

STATE OF NEW HAMPSHIRE

before the

PUBLIC UTILITIES COMMISSION

Notice of Intent to File Rate Schedules

Dockham Shores Estates Water Company, Inc.

Docket No. DW 12-355

STIPULATION AGREEMENT

ORIGINAL
N.H.P.U.C. Docket No. <u>DW 12-355</u>
EXHIBIT No. <u>#2</u>
Witnesses <u>Panel 1</u>
DO NOT REMOVE FROM FILE

I. PARTIES AND SCOPE OF STIPULATION

A. This stipulation agreement relating to Dockham Shores Estates Water Company, Inc.'s (Dockham Shores) permanent rate filing is entered into this 12th day of August, 2013, by and among Staff of the New Hampshire Public Utilities Commission (Staff), and Dockham Shores (jointly, Settling Parties) representing all of the full participants in this docket.

B. This stipulation constitutes the Settling Parties' recommendation to the Commission with respect to this docket.

C. The Settling Parties agree that the terms of the stipulation are intended to resolve the issues specified herein only. The stipulation shall not be deemed an admission by the Settling Parties that any allegation or contention in this proceeding, other than those specifically agreed to herein, is true and valid. This stipulation shall not be deemed to foreclose the Staff, or other parties from taking any position in any future proceeding.

D. The Settling Parties agree and recommend that the stipulation and attachments be admitted as full exhibits and given whatever weight the Commission deems appropriate.

II. STIPULATION TERMS

A. Revenue Requirement; Rate Base; Rate of Return

The Settling Parties agree and recommend the Commission approve an increase in Dockham Shores' revenue requirement by \$22,563, or 122.10%, to an annual revenue requirement of \$41,042 based on a total test year rate base of \$66,877, total operating expenses of \$34,622, and an overall rate of return of 9.60% yielding an operating income requirement of \$6,420. See Attachment A.

B. Customer Rate Impact

Dockham Shores provides metered service; it bills its 60 customers on a quarterly basis. The Settling Parties propose no changes to Dockham Shores' rate design. The Settling Parties agree and recommend the new revenue requirement be distributed among the residential customers equally, at 122.10%. The resulting quarterly customer charge rate will be \$41.27 with a usage rate of \$1.0501. This is a \$22.69 increase from the existing quarterly customer charge rate of \$18.58 and a \$0.5773 increase from the existing usage rate of \$0.4728. The Report of Proposed Rate Changes is further detailed on Schedule 4 of Attachment A to this stipulation.

C. Tariff Revisions

The Settling Parties recommend the Commission approve the attached Tariff, NHPUC No. 2 – Water, Superseding NHPUC No. 1 – Water, as presented by the Company.

D. Uniform System of Accounts

Dockham Shores agrees to conform to the prescribed Uniform System of Accounts for Water Utilities pursuant to Puc Rule 607.07.

1. Records

Dockham Shores agrees, for its fiscal year beginning January 1, 2013, to maintain its books of account on an accrual basis pursuant to the Uniform System of Accounts prescribed in Puc Rule 607.07.

2. General Numbering

Dockham Shores agrees, for its fiscal year beginning January 1, 2013, to conform to the General Numbering system pursuant to the Uniform System of Accounts prescribed in Puc Rule 607.07.

3. Continuing Property Records

Dockham Shores agrees to re-create a comprehensive set of Continuing Property Records in accordance with Puc Rule 607.08. Dockham Shores agrees to submit to Staff its completed Continuing Property Records no later than December 1, 2013.

E. Rate Case Expenses

Dockham Shores agrees to file within fifteen days from the date of a final order in this docket documentation of its rate case expenses as well as a proposed surcharge to recover those expenses. As of the date of this agreement, the Settling Parties estimate that the Rate Case Expense will be \$9,000.00.

F. Effective Date

The Settling Parties recommend the proposed revenue requirement and rates be effective for service rendered on and after July 1, 2013.

III. MISCELLANEOUS

A. The Settling Parties agree that this stipulation may be executed in multiple counterparts, which together shall constitute one stipulation.

B. The Settling Parties agree that the Commission's acceptance of the stipulation does not constitute continuing approval or, or precedent for, any particular issue in this proceeding other than those specified herein.

IN WITNESS WHEREFORE, the signatories below have executed this stipulation, each being fully authorized to do so, as of the day indicated below.

DOCKHAM SHORES ESTATES WATER
COMPANY, INC.

Date: August 9, 2013

By: Colin F. Robertson
Colin Robertson, President

STAFF OF THE NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION
By its Attorney,

Date: August 12, 2013

By: Marcia A. Brown
Marcia A. Brown, Esq.

