearing you, Malcolm.

3 MR. HORTON: All right.

4 MS. SMITH: The 115,753 represents the total salaries
5 paid. That is separated out into O&M expenses which are what's
6 shown on Section 3 and also what's capitalized.

7 MR. NORTON: Okay.

8 MS. SMITH: Certain of the salaries would be
9 capitalized as part of their construction projects. So the
10 difference between those two numbers would be what was
11 capitalized and put into plant.

12 MR. HORTON: And into jobbing also.

13 MS. SMITH: And into jobbing, yeah.

14 MR. NORTON: Okay. All right, thank you. I'm always
15 open to learning something.

16 MR. KAPLY: We're always open.

17 MR. NORTON: My next question pertains to response to
18 OPA 1-7. And it might be helpful as well to refer to 4-1 in the
19 filing. And my specific concern on this has to do with the row
20 on health insurance. And there's quite a deal of variation
21 between the various employees and the cost of health insurance.
22 And I'm trying to get my arms around why one employee who's paid
23 \$27,000 and the cost of health insurance is almost \$17,000?

24 MS. ANDREWS: It's based on whether it's a single
25 employee that's covered, a spouse as well as the employee, or a

1 family.

2 MR. NORTON: So --

3 MS. ANDREWS: That particular one is a family
4 coverage.

5 MS. SMITH: So --

6 MS. ANDREWS: And the company --

7 MS. SMITH: Pays for full coverage --

8 MS. ANDREWS: Right.

9 MS. SMITH: -- for the family or --

10 MS. ANDREWS: Yes.

11 MR. NORTON: So I guess I -- looking at then, I might
12 be correct in assuming that probably the 12,800 is a spousal and
13 the other, is that singles?

14 MS. ANDREWS: The president was reduced because we
15 took him off of -- we got him a supplemental plan so that
16 actually does cover the spouse as well but he's on a
17 supplemental plan, not on the private insurance any longer. The
18 superintendent is a spouse and then the operator is a single
19 employee plan.

20 MR. NORTON: Do the employees contribute anything to
21 their --

22 MS. ANDREWS: No, they don't.

23 MR. NORTON: -- insurance? Hm.

24 MS. SMITH: Do you know whether that's consistent in
25 the water utilities in the state of Maine, the industry in the

1 state of Maine?

2 MR. HORTON: It used to be. Gradually, as insurance
3 rates have gone up, some of -- most of the -- on the districts,
4 they have instituted small charges back to the employee,
5 particularly if they have family and spouse coverage.

6 MS. SMITH: Thank you.

7 MR. NORTON: Thank you. My next question pertains to
8 response to OPA 1-8. And if we could also look at Section 6-2
9 in the filing. Wait a minute.

10 MS. SMITH: Did you mean 6-1?

11 MR. NORTON: Six dash one I think I mean. Did I write
12 that down? Oh, yes, I'm sorry, 6-1. Thank you, Lucretia. 6-1
13 and the attachment to the response OPA 6-1. The 2005 issue and
14 the due date listed for that is 2010. Is that correct, August
15 1st, 2010?

16 MR. HORTON: Yes.

17 MS. ANDREWS: Yes, it is. That was a refinance of the
18 original debt and it was -- Mr. Hastings -- under the assumption
19 that the PUC wanted us to refinance it in five years. So
20 originally when that was refinanced, they put a five-year
21 refinance term on it.

22 MR. NORTON: Does that mean it's paid off on August
23 1st --

24 MS. ANDREWS: No, that we have to go in to refinance
25 it, new terms with the bank or --

1 MR. NORTON: Okay. So that is -- actually the amount
2 outstanding is \$307,000?

3 MS. ANDREWS: Correct.

4 MS. SMITH: And just to clarify, the PUC does not --

5 MS. ANDREWS: I have since -- yes, we know that.

6 MS. SMITH: -- determine the terms of the loan. So if
7 you can get a longer-term loan at a better rate --

8 MS. ANDREWS: Right.

9 MS. SMITH: -- more power to you.

10 MR. NORTON: So that's not going away any time soon?

11 MS. ANDREWS: No.

12 MR. NORTON: Thank you.

13 MS. ANDREWS: You're welcome.

14 MR. NORTON: And I think I just had two more
15 questions. If I -- I probably should know the answer to this; I
16 apologize for not. But I look at Section 7 in the filing --

17 MR. HORTON: Yes.

18 MR. NORTON: -- and there are materials and supplies
19 listed there for 48,419.

20 MR. HORTON: Yes.

21 MR. NORTON: What? What are those?

22 MS. ANDREWS: That's our inventory on hand.

23 MR. NORTON: And that's part of rate base.

24 MS. SMITH: Right, it's part of rate base.

25 MR. NORTON: Gotcha. I remember that. And last for

1 me on -- if we could look at Section 4-2. I know I'm all over
2 the place; I apologize. I've struggled with this. I guess I
3 understand that there were numerous expenditures that were
4 amortized over different periods of time and so on.

5 MR. HORTON: Yes.

6 MR. NORTON: However, what remains somewhat confusing
7 to me, if I'm reading this correctly, is when I look at the
8 bottom of this page on Section 4-2, I see that in 2010 the
9 actual amount that the company is suggesting should be in
10 amortization is roughly 17,000, or the 16,934. And then in
11 2011, 7,986. Does that end all this amortization at that point?

12 MR. HORTON: It does.

13 MR. NORTON: And why would we not take an average of
14 those two for amortization over the remainder of the period?

15 MR. HORTON: Well, I think we're just -- you know,
16 except for the current case, we're just following the schedule
17 that was set out in the prior case -- or cases.

18 MR. NORTON: My concern is if you put -- if we have
19 the 16,900 built into the rates in this case, then that means
20 it's going to be collected not only in this year but likely next
21 year as well in rates, and we're just trying to make the
22 amortization go away, no more or no less.

23 MS. SMITH: The stipulation for the approximate 60,000
24 for the last PUC rate case was a two-year period, but it does
25 say on it's regulated books of accounts. That is a -- you know,

1 it's a problem with regulatory accounting. When do you expect -
2 - not that we like to talk about next rate cases when we haven't
3 finished the first one. When would you expect that you would
4 have to come back in? Does it look like your major customer's
5 going to continue using --

6 MS. ANDREWS: Well, it's pretty volatile right now.
7 We're hoping that because of the wet summer, that that was the
8 primary reason why we didn't sell so much in bulk water sales.
9 We're hoping that it goes up so and that we will not have to
10 come in for a rate increase for quite some time but --

11 MS. SMITH: I guess I'm -- I understand bulk water --
12 I understand reduction in irrigation, things like that for sales
13 of water. Is it because it wasn't such a hot summer so you're
14 -- the person who's buying the water that they're bottling and
15 then ultimately selling didn't need as much to --

16 MS. ANDREWS: That is the primary reason that we got
17 this. Because it was such a wet summer, they just didn't have
18 the bottled water sales that they normally would.

19 MS. SMITH: So go back to my original -- do you know
20 when you might be coming in for a rate case? The reason that --
21 I know that the other amount for the 60,000 was done over two
22 years because I believe that was the thought back then is that
23 the -- you would be coming in in two years so, therefore, we
24 amortized it over two years and you'll get recovery and rates
25 will be -- we wouldn't have the concern of you continuing to

1 collect dollars that are covering that.

2 MS. ANDREWS: Right. Well, 2001 was the last -- 2000
3 was the last rate case and then -- I mean, I'm just guessing,
4 maybe three years. It really depends on --

5 MS. SMITH: Right.

6 MR. HORTON: Jean, perhaps you would comment on the
7 other factor, that Poland Springs really needs you relative to
8 the work that they've done in the area to secure a new source.

9 MS. ANDREWS: Yeah, the other concern is that they've
10 secured a new source in Denmark which is to go online this
11 spring. We have been told that it shouldn't affect our sales,
12 but we are a little cautious based on the decline in use
13 recently.

14 MS. SMITH: If memory serves me correct, there is a
15 period -- a notification period that they have to provide you if
16 they want to discontinue. Is that five years?

17 MS. ANDREWS: Five years, yeah.

18 MS. SMITH: -- have not received any such
19 notification?

20 MS. ANDREWS: In 2008 that was issued.

21 MS. SMITH: Oh, so in 2008 they told you they were --

22 MS. ANDREWS: So it's up in -- well, we have to give
23 them five years.

24 MS. SMITH: Okay.

25 MS. ANDREWS: And we gave them five years in 2008 so

1 that we could renegotiate.

2 MS. SMITH: Okay.

3 MS. ANDREWS: It doesn't mean that we're not doing
4 business with them; we just hope to --

5 MS. SMITH: Right. Is there anything that they have
6 to give you -- if they to decide not to buy from you, that they
7 would have to give you a similar notice?

8 MS. ANDREWS: It's not five years. I believe it's
9 only a year.

10 MS. SMITH: Okay.

11 MR. NORTON: But if you receive such a notice, that
12 would provide you with opportunity to come in?

13 MS. ANDREWS: Right.

14 MR. NORTON: And you'd have some time to do so? Okay.

15 MS. ANDREWS: Or try to obtain another source for that
16 income, yes.

17 MR. NORTON: I have no more questions.

18 MS. SMITH: And neither do I.

19 MR. KAPLY: I'm looking around the room. There
20 doesn't appear to be any more questions. I believe that we have
21 -- did I count correctly -- four oral data requests? Or is it
22 three?

