

DW 02-128

HAMPSTEAD AREA WATER COMPANY

Petition for Rate Increase

and

DW 02-198

HAMPSTEAD AREA WATER COMPANY

**Petition for Authority to Acquire Assets,
Incur Debt and Obtain New Franchises**

**ORDER PROVIDING NOTICE OF PROCEEDINGS
AND APPROVING PROCEDURAL SCHEDULES**

O R D E R N O. 24,096

December 13, 2002

APPEARANCES: Stephen P. St. Cyr and Robert H. Fryer, Esq. for Hampstead Area Water Company; Michael W. Holmes, Esq. for the Office of the Consumer Advocate, representing residential ratepayers; and Marcia A. B. Thunberg, Esq., for the Staff of the New Hampshire Public Utilities Commission.

I. PROCEDURAL HISTORY

On September 27, 2002, Hampstead Area Water Company (Hampstead) filed with the New Hampshire Public Utilities Commission (Commission) a petition to increase permanent rates effective October 1, 2002. This filing was docketed as DW 02-128.

On October 24, 2002, Hampstead filed with the Commission a Petition asking for authority to purchase equipment, obtain franchises, and to incur debt. This filing was docketed as DW 02-198.

On October 25, 2002, the Commission issued Order No. 24,071 in DW 02-128, suspending the proposed tariff. It further ordered a prehearing conference and technical session on November 20, 2002. The Order also inadvertently directed the company to notify customers of the rate filing by first class mail, postmarked no later than November 20, 2002, the same day as the Prehearing Conference.

The Prehearing Conference was held on November 20, 2002. The Office of the Consumer Advocate and Commission Staff expressed their concern that review of the franchise expansion under DW 02-198 be completed prior to the permanent rate case docket, DW 02-128. The Staff, OCA and Hampstead were instructed to suggest a procedural schedule which would incorporate both DW 02-128 and DW 02-198. The Staff and parties met in a technical session following the Prehearing Conference and later filed a proposed procedural schedule on December 4, 2002.

On December 2, 2002, Hampstead filed with the Commission a Petition for Temporary Rates, in DW 02-128, for the Hampstead and Walnut Ridge Divisions.

II. NOTICE REGARDING TEMPORARY RATE REQUEST

Hampstead's filing in Docket No. DW 02-128 proposes temporary rates at a level 14% higher than those currently in effect. These rates would be in effect for the pendency of the Commission's investigation of Hampstead's permanent rates. