

THE STATE OF NEW HAMPSHIRE

DA 14-064

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NHPUC 4APR14PM2:02

April 4, 2014

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

Re: DA 14-064 Abenaki Water Company, Inc.
Staff Recommendation for Commission to Accept Affiliate Agreement with New
England Service Company, Inc. and Close Docket

Dear Ms. Howland:

On January 14, 2014, the Commission issued Order No. 25,621 in Docket No. DW 13-236, providing its approval for the sale of White Rock Water Company, Inc. (White Rock) and Lakeland Management Company, Inc. (Lakeland) to Abenaki Water Company, Inc. (Abenaki). White Rock provides water service to approximately 95 customers in Bow; Lakeland provides both water and sewer service to approximately 150 customers in Belmont. On February 14, 2014, Abenaki completed the purchase of both utilities. On March 5, 2014, Abenaki filed with the Commission an affiliate agreement (the agreement) with New England Service Company, Inc. (NESC), pursuant to the requirements of RSA 366. Abenaki is a wholly-owned subsidiary of NESC. The Commission assigned Docket No. DA 14-064 to this filing.

As Abenaki has no employees, NESC will provide certain services to Abenaki. As detailed in the record of DW 13-236, NESC operates water utilities through other wholly-owned subsidiaries in Connecticut and Massachusetts, and also provides unregulated services to the water industry. The agreement provides that NESC will provide all field services, stand-by duty for emergencies, maintenance, customer service, meter reading, regulatory compliance and reporting, and all other routine and periodic tasks such as billing. NESC agrees to employ appropriately qualified employees, as required by state law. NESC also agrees to maintain adequate liability and worker's compensation insurance. For these services, Abenaki agrees to pay \$2,075 per month for the former White Rock system; \$3,608 per month for the former Lakeland water system; and \$484 per month for the former Lakeland sewer system. Further, Abenaki agrees to

pay \$70 per hour for emergency response during normal working hours, and \$105 per hour during non-regular working hours. For parts and materials not in Abenaki's inventory, Abenaki agrees to pay cost plus 15%. Each of these rates pursuant to the agreement is to increase by 2.5% annually.

Staff has reviewed the agreement and recommends the Commission accept the filing of the agreement between Abenaki and NESC and close this docket. While the costs contained in the agreement appear to be reasonable, the Commission usually reviews these costs in the context of a general rate case. In light of that, Staff believes closing the docket is appropriate. Staff will review the costs in greater detail at the time Abenaki files a general rate case.

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

Sincerely,

A handwritten signature in black ink that reads "Mark A. Naylor". The signature is written in a cursive style with a large initial "M".

Mark A. Naylor
Director, Gas & Water Division

cc: Service list

SERVICE LIST - EMAIL ADDRESSES - DOCKET RELATED

Pursuant to N.H. Admin Rule Puc 203.11 (a) (1): Serve an electronic copy on each person identified on the service list.

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Docket #: 14-064-1 Printed: April 04, 2014

FILING INSTRUCTIONS:

- a) Pursuant to N.H. Admin Rule Puc 203.02 (a), with the exception of Discovery, file 7 copies, as well as an electronic copy, of all documents including cover letter with:
- DEBRA A HOWLAND
EXECUTIVE DIRECTOR
NHPUC
21 S. FRUIT ST, SUITE 10
CONCORD NH 03301-2429
- b) Serve an electronic copy with each person identified on the Commission's service list and with the Office of Consumer Advocate.
- c) Serve a written copy on each person on the service list not able to receive electronic mail.