DW 12-355
DOCKHAM SHORES ESTATES WATER COMPANY
REVENUE REQUIREMENT

	Pro-forma Test Year 12/31/11
Average Rate Base per Staff (Schedule 2)	\$ 66,877
Rate of Return (Schedule 1a)	<u>9.60%</u>
Operating Income Required	6,420
Adjusted Net Operating Income per Staff (Schedule 3)	<u>(16,143)</u>
Revenue Deficiency / (Surplus) Before Income Taxes	22,563
Divided by Tax Factor	<u>100.00%</u>
Revenue Deficiency / (Surplus)	22,563
Pro-forma Test Year Water Sales	<u>18,479</u>
Annual Water Sales Proposed per Staff	41,042
Less: Test Year Water Sales	<u>(18,479)</u>
Proposed Increase / (Decrease) in Water Sales Revenue	22,563
Percent Increase / (Decrease) in Water Sales Revenue	122.10%

DW 12-355
DOCKHAM SHORES ESTATES WATER COMPANY
WEIGHTED AVERAGE COST OF CAPITAL

Item	Year End 12/31/11	Adjustments per Company	Adjustments per Staff	Adjusted 12/31/11	Percent	Cost Rate	Weighted Average Cost
Common Equity							
Common Stock	\$ 2,187	\$ -	\$ -	\$ 2,187	2.28%		
Add'l Paid In Capital	89,421	-	-	89,421	93.13%		
Retained Earnings	4,408	-	-	4,408	4.59%		
SubTotal	96,016	-	-	96,016	100.00%	9.60%	9.60%
Preferred Stock Equity							
Preferred Stock	-	-	-	-	0.00%	0.00%	0.00%
Long Term Debt	-	-	-	-	0.00%	0.00%	0.00%
Short Term Debt	-	-	-	-	0.00%	0.00%	0.00%
Total Capital	\$ 96,016	\$ -	\$ -	\$ 96,016	100.00%	9.60%	9.60%

**DW 12-355
DOCKHAM SHORES ESTATES WATER COMPANY
EFFECTIVE TAX FACTOR**

Taxable Income	100.00%
Less: NH Business Profits Tax	<u>0.00%</u>
Federal Taxable Income	100.00%
Federal Income Tax Rate	<u>0.00%</u>
Effective Federal Income Tax Rate	0.00%
Add: NH Business Profits Tax	<u>0.00%</u>
Effective Tax Rate	<u><u>0.00%</u></u>
Percent of Income Available if No Tax	100.00%
Effective Tax Rate	<u>0.00%</u>
Percent Used as a Divisor in Determining the Revenue Requirement	<u><u>100.00%</u></u>
Tax Multiplier	<u><u>0.00000</u></u>

DW 12-355
DOCKHAM SHORES ESTATES WATER COMPANY
RATE BASE

	Year End Average Per Company	Pro-forma Adjustments Per Company	Pro-forma Rate Base Per Company	Staff Adjustments	Adj #	Pro-forma Rate Base Per Staff
<u>Plant in Service</u>						
Plant in Service	169,962	7,550	177,512	(26,668)	1-2, A	150,844
Less: Accum Deprec & Amort	72,096	-	72,096	20,791	3-7	92,887
Net Plant in Service	97,866	7,550	105,416	(47,459)		57,957
Net Contribution in Aid of Construction	(2,713)	-	(2,713)	-		(2,713)
Net Plant in Rate Base	95,153	7,550	102,703	(47,459)		55,244
<u>Working Capital</u>						
Cash Working Capital	6,378	-	6,378	(818)	8	5,560
Materials & Supplies	-	-	-	-		-
Deferred Charges	-	-	-	5,886	9	5,886
Prepaid Expenses	-	-	-	187	10	187
Accumulated Deferred Income Taxes	-	-	-			-
Total Working Capital in Rate Base	6,378	-	6,378	5,255		11,633
Total Average Rate Base	101,531	7,550	109,081	(42,204)		66,877

DW 12-355
DOCKHAM SHORES ESTATES WATER COMPANY
PRO-FORMA ADJUSTMENTS TO INCOME STATEMENT

Adj #

Pro-forma Adjustments to Plant-in-Service:

1	Remove unsupported Plant Additions from test-year. Wells: \$4,040, Pumps: \$21,500 (Support provided)	\$ -
2	Audit Issue #6: Pump should have been retired in 2011, not recorded until 2012. The pump was fully depreciated. See adjustment #5.	\$ (22,212)
A	Remove interest paid on 2011 Plant Additions.	\$ (4,456)
TOTAL PLANT-IN-SERVICE PRO-FORMA ADJUSTMENTS:		\$ (26,668)

Pro-forma Adjustments to Accumulated Depreciation:

3	Depreciation Expense related to test-year additions. First year of depreciation should have been at half-year.										
		<table border="0" style="margin-left: auto; margin-right: auto;"> <tr> <td></td> <td style="text-align: center; border-bottom: 1px solid black;">Half Year</td> </tr> <tr> <td>Security Alarm: (\$1,200 x 9.0%)/2 =</td> <td style="text-align: center;">54</td> </tr> <tr> <td>Purification System: (\$6,350 x 3.6%)/2 =</td> <td style="text-align: center;">114</td> </tr> <tr> <td></td> <td style="text-align: center; border-top: 1px solid black; border-bottom: 1px solid black;">168</td> </tr> </table>		Half Year	Security Alarm: (\$1,200 x 9.0%)/2 =	54	Purification System: (\$6,350 x 3.6%)/2 =	114		168	\$ 168
	Half Year										
Security Alarm: (\$1,200 x 9.0%)/2 =	54										
Purification System: (\$6,350 x 3.6%)/2 =	114										
	168										
4	Depreciation related to unsupported test year additions. (Support provided)										
		<table border="0" style="margin-left: auto; margin-right: auto;"> <tr> <td></td> <td style="text-align: center; border-bottom: 1px solid black;">Full Year Reported</td> </tr> <tr> <td>Wells 2011: \$4,040 x 2.0% =</td> <td style="text-align: center;">81</td> </tr> <tr> <td>Pumps 2011: \$21,500 x 10.0% =</td> <td style="text-align: center;">2,150</td> </tr> <tr> <td></td> <td style="text-align: center; border-top: 1px solid black; border-bottom: 1px solid black;">2,231</td> </tr> </table>		Full Year Reported	Wells 2011: \$4,040 x 2.0% =	81	Pumps 2011: \$21,500 x 10.0% =	2,150		2,231	\$ -
	Full Year Reported										
Wells 2011: \$4,040 x 2.0% =	81										
Pumps 2011: \$21,500 x 10.0% =	2,150										
	2,231										
5	Audit Issue #6: Pump should have been retired in 2011, not recorded until 2012. The pump was fully depreciated. See adjustment #2.		\$ 22,212								
6	Depreciation Expense related to 2001 addition, the final year of depreciation should have been depreciated at half-year. Per the 2011 Annual Report, depreciation on 2001 Addition was calculated for a full-year instead of a half-year:										
		<table border="0" style="margin-left: auto; margin-right: auto;"> <tr> <td></td> <td style="text-align: center; border-bottom: 1px solid black;">Full Year</td> <td style="text-align: center; border-bottom: 1px solid black;">Half Year</td> </tr> <tr> <td>Pumps 2001: \$2,349 x 10.0% =</td> <td style="text-align: center;">235</td> <td style="text-align: center;">117</td> </tr> </table>		Full Year	Half Year	Pumps 2001: \$2,349 x 10.0% =	235	117	\$ (118)		
	Full Year	Half Year									
Pumps 2001: \$2,349 x 10.0% =	235	117									

7	Hydrofracking costs related to unproductive well should have been booked as a deferred debit and amortized, rather than expensed. Adjustment equals full year for proforma.	
	Hydrofracking costs: $\$7,357 / 5 = 1,471$	\$ (1,471)
	TOTAL ACCUMULATED DEPRECIATION PRO-FORMAS:	<u>\$ 20,791</u>
	<u>Pro-forma adjustment to Working Capital:</u>	
8	Working Capital adjustment required per Schedule 2b	\$ (818)
	<u>Pro-forma adjustment to Deferred Charges:</u>	
9	Hydrofracking costs related to unproductive well should have been booked as a deferred debit and amortized, rather than expensed. Hydrofracking costs: $\$7,357 - 1,471 = \$5,886$	\$ 5,886
	<u>Pro-forma adjustment to Prepaid Expenses:</u>	
10	Property Taxes for the second billing of 2011 were \$373. This billing period covered October 2011 - March 2012. Three months should be recorded as Prepaid Expense. $\$373 / 6 = 62 \quad 62 * 3 = \187	\$ 187

DW 12-355
DOCKHAM SHORES ESTATES WATER COMPANY
WORKING CAPITAL COMPUTATION

Total Proformed O & M Expenses (Schedule 3)	27,058
Cash Working Capital Percentage ($90 / 2 = 45 + 30 = 75 / 365$)	20.55%
Working Capital Required	<u>5,560</u>
Working Capital Proforma proposed by Company:	<u>6,378</u>
Staff Proforma Adjustment Proposed:	(818)