23 MS. SMITH: I have three.

24 MR. NORTON: It's three.

25 MR. KAPLY: Three oral data requests, and we need to

1 set a deadline for when those responses will come from the
2 company. How long does the company think it would need to
3 answer those?

4 MS. ANDREWS: I think two weeks would give us -- let
5 me just make sure I know what they are. Yeah, let's say two
6 weeks just to be cautious.

7 MR. KAPLY: All right, then we will with March 19th.
8 And we'll issue a procedural order today codifying those oral
9 data requests and also locking in that deadline. What we will
10 do is we'll probably add into that a telephone conference -- a
11 teleconference in this case to be held after that date to
12 discuss further scheduling. And are there any other matters
13 other than this or any additional matters that we need to
14 address on the record? Very good. That concludes this
15 technical conference. We can go off the record.

16 CONFERENCE ADJOURNED (March 4, 2010, 2:37 p.m.)

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C E R T I F I C A T E

I hereby certify that this is a true and accurate transcript of the proceedings which have been electronically recorded in this matter on the aforementioned hearing date.

D. Noelle Forrest
D. Noelle Forrest, Transcriber

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

Docket No. 2010-8

March 5, 2010

FRYEBURG WATER COMPANY
Proposed Rate Increase to Increase Rates
(\$72,257 or 15% Over Current Rates)

PROCEDURAL ORDER

A technical conference in this matter was held on March 4, 2010. The following oral data requests were issued:

ODR 1-1: Please provide a list of companies or districts used in response to ADR 1-2 and the name and date of the Maine Rural Water Association salary comparison report referenced.

ODR 1-2: Transportation Expense:

a) Please provide a detail of the 2009 transportation expense by employee and specific allowance (vehicle or equipment use).

(b) Provide a copy of any written transportation allowance policy and copies of the board minutes when the allowances for 2009 were determined.

ODR 1-3: Please provide the square footage of the office space rental plus the total square footage of the building.

Responses are due on March 19, 2010.

Additionally, a case conference call is scheduled for March 29, 2010 at 10:00 a.m. Parties can access the Commission's Telebridge by dialing 1-916-233-0499 and entering pin 173464#.

BY ORDER OF THE HEARING EXAMINER

Matthew S. Kaply



Fryeburg Water Company
24 Portland Street, Suite #1
Fryeburg, ME 04037
(207) 935-2010

ELECTRONICALLY FILED ON MARCH 19, 2010

Ms. Karen Geraghty, Esq.
Administrative Director
Maine Public Utilities Commission
18 State House Station
Augusta, ME 04333-0018

Re: FRYEBURG WATER COMPANY
Proposed Rate Change to Increase Rate \$72,257 or 15% Over Current Rates
Docket No. 2010-08

**THIS IS A VIRTUAL DUPLICATE OF THE ORIGINAL HARDCOPY
SUBMITTED TO THE COMMISSION IN ACCORDANCE WITH ITS
ELECTRONIC FILING INSTRUCTIONS**

Dear Ms. Geraghty:

Enclosed for filing in the above-referenced proceeding, please find Fryeburg Water Company's Responses to Oral Data Request No. 1.

A hard copy of the filing plus one copy has been sent to the Commission and additional copies have been sent to all parties listed as intervenors on the service list.

Please contact me with any questions.

Respectfully submitted,

Jean Andrews
Office Manager/Treasurer

Enclosure
cc: Service List

**STATE OF MAINE
PUBLIC UTILITIES COMMISSION**

FRYEBURG WATER COMPANY	)	RESPONSE TO ORAL
RE: Proposed Rate Increase to Increase	)	DATA REQUEST NO. 1
rates (\$72,257 or 15% Over Current)	
Rates)	
Docket No. 2010-8	)	March 19, 2010

Question #1: Please provide a list of companies or districts used in response to ADR 1-2 and the name and date of the Maine Rural Water Association salary comparison report referenced.

Answer #1:	Districts/Company	# of Customers
	Anson Water District	585
	Bethel Water District	627
	Lubec Water District	655
	Lincoln Water District	1171
	Hallowell Water District	814
	No. Berwick Water District	639
	Mt. Desert Water District	975
	Milo Water District	721
	Mexico Water District	946
	Mars Hill Water District	608
	Machias Water Company	538
	Passamaquoddy Water District	743
	Sabattus Sewer District	558
	Southwest Harbor Water District	919
	Winthrop Utilities District	1062
	Fryeburg Water District	790

The report from the Maine Rural Water Association is the “2009 Maine Water & Wastewater Facilities’ Annual Salary, Wage and Benefits Survey”. We obtained a preliminary copy by email on February 17, 2010 titled “2009 Salary Survey Report – Fryeburg prelim request.pdf” which is attached and later the Final Printed Copy just prior to our March 4 Technical Conference at the Maine PUC.

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

FRYEBURG WATER COMPANY	)	RESPONSE TO ORAL
	)	DATA REQUEST NO. 1
RE: Proposed Rate Increase to Increase)	
rates (\$72,257 or 15% Over Current)	
Rates)	
	)	March 19, 2010
<u>Docket No. 2010-8</u>)	

Question #2a: Transportation Expense: Please provide a detail of the 2009 transportation expense by employee and specific allowance (vehicle or equipment use).

Answer #2a: The 2009 Transportation Expense for 2009 was \$20,625.00 broken down by employee as follows:

Jean Andrews, Office Manager, vehicle allowance - \$15/wk or \$780/year
 Eric Belcher, Assistant Superintendent, vehicle allowance - \$80/wk or \$4,160/year
 Hugh Hastings, President, vehicle allowance - \$55/month or \$605/year
 John Hastings, Superintendent – vehicle and equipment allowance \$290/wk or \$15,080/year (items listed below)

One ton work truck with utility body outfitted with: Demo Hammer; Small Generator; Extension Cords, Lights; Small Hand Tools (wrenches, screwdrivers, socket set; etc.); Small Air Tools; Small Compressor; Torque Wrenches; Small Cutting Torches; Pipe & Regular Vices; Shop Vac; Ryobi Tools & Batteries; Drill; Flashlights; Walkie-Talkies; Hole Saws; Crow Bars; Tape Measures; Shovels; Brooms; Rakes; Pipe Wrenches; Pipe Cutters; and GPS unit.

Equipment used in addition to the Work Truck: Small backhoe with front end loader; Skid Steer with bucket and forks; Diaphragm pumps; Discharge hose; Ramp Trailer; Dump Truck; Dump Trailer; Flat Trailer; Power Chain Saw; Lawn Tractor; Flood Lights; Compressor; Jack Hammer; Pallet Jack; Dollies; LP Tanks; Tractor with York Rake; Generator; Sand Blaster; Power Chisel; Asphalt Cutter; Laser Level; Bush Hog; Leaf Blower; Power Broom; and Trimmers

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

FRYEBURG WATER COMPANY	)	RESPONSE TO ORAL
	)	DATA REQUEST NO. 1
RE: Proposed Rate Increase to Increase)	
rates (\$72,257 or 15% Over Current)	
Rates)	
	)	March 19, 2010
Docket No. 2010-8)	

Question #3. Please provide the square footage of the office space rental plus the total square footage of the building.

Answer #3. The total square footage of the building owned by Hugh W. Hastings II is approximately 3,008 square feet. The office space rented by the Fryeburg Water Company which includes heat is approximately 710 square feet.

Prepared by and competent to testify: Jean Andrews, Treasurer

WATER FACILITIES
Annual Salaried Employees
 Total of 43 Facilities

	0-500 Connections			501-1500 Connections			1501+ Connections			
	Annual Salary	Average Weekly Hours	Salary as Hourly Equivalent	Annual Salary	Average Weekly Hours	Salary as Hourly Equivalent	Annual Salary	Average Weekly Hours	Salary as Hourly Equivalent	
General Manager/ Superintendent	LOW	\$12,000	7.0	\$32.97	\$19,584	30.0	\$12.55	\$51,104	40.0	\$24.57
	MEDIAN	\$20,000	27.5	\$13.99	\$52,260	42.5	\$23.65	\$71,854	45.0	\$30.71
	HIGH	\$37,730	40.0	\$18.14	\$67,652	40.0	\$32.53	\$92,082	40.0	\$44.27
Assistant GM/ Assistant Superintendent	LOW	*	*	*	*	*	\$55,480	40.0	\$26.67	
	MEDIAN	*	*	*	*	*	\$65,052	40.0	\$31.28	
	HIGH						\$80,080	40.0	\$38.50	
Operator	LOW	\$6,684	8.0	\$16.07	\$28,809	28.0	\$19.79	*	*	*
	MEDIAN	\$7,488	12.0	\$12.00	\$36,188	40.0	\$17.40	*	*	*
	HIGH	\$8,600	4.0	\$41.35	\$39,780	40.0	\$19.12			
Office Manager	LOW	\$1,500	6.5	\$4.44	\$21,091	40.0	\$10.14	\$30,900	32.0	\$18.57
	MEDIAN	\$7,200	25.0	\$5.54	\$36,660	39.0	\$18.08	\$38,886	40.0	\$18.70
	HIGH	\$19,886	25.0	\$15.30	\$38,245	35.0	\$21.01	\$45,053	40.0	\$21.66

M = Median: The *median* is the number in the middle of a set of numbers; that is, half of the numbers are greater than or equal to the median, and half are less than or equal to it.

