

DT 00-294

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**WILTON TELEPHONE COMPANY
HOLLIS TELEPHONE COMPANY**

**Show Cause Order Directing Wilton and Hollis Telephone
Companies
to Appear Before the Commission to Answer:**

1. Why the Companies Should Not Be Required to Replace Their Auditors; and
2. Why the Companies, Their Officers and Agents Should Not be Fined and/or Penalized Pursuant to RSA 365:41, RSA 365:42 and RSA 374:17 for Failure to Comply with Order No. 23,190; and
3. Why the Companies' Authority to Engage in Business in New Hampshire Should Not be Withdrawn Pursuant to RSA 374:28; and
4. Why the Commission Should Not Open a Separate Proceeding to Investigate the Companies' Rates

O R D E R N O. 23,615

January 10, 2001

On December 22, 2000, the Staff (Staff) of the New Hampshire Public Utilities Commission (Commission) filed a report with the Commission (Report) with respect to compliance issues for Wilton and Hollis Telephone Companies (Wilton and Hollis, or the Companies). The Report results from follow-up audits of both Companies resulting from Commission Dockets DE 98-058 and DE 98-059. Those dockets were initially opened as investigations into earnings, and a Stipulation and Comprehensive Settlement Agreement (the Agreement) was approved by the Commission in Order No. 23,190. *Re: Wilton Telephone Company, Inc.*, 84 NH PUC 232 (1999). In the Agreement, Wilton and Hollis agreed that their financial

reporting has been inaccurate and misleading, and that their earnings had been understated. The Companies agreed to pay cash penalties and to take a number of steps to achieve full compliance with Commission rules and reporting procedures.

Staff's report of December 22, 2000 provides substantial detail as to the follow-up audit work completed with respect to the compliance of both Wilton and Hollis with the Agreement as approved by the Commission. Staff believes that the Companies are not in full compliance with the Agreement with respect to a number of areas. These include changes in operations and personnel, both internal and with respect to the Companies' CPA firm, matters with respect to affiliated contracts, and treatment of rate case expenses, temporary rate refunds and customer credits.

In addition to compliance issues resulting from Order No. 23,190, Staff's memorandum also indicated that its latest analysis shows that both Wilton and Hollis are earning in excess of their last found cost of capital. Staff recommends that the Commission include within this pending proceeding notice that earnings of both companies will be reviewed as well.

Based upon the foregoing, it is hereby

ORDERED, that, pursuant to RSA 365:41, RSA 365:42,

RSA 374:17, RSA 374:28 and RSA 374:7, Wilton Telephone Company and Hollis Telephone Company shall appear at a hearing before the Commission located at 8 Old Suncook Road, Concord, New Hampshire on January 30, 2001 at 10:00 a.m., to show cause why the Companies should not be required to replace their auditors; why the Companies, their officers and agents should not be fined and/or penalized for failure to comply with Order No. 23,190; why the Companies' authority to engage in business in New Hampshire should not be withdrawn; and why the Commission should not open a separate proceeding to investigate the Companies' rates; and it is

FURTHER ORDERED, that Wilton and Hollis will pre-file by January 23, 2001 written testimony responding to the positions set forth in Staff's December 22, 2000 report and answering the questions set forth above; and it is

FURTHER ORDERED, that pursuant to N.H. Admin. Rules Puc 203.01, the Companies shall notify all persons desiring to be heard at this hearing by publishing a copy of this Order no later than January 16, 2001, in a newspaper with statewide circulation or of general circulation in those portions of the state in which operations are conducted, publication to be documented by affidavit filed with the Commission on or before

January 30, 2001; and it is

FURTHER ORDERED, that pursuant to N.H. Admin. Rules Puc 203.02, an party seeking to intervene in the proceeding shall submit to the Commission an original and eight copies of a Petition to Intervene with copies sent to the Companies and the Office of the Consumer Advocate on or before January 25, 2001, such Petition stating the facts demonstrating how its rights, duties, privileges, immunities or other substantial interests may be affected by the proceeding, as require by N.H. Admin. Rule Puc 203.02 and RSA 541-A:32,I(b); and it is

FURTHER ORDERED, that any party objecting to a Petition to Intervene make said objection on or before January 30, 2001.

By order of the Public Utilities Commission of New Hampshire this tenth day of January, 2001.

Douglas L. Patch
Chairman

Susan S. Geiger
Commissioner

Nancy Brockway
Commissioner

Attested by:

Thomas B. Getz
Executive Director and Secretary