DW 12-355
DOCKHAM SHORES ESTATES WATER COMPANY
INCOME STATEMENT

	12 Months Ending 12/31/11	Pro-forma Adjustments Per Company	Adjusted Test Year Per Company	Staff Adjustments	Adj #	Adjusted Test Year Per Staff	Revenue Deficiency/ (Surplus)	Revenue Requirement
Operating Revenues	18,479	-	18,479	-		18,479	22,563	41,042
Operating Expenses								
Operating & Maintenance Expense	21,862	1,741	23,603	3,455	10-13, B-C	27,058		27,058
Depreciation Expense	4,855	-	4,855	(344)	14-16, D	4,511		4,511
Amortization of CIAC	(104)	-	(104)	-		(104)		(104)
Amort of Plant Acquisition Adj	-	-	-	-		-		-
Amort Expense - Other	-	-	-	1,471	17	1,471		1,471
Taxes Other Than Income	2,012	-	2,012	(326)	18-20	1,686		1,686
Total Operating Expenses	28,624	1,741	30,365	4,256		34,622	-	34,622
Net Operating Income (Loss) Before Taxes	(10,145)	(1,741)	(11,886)	(4,256)		(16,143)	22,563	6,420
Income Taxes	-	-	-	-		-	-	-
Net Operating Income (Loss)	<u>\$ (10,145)</u>	<u>\$ (1,741)</u>	<u>\$ (11,886)</u>	<u>\$ (4,256)</u>		<u>\$ (16,143)</u>	<u>\$ 22,563</u>	<u>\$ 6,420</u>

DW 12-355
DOCKHAM SHORES ESTATES WATER COMPANY
PRO-FORMA ADJUSTMENTS TO INCOME STATEMENT

Adj #**Pro-forma Adjustments to Operating & Maintenance Expenses:**

10	Hydrofracking costs related to unproductive well should have been booked as a deferred debit and amortized, rather than expensed.	\$ (7,357)
11	Audit Issue #12: Eliminate sampling costs unrelated to test-year.	(850)
12	Audit Issue #14: To reclassify PUC Assessment to Regulatory Commission Expense, Account #928.	\$ 86
13	Audit Issue #14: To reclassify Franchise Tax to Franchise Fees Expense Expense, Account #927.	\$ 100
B	Insurance Expense not included in Test Year (Holbrook Insurance quote)	\$ 4,976
C	Management Fee Expense not included in Test Year Calc: 5 days a wk x 52 wks = 260 hrs x \$25/hr =	\$ 6,500
TOTAL PRO-FORMA ADJUSTMENTS TO O&M EXPENSES:		<u>\$ 3,455</u>

Pro-forma Adjustments to Depreciation Expenses:

14	Depreciation Expense related to test-year additions.		
		<u>Full Year</u>	
	Security Alarm: \$1,200 x 9.0%	108	
	Purification System: \$6,350 x 3.6%	229	
		<u>337</u>	\$ 337
15	Depreciation expense related to unsupported asset additions. (Support provided)		
		<u>Full Year</u>	
	Wells 2011: \$4,040 x 2.0% =	81	
	Pumps 2011: \$21,500 x 10.0% =	2,150	
		<u>2,231</u>	\$ -
16	Depreciation Expense related to 2001 addition that is fully depreciated. Pumps 2001: \$2,349 x 10.0% = 235		\$ (235)
D	Depreciation expense related to interest expense which should not have been included in 2011 Plant Additions:		
		<u>Full Year</u>	
	Pumps 2011: \$4,456 x 10.0% =	446	\$ (446)
TOTAL PROFORMA ADJUSTMENTS TO DEPRECIATION EXPENSE:			<u>\$ (344)</u>

Pro-forma Adjustments to Amortization Expenses:

- 17 Hydrofracking costs related to unproductive well should have been booked as a deferred debit and amortized rather than expensed. Adjustment equals full year for proforma. See adjustment #10.

Hydrofracking costs: $\$7,357 / 5 = 1,471$ \$ 1,471

Pro-forma Adjustments to Taxes Other Than Income:

18	To eliminate interest and fees paid to Town of Gilford, not recoverable.	\$ (140)
19	Audit Issue #14: To reclassify PUC Assessment to Expense	\$ (86)
20	Audit Issue #14: To reclassify Franchise Tax to Expense	\$ (100)
TOTAL PROFORMA ADJUSTMENTS TO TAXES OTHER THAN INCOME		<u>\$ (326)</u>

DW 12-355
DOCKHAM SHORES ESTATES WATER COMPANY
STAFF PRO-FORMA ADJUSTMENTS TO PERMANENT RATE INCOME TAXES

NO ADJUSTMENT TO INCOME TAX - "S" CORPORATION

INCOME TAXES

Summary of Staff Pro-forma Adjustments to Operating Revenues and Expenses			
Total Proforma Adjustments to Operation & Maintenance Expense	\$	-	
Total Proforma Adjustments to Depreciation Expense		-	
Total Proforma Adjustments to Amortization of CIAC		-	
Total Proforma Adjustments to Amort of Plant Acquisition Adj		-	
Total Proforma Adjustments to Amortization Expense - Other		-	
Total Proforma Adjustments to Taxes Other Than Income		-	-
Pro-forma Net Operating Income/(Loss) after Staff Adjustments and before Income Taxes			-
Less: Pro-forma Interest Expense			-
Pro-forma Net Income/(Loss) before Income Taxes	\$	-	
New Hampshire Business Profits Tax @ 8.5%			\$ -
Pro-forma Income/(Loss) Subject to Federal Income Tax	\$	-	
Federal Income Tax @ 15.0%			-
Total Pro-forma Income Tax Expense			-
Less: Income Tax Expense before Staff Pro-forma Adjustments			-
Staff's Pro-forma Adjustment to Income Tax Expense			\$ -

**DW 12-355
DOCKHAM SHORES ESTATES WATER COMPANY
REPORT OF PROPOSED RATE CHANGES PER SETTLEMENT**

<u>Service Class</u>	<u>Proposed Revenue Increase</u>	<u>Number of Customers</u>	<u>Present Revenue Requirement</u>	<u>Proposed Revenue Requirement</u>	<u>Proposed Change in Revenue</u>	<u>Proposed Percentage Change</u>
Residential	\$ 22,563	60	\$ 18,479	\$ 41,042	\$ 22,563	122.10%
Other	-	-	-	-	-	N/A
Total	<u>\$ 22,563</u>	<u>60</u>	<u>\$ 18,479</u>	<u>\$ 41,042</u>	<u>\$ 22,563</u>	<u>122.10%</u>
Quarterly Customer Rate:			<u>\$ 77.00</u>	<u>\$ 171.01</u>	<u>\$ 94.01</u>	<u>122.10%</u>

NHPUC No. 2 - Water

Superceding NHPUC No. 1 - Water

DOCKHAM SHORES ESTATES WATER COMPANY, INC.

TARIFF

for

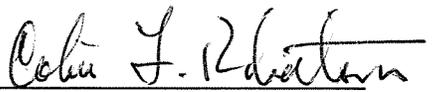
WATER SERVICE

in

THE STATE OF NEW HAMPSHIRE

Issued: February 11, 2013

Issued by:



Colin F. Robertson
President

Effective: March 13, 2013

Title:

Authorized by NHPUC Order No. _____ in Docket No. _____, dated _____

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Issued: February 11, 2013
Effective: March 13, 2013
Authorized by NHPUC Order No. ____ in Docket No. ____, dated ____

Issued by: Colin F. Robertson
Title: President

SERVICE AREA

The territory authorized to be served by the Dockham Shores Estates Water Company, Inc. (hereinafter referred to as the "Company") and to which this tariff applies is as follows:

A limited area in the Town of Gilford as shown on a map filed separately with the Commission and incorporated in this tariff by reference.

Issued: February 11, 2013
Effective: March 13, 2013
Authorized by NHPUC Order No. ____ in Docket No. ____, dated ____

Issued by: Colin F. Robertson
Title: President

DOCKHAM SHORES ESTATES WATER COMPANY, INC.

TERMS AND CONDITIONS

1. Application for Service. Applications for water service shall comply with this section.
 - a. By Whom Made. Application for water service may be made either by the owner or tenant of the premises. If made by the tenant, the application shall be countersigned by the owner. The rendering of service by the Company and its use by the consumer shall be deemed a contract between the Company and the owner of the premises and consumer subject to all provisions of the tariff.
 - b. Service Pipe. If the rendering of service requires a new service pipe, the application must contain an authorization to the Company to enter the premises and do the necessary work.

Issued: February 11, 2013

Effective: March 13, 2013

Authorized by NHPUC Order No. ____ in Docket No. ____, dated ____

Issued by: Colin F. Robertson

Title: President

TERMS AND CONDITIONS

2. Service Pipe. Service pipes shall comply with this section.
 - a. Location. A service pipe shall be connected only to a main in the highway which is the legal address of the premises served.
 - b. Installation, Ownership and Maintenance. All service pipes within the limits of the highway, and the shut-off, wherever located, shall be installed, owned and maintained by the Company. From the limits of the highway to the premises served the service pipe shall be installed, owned and maintained by the owner. Such installations shall be in a manner approved by the Company, and, for all future services, the pipe shall not be less than 3/4" inside diameter. On future installations, or re-installations, of service lines, only one customer will be supplied through one service pipe.
 - c. Joint Use of Trench. No service pipe shall be laid in the same trench with gas pipe, sewer pipe or any other facility of a utility. No service pipe shall be laid within three (3) feet of any open excavation or vault.
 - d. Temporary Service Connection. Temporary service is one installed to any building or trailer not placed on a permanent foundation, or to a garden or for other temporary use. The whole cost of installation from the nearest available main, and maintenance, shall be at the customer's expense.