* Indicates insufficient data for calculation.

WATER FACILITIES
Hourly Employees
 Total of 49 Facilities

		0-500 Connections	501-1500 Connections	1501+ Connections
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General Manager/ Superintendent	LOW	\$12.00	\$16.72	*
	MEDIAN	\$17.25	\$21.20	
	HIGH	\$40.00	\$33.38	

Chief Operator/ Operations Mgr	LOW	*	\$18.03	\$18.05
	MEDIAN		\$21.19	\$20.54
	HIGH		\$24.11	\$24.90

Operator	LOW	\$10.00	\$11.13	\$13.50
	MEDIAN	\$14.00	\$16.30	\$18.58
	HIGH	\$20.00	\$22.00	\$21.04

Foreman	LOW	*	\$12.83	\$18.24
	MEDIAN		\$19.04	\$20.13
	HIGH		\$20.86	\$23.02

Equipment Operator	LOW	*	*	\$14.12
	MEDIAN			\$18.91
	HIGH			\$21.66

Laborer	LOW	\$9.00	\$7.50	\$13.39
	MEDIAN	\$13.00	\$13.70	\$16.99
	HIGH	\$15.00	\$18.76	\$21.50

Maintenance Technician	LOW	*	*	\$14.34
	MEDIAN			\$18.53
	HIGH			\$28.75

		0-500 Connections	501-1500 Connections	1501+ Connections
--	--	----------------------	-------------------------	----------------------

Meter Reader	LOW	*	*	\$13.61
	MEDIAN			\$18.27
	HIGH			\$19.38

Office Manager	LOW	\$11.00	\$10.34	\$18.48
	MEDIAN	\$11.75	\$15.29	\$20.21
	HIGH	\$13.40	\$23.07	\$22.97

Billing Clerk	LOW	\$14.00	\$7.50	\$10.20
	MEDIAN	\$14.88	\$12.53	\$15.24
	HIGH	\$17.00	\$17.73	\$21.62

M = Median: The *median* is the number in the middle of a set of numbers; that is, half of the numbers are greater than or equal to the median, and half are less than or equal to it.

* Indicates insufficient data for calculation.

WATER FACILITIES
Analysis by Region

At the request of several facilities, we examined the 2009 salary data, categorized by region as follows:

Region 1: York and Southern Cumberland **Region 2:** Northern Cumberland, Sagadahoc, Southern Oxford, Androscoggin, Lincoln, Knox, Kennebec, Southernmost Somerset, and Western Waldo **Region 3:** Northern Oxford, Franklin, Mid to Northern Somerset, Piscataquis, and Northern Penobscot **Region 4:** Hancock, Eastern Waldo, and Southern Penobscot
Region 5: Washington **Region 6:** Aroostook

This table provides you the opportunity to compare your facility's wages to the medians within the same region. Information is shown for the five most frequently reported job titles. In order to maximize the amount of data in the analysis, we combined hourly wages and hourly equivalents of annual salaries. Region 6 primarily contains joint utilities rather than stand-alone water facilities, so we did not complete the analysis for that region. Note that because the data sets were small, we have reported only the medians in order to protect the confidentiality of participants.

		Region 1	Region 2	Region 3	Region 4	Region 5	Region 6
General Manager/ Superintendent	MEDIAN	\$27.44	\$22.27	\$22.28	\$32.53	\$19.53	*
Operator	MEDIAN	\$19.57	\$17.32	\$16.26	\$15.91	*	*
Laborer	MEDIAN	*	\$13.45	\$14.00	\$16.58	*	*
Office Manager	MEDIAN	*	\$18.40	\$13.72	\$18.74	*	*
Billing Clerk	MEDIAN	\$16.00	\$13.85	\$14.00	\$16.05	*	*

M = Median: The *median* is the number in the middle of a set of numbers; that is, half of the numbers are greater than or equal to the median, and half are less than or equal to it.

* Indicates insufficient data for calculation.

WATER FACILITIES' BENEFITS & INSURANCE SUMMARY

Facilities with 501-1500 Connections

Total of 23

General Info	Median # of Connections	Median # of Full Time Employees	Median # of Part Time and 3/4 Time Employees
	743	3	1

Paid Time Off	Annual Holidays: Offered by 96% M = 11 Days Per Year	Annual Sick Leave: Offered by 96% M = 12 Days Per Year	Sick Leave Buy Back: Offered by 23% of those providing sick leave	Annual Vacation: Offered by 96% Median # of days after X # of yrs: 7.5 Days after 1 Year 10 Days After 5 Years 15 Days After 10 Years 20 Days After 15 Years 20 Days After 20 Years	Maximum Vacation: M # of days after M # of Years: 20 Days after 20 Years
	Annual Personal Time: Offered by 48% M = 1.5 Days per Year		Sick Leave Accrual: Allowed by 77% Median for Max # of Days = 90		Vacation Accrual: Allowed by 27% of those offering vacation

Insurance & Retirement	100% Offer Health Insurance		43% Offer Dental Insurance		74% Offer Retirement	61% Offer Short Term Disability	13% Offer Long Term Disability	83% Offer Life Insurance
	Median % Employer Contribution - Individual Plan	** Median % Employer Contribution - Family Plan	Median % Employer Contribution - Individual Plan	** Median % Employer Contribution - Family Plan	Median % Employer Contribution (% of annual pay)	Median % Employer Contribution	Median % Employer Contribution	Median % Employer Contribution
	100%	90%	93%	50%	4%	40%	100%	100%

See the following page for detail by facility.

M = Median: The median is the number in the middle of a set of numbers; that is, half of the numbers are greater than or equal to the median, and half are less than or equal to it.

** The median employer contribution on a Family Plan includes the contribution for the applicable employee.

WATER FACILITIES' BENEFITS & INSURANCE SUMMARY

Facilities with 501-1500 Connections

BENEFITS & INSURANCE BY NUMBER OF CONNECTIONS								
# of Connections	Health Insurance Individual	△ Health Insurance Family	Dental Insurance Individual	△ Dental Insurance Family	Long Term Disability	Short Term Disability	Life Insurance	Retirement Plan
	% of Employer Contribution				% of Employer Contribution			% of Salary
509	100%	**						
560	70%	70%					70%	
570	100%	75%	100%	50%		0% *	100%	2.8%
615	90%	90%				100%	100%	
638	90%	90%				100%	100%	2.8%
640	100%	**					100%	
683	100%	100%	100%	100%				
690	100%	100%	100%	100%		100%	0% *	2.8%
700	100%	100%					100%	
700	100%	80%				0% *	0% *	6.5%
710	100%	100%	100%	100%		100%		5.0%
743	100%	60%				0% *	100%	2.8%
750	100%	100%			100%		100%	7.0%
797	50%	50%	0% *	0% *			100%	3.0%
800	100%	100%						8.0%
950	85%	85%	85%	85%	0% *	0% *	100%	4.0%
954	80%	82%	0% *	0% *		40%	0% *	4.0%
967	90%	70%	0% *	0% *		0% *	0% *	7.9%
979	100%	100%	0% *	0% *			0% *	2.8%
1165	100%	90%				0% *	100%	2.8%
1307	100%	100%				**	**	6.2%
1381	100%	100%	100%	**		100%	100%	4.0%
1500	90%	90%				100%	100%	6.0%

△ The median employer contribution for a family plan includes the contribution for the applicable employee.

* Indicates employer plan offered with employee paying 100% of contribution.

** Indicates employer plan offered but no percentage information was provided.



JOHN ELIAS BALDACCI
GOVERNOR

STATE OF MAINE
EXECUTIVE DEPARTMENT
PUBLIC ADVOCATE OFFICE
112 STATE HOUSE STATION
AUGUSTA, MAINE
04333-0112

EXHIBIT JA-2

RICHARD DAVIES
PUBLIC ADVOCATE

ELECTRONICALLY FILED ON MARCH 31, 2010

Karen Geraghty
Administrative Director
Public Utilities Commission
18 State House Station
Augusta, Maine 04333-0018

**RE: FRYEBURG WATER COMPANY
Proposed Rate Increase to Increase Rates
(\$72,257 or 15% Over Current Rates)
Docket No. 2010-8**

**THIS IS A VIRTUAL DUPLICATE OF THE ORIGINAL HARDCOPY
SUBMITTED TO THE COMMISSION IN ACCORDANCE WITH
ITS ELECTRONIC FILING INSTRUCTIONS**

Dear Ms. Geraghty:

We enclose for filing in the above-captioned proceeding an original and one copy of a Stipulation that resolves the issues in the above-referenced case.

In addition, as required by the Commission's February 3, 2006 "Notice Regarding Filing of Stipulations with the Maine Public Utilities Commission," the Public Advocate provides the following information.

