



NHPUC 17DEC19PM12:25

December 16, 2019

Debra A. Howland, Executive Director
New Hampshire Public Utilities Commission
21 South Fruit Street, Suite 10
Concord, New Hampshire 03301-2429

Re: DW 19-031, Hampstead Area Water Company, Inc. (HAWC) - Petition to Expand Franchise Expansion in Sandown: Kelley Green and Fairfield Community Water System
HAWC's Response to Staff's recommendation for Approval

Dear Ms. Howland:

The Company would like to provide the commissioners with additional information as it relates to Staff's Recommendation dated December 6, 2019 and particularly the section entitled "Analysis" at "A. Franchise Expansion". Staff's analysis refers to the DES Design Approval letter but overlooks the Well Siting Approval HAWC provided. Staff is correct that the Design Approval is for 22 units, however the DES Well Siting Approval allows for additional capacity to serve additional connections to HAWC's Fairfield Water System. DES does not approve theoretical expansions, therefore the design was only reviewed and approved for the 22 units at Kelley Green that were being developed and built.

In response to Staff's recommendation HAWC contacted DES and obtained the attached letter confirming the Fairfield community water system currently has the required water supply to service additional connections in addition to the currently approved 37 service connections.

HAWC notes its petition in docket DW 19-031 states it received a request for service in the Southern portion of the proposed franchise area. Lastly, this proposed franchise expansion allows HAWC to connect its Hampstead and Sandown franchises should a regional connection be necessary.

The Company disagrees with the staff that it is not in the public good. Not granting this franchise approval may result in two or more separate petitions to serve the expansions as previously noted. The costs associated with these petitions will exceed \$10,000 each and based on recent history take a year or more to obtain a decision from the commissioners.

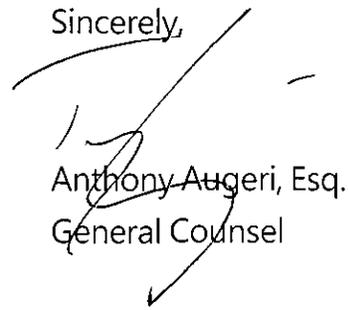
HAWC's response to Staff Recommendation for Approval – CIAC Tax

On December 6, 2019 the PUC Staff proposed "that HAWC work with Staff relative to its request to require and accept a separate cash contribution to cover additional potential income taxes resulting from receipt of CIAC after the Commission renders its decision in Docket No. DW 19-136." As Staff points out its HAWC's intention to collect a cash contribution on the \$48,500 of contributed plant (CIAC). HAWC's initial calculation was a simple calculation utilizing only the new statutory federal tax rate of 21%, resulting in \$10,185 ($\$48,500 \times .21\%$). A more specific, complete and accurate calculation results in a CIAC tax of \$17,141. See attached calculations.

While HAWC is not opposed to working with the PUC Staff, it is important for the PUC to issue an order approving HAWC's ability to collect the CIAC tax from the developer. If the PUC does not issue an order approving the CIAC tax in this case, then it is important that the PUC issue an order in DW 19-136.

If you have any questions concerning this matter, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read 'Anthony Augeri', is written over the typed name. The signature is fluid and cursive, with a long horizontal stroke at the top and a downward-pointing arrow at the bottom.

Anthony Augeri, Esq.
General Counsel

cc: Service List

DW 19-031, HAWC's Petition to Expand Franchise - Sandown (Kelly Green)

Calculation of CIAC Tax

A	B	C	D	E	F	G	H	I
		<u>Amount</u>	<u>1/2 Year Depr.</u>		<u>1-Eff Tax Rate (1-.2708)</u>	<u>Gross Up (C - D * F)</u>	<u>Amount</u>	<u>CIAC Tax (G - H)</u>
302	Structures	\$ 4,008	\$ 50	1	0.7292	\$ 5,428	\$ 4,008	\$ 1,420
307	Wells	8,818	134	2	0.7292	11,909	8,818	3,091
309	Supply Mains	2,004	20	3	0.7292	2,721	2,004	717
320	Treatment Equipment	12,025	215	4	0.7292	16,196	12,025	4,171
331	T&D Mains	<u>21,645</u>	216	5	0.7292	29,386	21,645	<u>7,741</u>
	Total	<u>\$ 48,500</u>						<u>\$ 17,141</u>

1/2 Depreciation

		<u>Amount</u>	<u>Book Life</u>	<u>1/2 Year</u>	<u>1/2 year Depr</u>
Notes	1	4,008	40	0.5	50
	2	8,818	33	0.5	134
	3	2,004	50	0.5	20
	4	12,025	28	0.5	215
	5	21,645	50	0.5	216

SPSt. Cyr
12/16/2019



The State of New Hampshire
DEPARTMENT OF ENVIRONMENTAL SERVICES

Robert R. Scott, Commissioner



December 13, 2019

Via email

Jayson Laflamme
Assistant Director, Gas-Water Division
New Hampshire Public Utilities Commission
21 South Fruit Street, Suite 10
Concord, New Hampshire 03301-2429
Jayson.Laflamme@puc.nh.gov

Subject: PWS 2082020 Fairfield Community Water System / Kelly Green Addition
Opinion of Suitability and Availability per NH RSA 372:22 III

Dear Mr. Laflamme:

NHDES has reviewed the Fairfield community water system expansion and hereby confirms that the system has developed the required water supply per Env-Dw 405 Design Standards for Small Community Water Systems, for service to a total 37 service connections, including the 22 services for the Kelly Green residential subdivision. Additional source capacity is available with the existing sources for future expansion, subject to DES review and approval at that time.

NHDES also confirms that the expanded water system meets the suitability and availability criteria for compliance with NH RSA 374:22 III.

Please contact me at Cynthia.Klevens@des.nh.gov or 603-271-3108 for any additional information required.

Sincerely,

Cynthia Klevens, PE
Small Systems Engineering, Treatment and Technical Assistance
Drinking Water and Groundwater Bureau

H ESS - Design Review PWS 2082020 PUC Suitability and Availability

cc. C. Lanza, Hampstead Area Water Co., Charlie@HampsteadWater.com
T. Willis, NHDES, Thomas.Willis@des.nh.gov