TERMS AND CONDITIONS

- e. Stop and Waste Cock. Every service must be provided with a stop and waste cock easily accessible and located inside the building near the service entrance. All piping shall be below frost level or otherwise protected from freezing and shall be so arranged as to permit draining whenever necessary.
 - f. Thawing. When it becomes necessary to thaw a frozen service pipe and it cannot be determined where it is frozen, and the Company at the customer's request undertakes to thaw the same, one-half of the cost thereof shall be paid by the customer.
3. Winter Construction. No new service pipes will be installed during winter conditions, or when frost is in the ground, unless the customer shall pay all extra expense occasioned by such installation.
4. Maintenance of Plumbing. Customers shall maintain the plumbing and fixtures within their own premises in good repair, free from leaks and protected from freezing, at their own expense. Any relocation of the service pipe on customer's premises for any reason, including, but not limited to, change in grade, relocation of grade or otherwise, shall be at the customer's expense, and in no event shall the Company be responsible for any damage done by water escaping therefrom.
5. Meters.
- a. Use of Meters. All water service shall be metered.
 - b. Size of Meter. The size of the meter will be determined by the Company.

Issued: February 11, 2013
Effective: March 13, 2013
Authorized by NHPUC Order No. ____ in Docket No. ____, dated ____

Issued by: Colin F. Robertson
Title: President

TERMS AND CONDITIONS

- c. Meter Setting. The customer shall provide a clean, dry, warm and accessible place for the installation of the meter, as nearly as possible at the point of entrance of the service pipe to the building. Except as provided in the next sentence, the cost of the meter and installation shall be borne by the Company. Notwithstanding the immediately preceding sentence, the customer shall pay:
- (1) for the excess of cost of the acquisition and installation of a meter, both labor and material, over the cost of a meter that the Company determines should be used in the particular application; and
 - (2) for piping and fittings in excess of normal requirements.
- A meter, once set, will be relocated only at the customer's expense.
- d. Meter Boxes. When the customer fails to furnish a suitable location for a meter inside the customer's building, or where for other reasons it is necessary or expedient to locate the meter in an underground box or vault, the customer shall pay for the excess of cost of the acquisition and installation of such box or vault and meter, both labor and material, over the cost of the acquisition and installation of a meter inside the customer's building. Any relocation of such underground box or vault shall be at the customer's expense.

TERMS AND CONDITIONS

- e. Repairs. Meter repairs or replacements necessitated by ordinary wear will be paid for by the Company; those caused by freezing, hot water or by fault of the customer shall be paid for by the customer.
 - f. Auxiliary Meters. If additional or auxiliary meters are desired by the customer for showing sub-division of the supply, they shall be furnished, installed and maintained at the customer's expense.
 - g. Non-Registering Meters. If a meter is found which does not register, the bill for the period of non-registration will be based upon information recorded prior to or subsequent to the period of non-registration, and any other pertinent information supplied by the customer or known to the Company.
 - h. Testing. Meters will be tested in accordance with the requirements of the meter testing rules of the NH Public Utilities Commission. If a customer requests the testing of a meter, and, upon such test, the accuracy of the meter is within the then tolerance prescribed by the NH Public Utilities Commission, the customer shall pay the cost of such testing.
6. Hot Water Tanks. All customers having direct pressure hot water tanks or appliances must place proper automatic vacuum and relief valves in the pipe system to prevent any damage to such tanks or appliances should it become necessary to shut off the water on the street mains or service pipe. Service will

TERMS AND CONDITIONS

be provided to such direct pressure installations only at the customer's risk and in no case will the Company be liable for any damage occasioned thereby.

7. Restricted Use of Water. When necessary to conserve supply, the Company may, upon compliance with the rules of the NH Public Utilities Commission, restrict use and prohibit use for non-essential purposes.
8. Cross-Connections. No cross connection between the public water system and any non-potable supply will be allowed. No connection capable of causing back flow between the public water supply system and any plumbing fixtures, device or appliance, or between any waste outlet or pipe having direct connection to waste drains will be permitted. In the event a connection is deemed incapable of causing back flow between the public water supply system and any plumbing fixtures, device or appliance, or between any waste outlet or pipe having direct connection to waste drains because of one or more devices, such devices shall be tested as frequently as the Company deems prudent, but not less frequently than semiannually. The customer shall pay the Company a testing charge of One Hundred Fifty Dollars (\$150.00) for each such test of each such device.
9. Tampering. All gates, valves, shut-offs and standpipes which are the property of the Company shall not be opened or closed or tampered with in any way by any person other than an authorized representative of the Company.