The parties joining the agreement represent a broad spectrum of interests. The Stipulation has been agreed to by the Fryeburg Water Company and by the Public Advocate. The remaining party, William Harriman, did not submit any discovery and did not participate in any case conferences or in the technical conference.

The process applied in reaching this Stipulation was fair to all parties. Specifically, all petitions to intervene were granted. The Water Company responded to the data requests submitted by the Commission's Advisory Staff, and by the Public Advocate. In the course of the proceeding, three case conferences and one technical conference were held to explore the issues in the case.

As the Water Company and the Public Advocate were in the process of negotiating the terms of this Stipulation, the Public Advocate called the Intervenor, William Harriman, and informed him of the terms proposed for settlement of the proceeding. Mr. Harriman indicated that he had not been aware that it was possible to participate by telephone in the case conferences and technical conference. In that conversation, Mr. Harriman indicated that the issues of concern to him in the Water Company's rate proceeding were as follows:

PRINTED ON RECYCLED PAPER

PHONE: (207) 287-2445 (Voice)

Richard.Davies@maine.gov (e-mail)
<http://www.maine.gov/meopa>

FAX: (207) 287-4317
FAX: 1(42) 287-4300

- (a) Whether the ownership of Pure Mountain Springs (PMS) (formerly an affiliate of the Water Company) should be shifted to the Water Company;
- (b) Who are the current shareholders of PMS;
- (c) The lack of monitoring and water quality testing for the Water Company's Well No. 3 for the period of 4 ½ years; and
- (d) The need for continuing monitoring by the Maine Drinking Water Program of water quality for the water extracted by the Water Company from Well No. 2 and Well No. 3.

This afternoon the Public Advocate called Mr. Harriman in order to find out what position he will be taking with respect to the Stipulation. Mr. Harriman did not answer the telephone. We left a message asking him to return the call, and explaining that, with respect to the Stipulation, we need to know whether he will (a) join and support the Stipulation, (b) not join, but does not object to, the Stipulation, or (c) oppose the Stipulation and may ask for a hearing. At this writing, Mr. Harriman had not been able to return the telephone call.

Waiver of 5 M.R.S.A. § 9062 and Chapter 110, § 752. The parties have agreed to allow the Commission staff to make a recommendation to the Commissioners concerning the Stipulation without a hearing examiner's report.

Major Provisions of the Stipulation. The Stipulation provisions are in the public interest because the Public Advocate and the Fryeburg Water Company have reviewed the Water Company's proposed rate increase and adjusted downwards by \$10,000 the amount of the proposed increase. The Water Company has also agreed to the reduction in the requested amount. The major provisions of the Stipulation are as follows:

1. The parties agree that, effective April 1, 2010, the annual revenue requirement for the Water Company shall be \$545,443, or \$ 10,000 less than the amount of the proposed revenue increase proposed by the Water Company.
2. In arriving at the new agreed-upon revenue requirement, the parties considered adjustments to the amortization period for past rate-case expenses and to the return on equity (ROE) proposed by the Water Company in its filing.
3. The parties agree and request that the Commission approve the revised tariff sheets that are attached to the Stipulation.

Statutory Authority. The Commission has statutory authority to adopt this Stipulation under 5 M.R.S.A. § 9053(2), which states that an agency may "make informal disposition of any adjudicatory proceeding by stipulation, agreed settlement or consent order . . ." and pursuant to the Commission's general statutory authority with regard to the setting of rates for public utilities [i.e., 34-A M.R.S.A. § 309(2)].

Departures From Commission Precedent Contained in the Stipulation. The Stipulation contains no departures from Commission precedent.

The Provisions of the Stipulation are in the Public Interest. The provisions of this Stipulation are in the public interest (a) because they provide for an increase in rates so as to produce a reasonable revenue requirement for the Water Company, and will result in rates that are not unjust, unreasonable or discriminatory and (b) because this rate proceeding will be resolved without the expense of a hearing, briefs and a Staff examiner's report.

If the Commission has any questions or concerns about this Stipulation, please do not hesitate to contact us.

Sincerely,

A handwritten signature in black ink that reads "William C. Black". The signature is written in a cursive style with a large, stylized initial 'W'.

William C. Black
Deputy Public Advocate

WCB/dt
Enclosure: Stipulation
cc: Service List

ELECTRONICALLY FILED ON MARCH 31, 2010

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

FRYEBURG WATER COMPANY)	
)	
RE: Proposed Rate Change Pursuant to	)	STIPULATION
35-A M.R.S.A. § 307 (\$72,257, or 15%)	
Increase in Revenue)	)	March 31, 2010
)	
Docket No. 2010-08)	

**THIS IS A VIRTUAL DUPLICATE OF THE ORIGINAL HARDCOPY
SUBMITTED TO THE COMMISSION IN ACCORDANCE WITH
ITS ELECTRONIC FILING INSTRUCTIONS**

This Stipulation is an agreement entered into by the Fryeburg Water Company (hereinafter referred to as "the Company" or as "the Water Company"), the Public Advocate; whom shall hereinafter be referred to as "the parties."

I. PURPOSE

The purpose of this Stipulation is to resolve the issues raised by the rate filing of the Fryeburg Water Company that was submitted January 4, 2010, pursuant to 35-A M.R.S.A. §307. By filing this Stipulation, the parties are agreeing to a plan under which the Water Company's new rates may be put into effect.

By this Stipulation, the parties seek to avoid further discovery and hearings on the Water Company's proposed increase in revenues. The Stipulation is also being submitted to expedite the Public Utilities Commission's (hereinafter referred to as "Commission" or "PUC") consideration and resolution of this proceeding.

II. PROCEDURAL HISTORY

On January 4, 2010, the Fryeburg Water Company submitted its rate filing to the Commission, pursuant to 35-A M.R.S.A. §307. That rate filing proposed an increase in revenue for the Water Company of \$72,257, or a 15% increase in revenue. Thereafter, a petition to intervene was submitted by the Public Advocate. A set of comments was filed at the Commission by a customer named John Kremer; but Mr. Kremer did not follow those comments with a petition to intervene. On January 20, William Harriman, another customer, submitted a petition to intervene. On January 22, 2010, the Commission held its initial scheduling conference in the proceeding. During that case conference, the petitions to intervene of the Public Advocate and of William Harriman were granted. Mr. Harriman did not participate in that initial case conference. On January 26, the Commission issued Suspension Order #1 in the proceeding. Thereafter, the Advisory Staff and the Public Advocate submitted data requests to the Water Company by February 5, 2010. No other data requests were submitted. Responses to those data requests were submitted by the Water Company on February 19, 2010. A second scheduling conference was held on February 22, 2010. Mr. Harriman did not participate in that case conference. The first technical conference in the proceeding was held on March 4, 2010. Mr. Harriman did not participate in the technical conference. On March 19, the Water Company submitted its responses to the oral data requests made at the March 4 technical conference.

On March 29, the Commission held a third case conference. Mr. Harriman did not participate in that case conference. In that conference, the Public Advocate initiated discussions about settlement of the proceeding, and made a settlement proposal orally to the Water Company – a proposal that countered the Water Company's proposed return on equity, and adjusted the amortization of past rate-case expenses. Later that day, the Public Advocate and the Water Company came to agreement on settlement terms, and, in this Stipulation, have reduced those terms to writing.

III. STIPULATION PROVISIONS

1. **Record.** The provisions of this Stipulation have been reached on the basis of the Water Company's January 4, 2010 rate filing, the Water Company's responses to written data requests, the Water Company's revised rate filing, the data and information provided (on the record) by the Water Company at the technical conference, and the Company's subsequent responses to oral data requests.

2. **Revenue Requirement.** The parties agree that the increase to the Company's revenue requirement shall be \$62,257, representing a reduction in revenue of \$10,000 off the revenue requirement originally proposed by the Water Company in its January, 4, 2010 rate filing. The adjusted listing of water utility expense accounts is attached as Exhibit A. The Company's revenue requirement, as set forth in this Stipulation Agreement, represents an increase of \$62,257 over the 2009 revenues, or a 12.9 % increase over the Company's actual 2009 operating revenues.

In arriving at the new agreed-upon revenue requirement, the parties considered adjustments to the amortization period for past rate-case expenses and to the return on equity (ROE) proposed by the Water Company in its filing.

3. **Effective Date for Rates.** The parties agree that the Company's rates, which are designed to recover the Pro Forma Revenue Requirement described in paragraph 2 above, and reflected in Exhibit A, will be in effect as of April 1, 2010.

4. **Tariff Sheets Approved.** By virtue of this Stipulation the parties agree that the Commission should approve the four-page set of tariffs that are attached to Exhibit A. Specifically, the tariff sheets to be approved are as follows:

- a. Sheet #1, Fifth Revision,
- b. Sheet #2, Fifth Revision,
- c. Sheet #3, Fourth Revision,

IV. STANDARD STIPULATION PROVISIONS

1. **Rejection of Portion Constitutes Rejection of Whole.** The parties are entering into this Stipulation for the purpose of finally disposing of all issues raised in this Docket. If the Commission does not accept the entire Stipulation without material modification, then the Stipulation shall be null and void, and will not bind the parties in this proceeding.

