

THE STATE OF NEW HAMPSHIRE

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January 15, 2013

Debra A. Howland
Executive Director
New Hampshire Public Utilities Commission
21 S. Fruit Street, Suite 10
Concord, NH 03301

Re: DA 13-001 Rosebrook Water Company, Inc.
Affiliate Agreements
Staff Recommendation to Accept Agreements and Close Docket

Dear Ms. Howland:

On January 2, 2013, Rosebrook Water Company, Inc. (Rosebrook) filed several affiliate agreements or contracts with the Commission pursuant to RSA 366:3. Rosebrook's submission of these agreements is in the nature of a compliance filing; as acknowledged by Rosebrook in its cover letter, these agreements have been in effect prior to the date of filing. According to Rosebrook, as of January 1, 2013, the four employees who have been providing services under four of these agreements have been hired directly by Rosebrook. Thus, Rosebrook asserts, these four agreements are no longer necessary. These agreements are summarized as follows:

The first agreement is a management agreement with BW Club, LLC. This agreement was effective January 1, 2011. BW Club provided management, accounting, customer relations, and related duties. Consideration under this agreement was a monthly payment of \$7,200.

The second agreement is also a management agreement, with BW Services, LLC. This agreement was effective August 1, 2011. Rosebrook indicates that this agreement superseded the agreement with BW Club, LLC, and the same services were provided as under the agreement with BW Club, LLC. Consideration under this agreement was a monthly payment of \$6,700.

The third agreement is a technical management agreement with MWH Construction Company, LLC. This agreement was effective January 1, 2012. Rosebrook

indicates that services received under this agreement include “on-site technical management, construction expertise, and maintenance of the company”; “hiring and supervising engineers and contractors”; participation in obtaining any PUC approvals; and making available equipment needed for repair or maintenance. This agreement required Rosebrook to pay \$1,450 per month, subject to salary adjustments and additional staffing requirements.

The fourth agreement provided is a contract with MWH Construction Company, LLC for work related to the pump house generator in the amount of \$54,000. This contract was executed in March of 2010. Rosebrook has also provided copies of invoices for services provided to Rosebrook by MWH Construction Company, LLC. Rosebrook’s filing characterizes these services as having been conducted through an “unwritten arrangement”.

With this filing Rosebrook also provides a copy of a recently executed agreement with Resort Waste Management. Under this agreement, it is Rosebrook that provides management, accounting, and customer relations services to an affiliate, presumably by the four employees recently hired by Rosebrook. This agreement, effective January 1, 2013, will net Rosebrook \$5,200 per month in payment for the services provided.

As Rosebrook’s contracts with BW Club, LLC, BW Services, LLC, and MWH Construction Company, LLC are no longer in force, and Rosebrook’s contract with Resort Waste Management will be reviewed and evaluated in Rosebrook’s current rate case DW 12-306, Staff recommends the Commission accept these filings and close this docket. Staff has significant concerns about the fact that most of Rosebrook’s operational and management costs in DW 12-306 arise from the affiliate contracts no longer in effect. Staff will, however, address those issues in the rate proceeding. A prehearing conference is scheduled in that docket for January 29, 2013.

If you have any questions regarding this matter, please let me know.

Sincerely,



Mark A. Naylor
Director, Gas & Water Division

cc: Service list