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10. Company Liability.

- a. The Company will not be responsible for any damage caused by shut offs in the mains or service pipes because of shortage of supply, repairs, construction or for reasons beyond the control of the Company.
- b. The Company will not be responsible for damage caused by dirty water which may be occasioned by periodic cleaning of pipes, reservoirs or standpipes, or the opening or closing of any gates, valves or hydrants, or cause beyond the control of the Company.

11. Public Hydrants. Hydrants may not be used for any purpose other than the extinguishment of fires and for such other purposes as may be mutually agreed to by the Company and the municipality. In no case shall hydrants be opened by any person other than duly authorized representative of the Company or of the municipality.

12. Private Fire Protection. An application for private fire service must be accompanied by a plan of the proposed piping system, together with a statement telling for what other purpose the system might be used. All water supplied through fire service pipes may, at the option of the Company, be metered and special measuring or detecting devices may be installed, and all such meters and devices shall be approved, furnished and set by the Company at the customer's expense. Where a standpipe, reservoir, tank or cistern is used it shall be constructed so as to shield and protect the water from all possible contamination and in a manner satisfactory to the Company. In the

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construction of standpipes, reservoirs, tanks and cisterns, provision shall be made for means of easy access to their interiors by agents of the Company for the purpose of inspection and to permit cleaning as required by the Company; also, a draw-off pipe shall be fitted for the purpose of drawing off all water periodically for inspection and such draw-off pipe shall not be connected with a sewer or drain in any way that would permit pollution of water.

13. Payment for Service.

- a. Bills. Bills for water service will be rendered periodically in accordance with the "Terms of Payment" specified in the applicable rate schedule and are due and payable (herein referred to as the "Due Date") at the office of the Company twenty-five (25) days after the date of mailing.
- b. Deposits. The Company may require a deposit for new and for continued service. The amount of the deposit shall be equal to two thirds of the charge for the highest use quarter. The receipt of a deposit by the Company shall neither constitute relief from the obligation to timely pay bills nor constitute a waiver or modification of the practices of the Company related to disconnection for violations of this tariff, including for non-payment of monies due the Company. So long as it is in force and effect, the administration of such deposits shall be in accordance with the limits and procedures specified in NHCAR Puc 1203.03, as amended.

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- c. Premises Payment Charge. When the Company sends a representative to the premises for the purpose of disconnecting the service, and complete or partial payment of the past due amount is tendered to prevent disconnection, the Company shall also recover a charge for accepting such payment equal to the greater of Fifty Dollars (\$50.00) or the actual cost to the Company for: (a) the performance by the Company of all actions required of the Company by NHCAR Puc 1203.11, as amended, and (b) the round trip to the premises, including mileage and compensation of personnel. Nothing contained in this subparagraph (c) shall entitle any customer to avoid disconnection by partial payment of a past due bill not authorized by other provisions of law or this tariff.
- d. Late Charge. In the event the Company does not receive payment for a bill by the Due Date, in addition to all other remedies, the Company shall recover a late charge equal to one and one-half percent (1 ½ %) per month, or portion thereof, that the bill remains unpaid after the Due Date.
- e. Returned Checks. In the event a check or draft presented for payment is dishonored by the institution upon which it is drawn, in addition to all other remedies, the Company shall recover a returned check charge equal to the greater of Twenty-five Dollars (\$25.00) or the actual charges imposed upon the Company by the involved institutions for the returned instrument.

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- f. Collection Costs. In the event a customer shall violate, or be responsible for the violation of, any of the provisions of this tariff, including, but not limited to, the failure to pay any charge when due, the customer shall, in addition to all other remedies, pay the Company all of its costs incurred in the enforcement of this tariff or the collection of such charges, including, but not limited to, its reasonable attorneys fees.
 - g. Application of Receipts. In the absence of a written agreement to the contrary, all monies received by the Company from or on behalf of a consumer shall first be applied to late charges, returned check charges, premises payment charges, then to charges other than for service (e.g. connection charge), then to the cost of collection upon default (including reasonable attorneys fees), then to charges for service, each category in chronological order, oldest to newest.
14. Disconnection of Service. Service may be disconnected by the Company upon the request of the customer. Also, in addition to all other remedies available to the Company, service may be disconnected for any of the following reasons:
- a. Service was obtained in an unauthorized manner, or service has been used fraudulently;
 - b. The premises have been abandoned;
 - c. Rationing requirements properly imposed by the Company have not been obeyed;

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- d. The Company's service pipe has been cross-connected with any other supply source;
- e. Any other condition dangerous to health, or safety, or the utility service of others, exists;
- f. Clear and present danger to life, health, or physical property exists;
- g. Failure to comply with a payment arrangement;
- h. An arrearage has not been paid after proper demand therefor;
- i. A required deposit has not been paid after proper demand therefor;
- j. The Company has been refused access to the premises for inspection, or maintenance, repair or replacement of utility property, including, but not limited to, the reading of meters;
- k. Any bill authorized under this tariff has not been paid by the due date; or
- l. In the case of non-residential premises only, any other provision of this tariff has been violated.