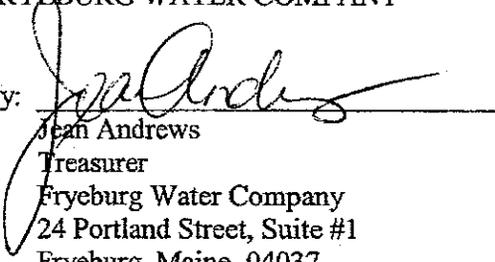
2. **No Precedent.** The making of this Stipulation by the parties shall not constitute precedent as to any matter of fact or law, nor, except as expressly provided otherwise herein, shall foreclose any party

from making any contention or exercising any right, including the right of appeal, in any other Commission proceeding or investigation, or in any other matter or action.

3. **Examiner's Report.** The parties agree to waive the provisions of § 752 (b) of the Commission's Rules of Practice and Procedure, requiring that any Examiner's Report be in writing and that the parties be afforded an opportunity to file exceptions or comments thereon. The parties thereby intend to permit the Advisors either to provide an oral Examiner's Report to the Commission at the deliberative session to be held in this Docket, or, if the Advisors so wish, to provide a written Examiner's Report to the Commission with the parties waiving the right to file exceptions or comments thereto.

Dated at Fryeburg, Maine, this 31st day of March, 2010,

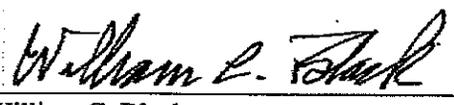
FRYEBURG WATER COMPANY

By: 

Jean Andrews
Treasurer
Fryeburg Water Company
24 Portland Street, Suite #1
Fryeburg, Maine 04037

Dated at Hallowell, Maine, this thirty-first day of March 2010,

OFFICE OF PUBLIC ADVOCATE

By: 

William C. Black
Deputy Public Advocate
112 State House Station
Augusta, ME 04333

**FRYEBURG WATER COMPANY
24 PORTLAND STREET, SUITE 1
FRYEBURG, ME 04037**

	<u>As Filed</u>		<u>As Stipulated</u>	
Residential	\$23,175	17.0%	\$19,959	14.6%
Commercial	\$ 8,507	17.0%	\$ 7,340	14.6%
Industrial	\$ 610	17.0%	\$ 525	14.6%
Public Authorities	\$ 1,180	17.0%	\$ 1,015	14.6%
Sales for Resale	\$13,900	17.0%	\$11,967	14.6%
Public Fire Protection	\$ 8,600	8.7%	\$ 7,121	7.2%
Private Fire Protection	\$ 2,900	17.0%	\$ 2,410	14.1%
Rents from Water Property	<u>\$13,385</u>	<u>17.0%</u>	<u>\$11,920</u>	<u>15.1%</u>
	<u>\$72,257</u>	<u>15.0%</u>	<u>\$62,257</u>	<u>12.9%</u>

**FRYEBURG WATER COMPANY
24 PORTLAND STREET, SUITE 1
FRYEBURG, ME 04037**

**EXHIBITS AND SCHEDULES FILED IN
SUPPORT OF RATE REVISIONS TO
BE EFFECTIVE APRIL 1, 2010**

FRYEBURG WATER COMPANY

Page #1
Fifth
Revision

**Quarterly, Monthly and Seasonal Rates for Water
to Maine Metered Customers**

Quarterly Rates:

For the First	1,200 cubic feet per quarter	\$45.00	|
For the Next	1,800 cubic feet per quarter	\$2.81 per 100 cubic feet	|
For the Next	69,000 cubic feet per quarter	\$1.12 per 100 cubic feet	|
For all in Excess of	72,000 cubic feet per quarter	\$.779 per 100 cubic feet	|

Monthly Rates:

For the First	400 cubic feet per month	\$15.00	|
For the Next	600 cubic feet per month	\$2.81 per 100 cubic feet	|
For the Next	23,000 cubic feet per month	\$1.12 per 100 cubic feet	|
For all over	24,000 cubic feet per month	\$.79 per 100 cubic feet	|

Seasonal Rates:

For the First	2,400 cubic feet per season	\$135.00	|
For the Next	600 cubic feet per season	\$2.81 per 100 cubic feet	|
For the Next	69,000 cubic feet per season	\$1.12 per 100 cubic feet	|
For all over	72,000 cubic feet per season	\$.79 per 100 cubic feet	|

Minimum Charges:

Meter Size Inches	Quarterly Minimum		Monthly Minimum		Seasonal Minimum	
	Charge	Allowance	Charge	Allowance	Charge	Allowance
5/8"	45.00	1,200	15.00	400	135.00	2,400
3/4	68.73	2,100	22.91	700	143.43	4,200
1	99.03	3,600	33.01	1,200	160.29	7,200
1 1/2	133.59	7,200	44.53	2,400	311.66	14,400
2	187.35	12,000	62.45	4,000	399.50	24,000
3	321.75	24,000	107.25	8,000	692.30	48,000
4	465.15	36,000	155.05	12,000	961.10	72,000
6	686.35	72,000	298.45	24,000	1,530.20	144,000

Proposed Effective Date: April 1, 2010

Effective: _____

Jean Andrews
Treasurer

FRYEBURG WATER COMPANY

**Sheet #2
Fifth
Revision**

PUBLIC FIRE PROTECTION

MUNICIPAL FIRE PROTECTION CHARGES

For the 77 standard fire hydrants owned by the Company and connected to its system on December 15, 2009, there shall be paid to the Company a fire protection charge of:

Town of Fryeburg: \$105,221 Annual Rate \$26,305.25 Quarterly Rate (I)

Charges for each public fire hydrant, owned and maintained by the Company, installed after December 15, 2009 will be governed by Chapter 690 of the Public Utility Commission's rules. (N)

All new hydrants now in existence or to be installed will be cared for and maintained in good working order, unavoidable accidents excepted, by the Company. Hydrants are to be connected only to mains having a diameter of 6" or larger. (N)

Once any fire hydrants are installed and are in operation, the total Fire Protection Charge then in effect shall not be reduced should the Town order one or more hydrants discontinued. (N)

Proposed Effective Date: April 1, 2010

Effective: _____

Jean Andrews
Treasurer

FRYEBURG WATER COMPANY

Sheet #3
Fourth
Revision

PRIVATE FIRE PROTECTION RATES

FIRE SERVICE OTHER THAN MUNICIPAL FIRE HYDRANTS:

Available to all customers using the Company's service for private fire protection. The following rates apply to fire protection only and include no allowance of water for other than fire fighting purposes.

Rates

For automatic sprinkler systems to be used only for fire protection inside of buildings, the charge per inch of service pipe diameter shall be:

\$ 164.00 (l)

For each private hydrant furnished, installed and maintained by the customer for private fire protection, the charge shall be:

\$ 984.00 (l)

Proposed Effective Date: April 1, 2010

Effective _____

Jean Andrews
Treasurer

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

Docket No. 2010-8

April 16, 2010

FRYEBURG WATER COMPANY
Proposed Rate Increase to Increase Rates
(\$72,257 or 15% Increase in Revenue)

ORDER APPROVING
STIPULATION

REISHUS, Chairman; VAFIADES and CASHMAN, Commissioners

I. SUMMARY

We approve a Stipulation filed on March 31, 2010 by the Fryeburg Water Company (FWC) as agreed to by FWC and the Office of the Public Advocate (OPA). The Stipulation provides for a total revenue increase of \$62,257 for bills issued for service on and after April 1, 2010.

II. PROCEDURAL HISTORY

On January 1, 2010, FWC filed, pursuant to 35-A M.R.S.A. § 307, a proposed rate increase to take effect on February 1, 2010. FWC proposed a \$72,257 increase or 15% of additional annual revenue to cover increased operating expenses. The Commission received petitions to intervene from the OPA on January 4, 2010 and ratepayer William Harriman on January 20, 2010. All petitions to intervene were granted at a case conference held on January 22, 2010.

On January 26, 2010, the Commission issued Suspension Order #1 which suspended the effective date of the proposed rates for three months to allow for further review by the Commission.

A case conference was held on January 22, 2010 and the OPA and the Advisory Staff issued written data requests. A technical conference was held on February 22, 2010. This technical conference resulted in a set of oral data requests, to which FWC responded in a filing dated March 19, 2010.

On March 31, 2010, FWC filed with the Commission a Stipulation entered into by FWC and the OPA. The OPA attempted to reach the customer intervener, Mr. Harriman, but was unable to make contact prior to filing the stipulation. Mr. Harriman was provided a copy of the Stipulation by FWC and the OPA. On April 13, 2010, Mr. Harriman spoke with our staff by telephone and indicated that he was neither objecting to nor joining the stipulation. Therefore, the stipulation is unopposed.

III. STIPULATION

A. Revenue Requirement

The Stipulation provides for annual operating revenues of \$545,443, an increase of \$62,257, or 12.9%, over the 2009 revenues. In arriving at the revenue requirement, parties looked at adjustments to the amortization period of past rate case expenses and return on equity.

B. Effective Date for Rates

The Stipulation provides that rates will be effective for bills issued on or after April 1, 2010.

Parties also waived any rights they have under Chapter 110 § 742 of the Commission's Rules to permit the Advisory Staff to discuss this Stipulation and the resolution of this case with the Commissioners, without providing the parties an Examiner's Report or the opportunity to file Exceptions.

IV. DISCUSSION

In approving a stipulation, we consider the following criteria:

1. Whether the parties joining the stipulation represent a sufficiently broad spectrum of interests that the Commission can be sure that there is no appearance or reality of disenfranchisement;
2. Whether the process leading to the stipulation was fair to all parties; and
3. Whether the stipulated result is reasonable and not contrary to legislative mandate. See *Central Maine Power Company, Proposed Increase in Rates*, Docket No. 92-345 (II), Detailed Opinion and Subsidiary Findings (Me. P.U.C. Jan. 10, 1995); and *Maine Public Service Company, Proposed Increase in Rates (Rate Design)*, Docket No. 95-052, Order (Me. P.U.C. June 26, 1996). We have also recognized that we have an obligation to ensure that the overall stipulated result is in the public interest. See *Northern Utilities, Inc., Proposed Environmental Response Cost Recovery*, Docket No. 98-678, Order Approving Stipulation (Me. P.U.C. April 28, 1997).

We find that the proposed Stipulation in this case meets these criteria. The Stipulation was joined by the FWC and the OPA. The OPA represents the using and consuming public, in this case the customers of FWC. The parties represent a sufficiently broad spectrum of interests to satisfy the first criteria. Mr. Harriman has not indicated whether he supports, opposes or is indifferent to the Stipulation.

We believe the process was fair and all parties had an opportunity to participate. The process of discovery and the technical conference allowed an opportunity for all parties to gather information about the reasons for the rate increase.

We find that the proposed Stipulation is reasonable and is both consistent with the legislative mandate and the public interest. The Stipulation results in rates that are just and reasonable and in the best interest of ratepayers. It also provides a reasonable resolution of issues in this docket and reduces the risk of increased costs if the case were fully litigated.

V. CONCLUSION

We approve the Stipulation filed by the parties in this case for rates to be effective on April 1, 2010.

Accordingly, we

ORDER

1. That the Stipulation filed on March 31, 2010, and attached to this Order, is hereby approved; and

2. That the Fryeburg Water Company's Rate Schedules, Page 1-2, Fifth Revision, and Page 3, Fourth Revision, filed on March 31, 2010, are approved for effect on April 1, 2010.

Dated at Hallowell, Maine, this 16th day of April, 2010.

BY ORDER OF THE COMMISSION


Karen Geraghty
Administrative Director

COMMISSIONERS VOTING FOR:

Reishus
Vafiades
Cashman

ELECTRONICALLY FILED ON MARCH 31, 2010

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

FRYEBURG WATER COMPANY)	
)	
RE: Proposed Rate Change Pursuant to	)	STIPULATION
35-A M.R.S.A. § 307 (\$72,257, or 15%)	
Increase in Revenue)	)	March 31, 2010
)	
Docket No. 2010-08)	

THIS IS A VIRTUAL DUPLICATE OF THE ORIGINAL HARDCOPY
SUBMITTED TO THE COMMISSION IN ACCORDANCE WITH
ITS ELECTRONIC FILING INSTRUCTIONS

This Stipulation is an agreement entered into by the Fryeburg Water Company (hereinafter referred to as "the Company" or as "the Water Company"), the Public Advocate; whom shall hereinafter be referred to as "the parties."

I. PURPOSE

The purpose of this Stipulation is to resolve the issues raised by the rate filing of the Fryeburg Water Company that was submitted January 4, 2010, pursuant to 35-A M.R.S.A. §307. By filing this Stipulation, the parties are agreeing to a plan under which the Water Company's new rates may be put into effect.

By this Stipulation, the parties seek to avoid further discovery and hearings on the Water Company's proposed increase in revenues. The Stipulation is also being submitted to expedite the Public Utilities Commission's (hereinafter referred to as "Commission" or "PUC") consideration and resolution of this proceeding.

II. PROCEDURAL HISTORY

On January 4, 2010, the Fryeburg Water Company submitted its rate filing to the Commission, pursuant to 35-A M.R.S.A. §307. That rate filing proposed an increase in revenue for the Water Company of \$72,257, or a 15% increase in revenue. Thereafter, a petition to intervene was submitted by the Public Advocate. A set of comments was filed at the Commission by a customer named John Kremer; but Mr. Kremer did not follow those comments with a petition to intervene. On January 20, William Harriman, another customer, submitted a petition to intervene. On January 22, 2010, the Commission held its initial scheduling conference in the proceeding. During that case conference, the petitions to intervene of the Public Advocate and of William Harriman were granted. Mr. Harriman did not participate in that initial case conference. On January 26, the Commission issued Suspension Order #1 in the proceeding. Thereafter, the Advisory Staff and the Public Advocate submitted data requests to the Water Company by February 5, 2010. No other data requests were submitted. Responses to those data requests were submitted by the Water Company on February 19, 2010. A second scheduling conference was held on February 22, 2010. Mr. Harriman did not participate in that case conference. The first technical conference in the proceeding was held on March 4, 2010. Mr. Harriman did not participate in the technical conference. On March 19, the Water Company submitted its responses to the oral data requests made at the March 4 technical conference.

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III. STIPULATION PROVISIONS

1. **Record.** The provisions of this Stipulation have been reached on the basis of the Water Company’s January 4, 2010 rate filing, the Water Company’s responses to written data requests, the Water Company’s revised rate filing, the data and information provided (on the record) by the Water Company at the technical conference, and the Company’s subsequent responses to oral data requests.

2. **Revenue Requirement.** The parties agree that the increase to the Company’s revenue requirement shall be \$62,257, representing a reduction in revenue of \$10,000 off the revenue requirement originally proposed by the Water Company in its January, 4, 2010 rate filing. The adjusted listing of water utility expense accounts is attached as Exhibit A. The Company’s revenue requirement, as set forth in this Stipulation Agreement, represents an increase of \$62,257 over the 2009 revenues, or a 12.9 % increase over the Company’s actual 2009 operating revenues.

In arriving at the new agreed-upon revenue requirement, the parties considered adjustments to the amortization period for past rate-case expenses and to the return on equity (ROE) proposed by the Water Company in its filing.

3. **Effective Date for Rates.** The parties agree that the Company’s rates, which are designed to recover the Pro Forma Revenue Requirement described in paragraph 2 above, and reflected in Exhibit A, will be in effect as of April 1, 2010.

4. **Tariff Sheets Approved.** By virtue of this Stipulation the parties agree that the Commission should approve the four-page set of tariffs that are attached to Exhibit A. Specifically, the tariff sheets to be approved are as follows:

- a. Sheet #1, Fifth Revision,
- b. Sheet #2, Fifth Revision,
- c. Sheet #3, Fourth Revision,

IV. STANDARD STIPULATION PROVISIONS

1. **Rejection of Portion Constitutes Rejection of Whole.** The parties are entering into this Stipulation for the purpose of finally disposing of all issues raised in this Docket. If the Commission does not accept the entire Stipulation without material modification, then the Stipulation shall be null and void, and will not bind the parties in this proceeding.

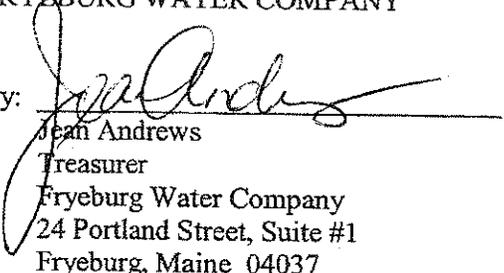
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from making any contention or exercising any right, including the right of appeal, in any other Commission proceeding or investigation, or in any other matter or action.

3. **Examiner's Report.** The parties agree to waive the provisions of § 752 (b) of the Commission's Rules of Practice and Procedure, requiring that any Examiner's Report be in writing and that the parties be afforded an opportunity to file exceptions or comments thereon. The parties thereby intend to permit the Advisors either to provide an oral Examiner's Report to the Commission at the deliberative session to be held in this Docket, or, if the Advisors so wish, to provide a written Examiner's Report to the Commission with the parties waiving the right to file exceptions or comments thereto.

Dated at Fryeburg, Maine, this 31st day of March, 2010,

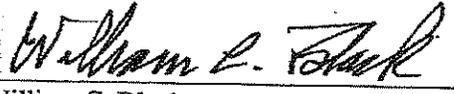
FRYEBURG WATER COMPANY

By: 

Jean Andrews
Treasurer
Fryeburg Water Company
24 Portland Street, Suite #1
Fryeburg, Maine 04037

Dated at Hallowell, Maine, this thirty-first day of March 2010,

OFFICE OF PUBLIC ADVOCATE

By: 

William C. Black
Deputy Public Advocate
112 State House Station
Augusta, ME 04333

FOCUS - 3 of 6 DOCUMENTS

NEW HAMPSHIRE REVISED STATUTES ANNOTATED
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*** STATUTES CURRENT THROUGH CHAPTER 3 OF THE 2008 SESSION ***
 *** ANNOTATIONS CURRENT THROUGH CASES DECIDED DECEMBER 31, 2007 ***

TITLE XXXIV Public Utilities
 CHAPTER 374 General Regulations
 Granting of Permission for Extensions, New Business, etc.