Disconnection for any of the reasons specified in paragraphs (a) through (g) may be effected without notice. Disconnection for any of the reasons specified in paragraphs (h) through (l) may be effected only after fourteen (14) days prior notice. So long as it is in force and effect, disconnections shall be in accordance with the limits and procedures specified in NHCAR Puc 1203.11, as amended.

15. Termination of Service. Unless sooner disconnected by the Company, service, subject to all of the terms and conditions in this tariff, shall continue to the

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premises, and charges shall continue to accrue therefor, until the later of (a) four business days after the Company receives a written notice to terminate service, or (b) the date specified in said notice.

16. Service Connection; Suspension.

a. Service Connection Charge. The customer shall pay to the Company a charge of One Hundred Dollars (\$100.00) when service is initially established or re-established following disconnection for any reason. The customer shall pay to the Company a charge of Twenty Dollars (\$20.00) when service is transferred from one obligor to another, to be paid by the transferee obligor. When service is disconnected prior to, or in the process of, transferring service to another obligor, only the service connection charge shall be made.

b. Service Suspension Charge. Whenever, at the request of a customer, service is suspended, the customer shall pay to the Company a service suspension charge equal to the sum of Seventy percent (70%) of One-third (1/3) of the quarterly customer charge which would have been owed by the customer but for the suspension of service for each month or portion thereof that service is suspended plus One Hundred Dollars (\$100.00). The service suspension charge shall be due and payable at the end of the suspension.

17. Right of Access. Any authorized Company representative shall have the right to enter upon, and be permitted access to, the premises served at any time to

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inspect the plumbing, fixtures, or appliances supplied with water; set, read, remove, replace or repair meters; inspect, maintain, repair or replace other utility property; and enforce these terms and conditions.

18. Main Pipe Extensions. Extensions of main pipes to serve new customers will be made in accordance with the following provisions:
- a. Main extension will be made only upon petition of prospective customers.
 - b. Main pipe extensions shall be laid by and shall be the property of the Company.
 - c. Highways and streets in which an extension is to be made must have been laid out, lines and grades established, rough graded and dedicated to public use.
 - d. The size of the pipe shall be determined by the Company in accordance with conditions surrounding the extension.
 - e. For extension of service, the customer or customer group, or contractor, will be required to make a "Contribution in Aid of Construction" and deposit with the Company in advance of construction an amount equal to the construction cost (exclusive of service pipes and meters) of such extension.
 - f. The deposit may be apportioned among the customers to be served.
 - g. If, within four (4) years after an extension made under a deposit agreement is placed in service, an additional customer or customers is or are connected to such extension, the deposit requirement will be re-

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computed according to the new density established and the new customer or customers will be required to deposit their proportional part of the total deposit and a pro-rata refund shall made to the original depositors.

- h. If a subsequent main extension is made, either continuous or laterals, supplied from the original extension upon which a deposit is still refundable, a recalculation will be made on the basis of the customer density established. If the customer density is increased thereby it will be combined with the original extension and pro-rata and equitable refunds will be made to the original depositors. If the customer density is decreased thereby then such extensions will be considered a new and separate extension.
- i. The Company shall not be required to construct extensions under the above terms where the business to be secured will not be of reasonable duration or will tend in any way to constitute discrimination against other customers of the Company.
- j. Except under unusual circumstances the construction of main extensions will not be carried on before April 15th or after November 15th of any year.

METERED SERVICE

Residential

Rate Schedule - "MR"

AVAILABILITY:

This schedule is applicable to all water service to all residential structures in the territory.

CHARACTER OF SERVICE:

Water is obtained from wells and will be transmitted by pumps to the individual service pipes at a pressure of approximately fifty to sixty pounds per square inch.

RATES:

The rate of metered service shall include a customer charge per dwelling of \$42.55 per quarter, plus an additional charge based on metered service as follows:

\$1.0811 per hundred gallons of water used.

MINIMUM CHARGE:

The minimum charge will be the Customer Charge.

TERMS OF PAYMENT:

Bills under this rate are net, will be rendered quarterly for quarters ending March 31st, June 30th, September 30th and December 31st, and are due and payable Twenty-five (25) days after mailing.

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