Go to the New Hampshire Code Archive Directory

RSA 374:24 (2008)

374:24 Foreign Business Entity.

No permission under *RSA 374:22* shall be granted to any business entity not organized under the laws of this state, and no authority to transfer or lease the franchises, works, or system, or any part of the franchises, works, or system of any public utility in this state to any such business entity shall be granted under *RSA 374:30*. Business entities which are public utilities organized under the laws of another state and which furnish utility service in towns outside the state may furnish utility service to New Hampshire towns adjacent to the state boundaries when the public utilities commission finds this service to be in the public interest.

HISTORY: 1913, 145:13. PL 240:22. RL 289:22. *RSA 374:24*. 1967, 181:1. 1981, 449:3, eff. Aug. 22, 1981.

NOTES:

Amendments

--1981.

Substituted "business entity" for "corporation" and "business entities" for "corporations" throughout the section and made other minor stylistic changes.

--1967.

Substituted "section 22" for "the preceding section" in the first sentence and added the second sentence.

Exception for those businesses that are acting as state public utility.

1998, 126:1, eff. June 2, 1998, provided:

"The provisions of *RSA 374:24* shall not apply to the merger or other reorganization of a gas utility if, on the effective date of this act [June 2, 1998], such gas utility is engaged in business in this state as a public utility and is a subsidiary of a foreign corporation, provided that this act shall not otherwise alter the jurisdiction of the public utilities commission extant prior to the merger or other reorganization over such gas utility."

Cross References.

Applicability of section, see *RSA 374:25*.

NOTES TO DECISIONS

Cited

Cited in *Bellows Falls Hydro-Electric Corp. v. State*, 94 N.H. 187, 49 A.2d 511, 1946 N.H. LEXIS 176 (1946).

HIERARCHY NOTES:

Tit. XXXIV Note

Tit. XXXIV, Ch. 374 Note

Tit. XXXIV, Ch. 374 Note

Ordered to third reading by vv.

HB 210

providing for salaries for sheriff and deputy sheriffs of Rockingham county. Rep. Weeks for the Rockingham County Delegation. Ought to pass with amendment.

AMENDMENT

Amend the title of said bill by striking out the words "salaries for sheriff and deputy sheriffs" and inserting in place thereof the words (salary for the sheriff) so the title as amended shall read: An Act providing for the salary for the sheriff of Rockingham county.

Amend section 1 of the bill by striking out the words "twelve thousand four hundred" in lines five and six and line eight and inserting in place thereof the words (eleven thousand) so that the section as amended shall read as follows:

I Salary of Rockingham County Sheriff. Amend paragraph II of RSA 104:29 (supp) as amended by 1955, 172:1, 247:1; 1957, 156:1, 309:4, 1961, 175:1, 1963, 129:1, 1965, 162:1, 190:1 and 263:1 by striking out the first sentence of said paragraph and inserting in place thereof the following sentence (In Rockingham the annual salary of the sheriff shall be eleven thousand dollars) so that said paragraph as amended shall read as follows:

II. In Rockingham the annual salary of the sheriff shall be eleven thousand dollars. Said salary shall be payment in full for all his services to the county. The county shall provide him with suitable transportation and he shall not be allowed the established rates for mileage allowable to other sheriffs. He shall be allowed reasonable expenses incurred during the performance of his duties and such expenses shall be subject to the approval of a justice of the superior court. For the service of civil writs and other process which he may perform he shall collect the usual fees allowed for such services and mileage and shall pay over directly to the county treasurer all such fees and mileage charges at the end of each month. He shall in his annual report to the county commissioners report the number of civil writs and other process served and the total amounts collected in fees and mileage charges paid over to the treasurer during the calendar year.

Further amend the bill by striking out sections 2 and 3 and inserting in place thereof the following:

2 Effective Date. This act shall take effect January 1, 1968.

* * *

Amendment adopted, ordered to a third reading by vv.

* * *

Rep. Cobleigh called for Special Order for Wednesday at 11:01.

HB 299

increasing the salary of Cheshire county attorney. Rep. Dunham for the Cheshire County Delegation. Ought to pass.

Ordered to third reading by vv.

RECESS

HB 199

relating to public utility service by foreign corporations. Rep. Boire for Executive Departments and Administration. Ought to pass with amendment.

AMENDMENT

Amend section 1 of the bill by striking out the words "foreign corporation" in lines four and twelve and thirteen and inserting in place thereof the words (corporations which are public utilities organized under the laws of another state and which furnish utility service in towns outside the state) so that said section as amended shall read as follows:

I Foreign Corporations; Public Utility Service. Amend RSA 374:24 by striking out in lines one and two the words "the preceding section" and inserting in place thereof the words and figure (under section 22) and by adding at the end of said section the words (Corporations which are public utilities organized under the laws of another state and which furnish utility service in towns outside the state may furnish utility service to New Hampshire towns adjacent to the state boundaries when such service is found by the public utilities commission to be in the public interest) so that said section as amended shall read as follows: 374:24 Foreign Corporation. No

permission under section 22 shall be granted to any corporation not organized under the laws of this state, and no authority to transfer or lease the franchises, works or system, or any part of the franchises, works or system of any public utility in this state to any such corporation shall be granted under section 30. Corporations which are public utilities organized under the laws of another state and which furnish utility service in towns outside the state may furnish utility service to New Hampshire towns adjacent to the state boundaries when such service is found by the public utilities commission to be in the public interest.

* * *

Amendment adopted, ordered to a third reading by vv.

HB 190

relative to the open season and bag limit on ruffed grouse. Rep. Gilman for Fish and Game. Inexpedient to legislate.

Resolution adopted by vv.

HB 231

providing for the taking of bear at any time. Rep. Hayes for Fish and Game. Inexpedient to legislate.

Rep. Bradley moved that the words, ought to pass, be substituted for the report of the committee, inexpedient to legislate, and spoke in favor of the motion.

Rep. Hayes spoke against the motion.

(discussion ensued)

Rep. Bork spoke in favor of the motion.

(discussion ensued)

Rep. Oleson spoke against the motion.

Rep. Sherman spoke in favor of the motion.

(discussion ensued)

Rep. Robert Dion spoke against the motion.

Motion lost by vv.

Rep. Elmer Johnson requested a division vote.

107 members having voted in the affirmative and 178 members having voted in the negative, the motion to substitute was lost.

Question now being on the resolution as offered by the committee.

Resolution adopted by vv.

SB 7

relative to time limitation for appraisal of damages to livestock and crops by bear. Rep. Merrifield for Fish and Game. Ought to pass.

Ordered to third reading by vv.

SB 12

eliminating a closed season on skunk and increasing penalties for taking fur-bearing animals. Rep. Bork for Fish and Game. Ought to pass.

Ordered to third reading by vv.

HB 44

relative to open season for taking black bear. Rep. Hayes for Fish and Game. Ought to pass with amendment.

AMENDMENT

Amend section 1 of the bill by striking out the words "the first Sunday in December" in lines four and eight and inserting in place thereof the words (the last day of the current deer season) so that said section as amended shall read as follows:

1 Change in Open Season. Amend RSA 208:22 (supp) as inserted by 1961, 126:1 and amended by 1963, 311:1 and 1965, 143:2 by striking out the word and figure "December 10" and inserting in place thereof the words (the last day of the current deer season) so that said section as amended shall read as follows: 208:22 Wild Black Bear. Wild black bear, outside of game preserves, may be taken and possessed from one-half hour before sunrise to one-half hour after sunset in all counties of the state from September 1 to the last day of the current deer season inclusive, provided that no bear shall be taken at any time on any island or in any waters or lakes or ponds. Wild black bear may be taken by the aid and use of dogs from Septem-

HB 199, relating to public utility service by foreign corporations.

A hearing was held on May 2, 1967, before the Senate Judiciary Committee with Senator Koromilas, Chairman, presiding. All committee members were present.

Proponents: James Doon, Public Utilities Commission
Donald Sinville, Public Service Company of N. H.
John Barto, Esq., Concord, representing N. E. Power Co.

Mr. Doon: This is for authority for out-of-state utilities to take care of places on the border, thinly-settled communities. Chatham and Conway are chiefly concerned here.

Sen. Chandler: In several places in the bill, it mentions foreign corporations. The House amendment seems to take out the word "foreign" in just one place. Don't you think it should come out in all the places it appears?

Mr. Doon: I have no objection to that.

Sen. Koromilas: What does this change in the present statute?

Mr. Doon: The last sentence is added to the present law.

Sen. Koromilas: Do they have to file as foreign corporations doing business here?

Mr. Doon: They do so under the grandfather clause in the Public Utilities statute.

Mr. Sinville: We think it is a good thing. All we are concerned about is that any Massachusetts, Vermont, or Maine company be a public utility in the other state operating as a public utility in that other state.

Sen. Koromilas: How do these people get power now?

Mr. Sinville: They aren't getting it. This is for new customers. Under the law as it is now, if a utility wants to go over the state line legally he should form a New Hampshire corporation.

Sen. Koromilas: Under this particular bill, it would be under the Public Utilities Commission?

Mr. Sinville: If they were a public utility in the other state.

Sen. Leonard: What is the purpose of striking out the word "foreign"?

Mr. Sinville: You could have both in there. The only problem was to make sure they were a public utility in the other state doing business as a public utility.

Mr. Barto: We are in favor of this as it has been amended by the House.

Sen. English: Are there quite a few cases where lines run in from these other states?

Mr. Sinville: We serve across the state line and other companies come in here.

HB 199

-2-

Actually the whole western part of the state is served by foreign corporations. Now they have to be a New Hampshire corporation. We serve 15 towns not in New Hampshire.

Sen. Leonard: Do you charge Vermont or New Hampshire rates when you go into Vermont?

Mr. Sinville: We charge the same for everybody.

Ordered to third reading.

SB 185

relative to unclaimed shares in estates of less than twenty-five dollars.

Ought to pass.

Sen. Leonard, for Committee on Judiciary.

SEN. KOROMILAS: At the present time, if there are unclaimed shares in estates, if over \$1.00, the administrator or the fiduciary has to send it to the Treasurer because it is unclaimed. This bill would increase that figure to \$25.00. In other words, if someone were not there to claim or did not want the money, it would not have to be sent to the State Treasurer. If a person could not be found, then it would be distributed between the heirs and legatees. At the present time, \$1.00 or more has to be sent to the Treasurer and it has to sit there until claimed. This takes the administrator or fiduciary off the hook.

Ordered to third reading.

SB 187

relative to the establishment of the office of Public Defender in certain counties.

Ought to pass.

Sen. Leonard, for Committee on Judiciary.

SEN. RILEY: SB 187 provides that the superior court, acting as a court, can appoint qualified members of the Bar to serve as Public Defenders in certain or adjacent counties. Sen. Leonard feels that this is a much better system. Now, an indigent person may have to wait some time. These people are appointed only for a short time before going into court. This is a system that has been used in California and many other states. Once the court decides, the qualified member of the Bar would serve from January 1 to the following biennium election. His salary would be fixed by the superior court, acting as a court, thereafter it would be set by the General Court, the same as other court salaries are fixed.

Ordered to third reading.

HB 199

relating to public utility service by foreign corporations.

Ought to pass.

Sen. Leonard, for Committee on Judiciary.

SEN. CHANDLER: HB 199 is a bill relative to out of State public utilities — it would allow them to serve certain customers in New Hampshire that are near the borderline of the State, with approval of the PUC. They are serving these customers now, but in order to do so they must incorporate in New Hampshire for these few customers that they are serving in adjacent states. The PUC must approve it.

Ordered to third reading.

HB 281

relative to fees in connection with arrests in tax cases.

Ought to pass.

Sen. Leonard, for Committee on Judiciary.

SEN. CHANDLER: HB 281 is a very short bill which simply sets the fees that are paid to the arresting officer who arrest anyone on a tax case. It also provides mileage to and from place of arrest. It provides \$4 and 10c per mile, and \$1.00 for copy of the writ.

Ordered to third reading.

HB 287

to clarify certain statutes relating to the Department of Safety.

Ought to pass.

Sen. Leonard, for Committee on Judiciary.

SEN. FOLEY: HB 287 is merely a housekeeping bill. Ray Laraba, Secretary of the Judicial Council was the only one who spoke for the bill and he explained that if this passes, this would make all statutes apply all the way.

Ordered to third reading.

HB 374

relative to records in district and municipal courts.

Ought to pass.

Sen. Leonard, for Committee on Judiciary.

SEN. KOROMILAS: HB 374 concerns the right of the defendant to have minutes taken at a District or Municipal court level, to have his secretary here and take the minutes at his expense. Some Judges at the present time, allow it and some do not allow it. This bill would allow the defendant to have a secretary take the minutes of the hearing.

HB 629

to provide for the taxation of retail sale and use of property. Rep. Cullity for Ways and Means. Inexpedient to legislate.

Rep. Alice Davis moved that the words, ought to pass, be substituted for the words, inexpedient to legislate, and spoke in favor of the motion.

Rep. Angus spoke against the motion.

Motion lost by vv.

Resolution of the committee adopted by vv.

HB 649

repealing certain taxes and providing for additional revenues of the state, including a retail sales and use tax. Rep. Maloomian for Ways and Means. Inexpedient to legislate.

Rep. Angus spoke in favor of the resolution.

Rep. Chris Andersen moved that HB 649 be laid upon the table.

Motion lost by vv.

Resolution of the committee adopted.

COMMITTEE OF CONFERENCE REPORT

The Committee of Conference to whom was referred House Bill No. 210, An Act providing for salaries for sheriff and deputy sheriffs of Rockingham County, having been unable to agree, recommend that the committee be discharged and a new Conference Committee appointed.

Thomas Waterhouse, Jr.
Calvin J. Langford
conferees on the part of the Senate

Charles H. Gay
Roy Morrill
William Keefe
conferees on the part of the House

Report was adopted and the Chair appointed Reps. Spollett, Sewall and Morrill as conferees on the part of the House.

SENATE MESSAGES

The Senate has voted to concur with the House of Representatives in its amendments to the following Bill:

SB 153

to authorize a cooperative bank or building and loan association to pay charges against real estate on which it holds a mortgage.

* * *

The Senate has voted to concur with the House of Representatives in the passage of the following concurrent resolution:

HCR 11

relative to the enforcement of law and order.

* * *

The Senate has voted to concur with the House of Representatives in the passage of the following entitled bills sent up from the House of Representatives:

HB 104

to repeal a duplication of a statute relating to sale of liquor in first class restaurants on Sunday.

HB 199

relating to public utility service by foreign corporations.

HB 281

relative to fees in connection with arrests in tax cases.

HB 287

to clarify certain statutes relating to the department of safety.

HB 374

relative to records in district and municipal courts.

HB 385

restricting the use of seines, nets and weirs for the taking of alewives.

HB 511

increasing the authorized debt limit of Plymouth School District.

CHAPTER 179.

ACTIVE TO PARTIAL PAYMENT IN REDEMPTION OF REAL ESTATE
SOLD FOR TAXES.

*Enacted by the Senate and House of Representatives in General
Court convened:*

Procedure for Handling Partial Payments. Amend RSA 80:33-a as inserted by 1965, 18:1 by striking out said section and in place thereof the following: **80:33-a Partial Payments in Redemption.** Any person interested in real estate so sold may make payments in redemption in sums of five dollars or multiples thereof. The collector of taxes who shall receive the same and give a receipt therefor. The collector shall pay over such sums to the town treasurer. If the redemption is not made before a deed of the real estate is recorded, the purchaser, the collector of taxes shall within ten days after the recording of the deed make such partial payments or his heirs or assigns the selectmen shall promptly issue such order. If the order is not issued within thirty days of the time the collector directs that the sum to be refunded shall draw interest at the rate of six per cent per annum from the date the sum was directed to be paid until payment.

Effective Date. This act shall take effect sixty days after its passage.

[Approved June 9, 1967.]

[Effective date August 8, 1967.]

CHAPTER 180.

ACT RELATING TO THE PERIOD FOR APPLICATION TO THE SELECTMEN OR
ASSASSINATORS FOR AN ABATEMENT OF A TAX TO FOUR MONTHS.

*Enacted by the Senate and House of Representatives in General
Court convened:*

Abatement of Taxes. Amend RSA 76:16 by striking out the section and in its place the following: **76:16 By Selectmen or Assessors.** Any person aggrieved by a tax and who has complied with the requirements of the law within four months after notice of the tax, and not after the expiration of the period of time for writing to the selectmen or assessors for an abatement

180:2 Effective Date. This act shall take effect sixty days after its passage.

[Approved June 9, 1967.]

[Effective date August 8, 1967.]

CHAPTER 181.

AN ACT RELATING TO PUBLIC UTILITY SERVICE BY FOREIGN CORPORATIONS.

*Be it Enacted by the Senate and House of Representatives in General
Court convened:*

181:1 Foreign Corporations; Public Utility Service. Amend RSA 374:24 by striking out in lines one and two the words "the preceding section" and inserting in place thereof the words and figure (under section 22) and by adding at the end of said section the words (Corporations which are public utilities organized under the laws of another state and which furnish utility service in towns outside the state may furnish utility service to New Hampshire towns adjacent to the state boundaries when such service is found by the public utilities commission to be in the public interest) so that said section as amended shall read as follows: **374:24 Foreign Corporation.** No permission under section 22 shall be granted to any corporation not organized under the laws of this state, and no authority to transfer or lease the franchises, works or system, or any part of the franchises, works or system of any public utility in this state to any such corporation shall be granted under section 30. Corporations which are public utilities organized under the laws of another state and which furnish utility service in towns outside the state may furnish utility service to New Hampshire towns adjacent to the state boundaries when such service is found by the public utilities commission to be in the public interest.

181:2 Effective Date. This act shall take effect sixty days after its passage.

[Approved June 9, 1967.]

[Effective date August 8, 1967.]

CHAPTER 182.

AN ACT TO CLARIFY CERTAIN STATUTES RELATING TO THE DEPARTMENT
OF SAFETY.

*Be it Enacted by the Senate and House of Representatives in General
Court convened:*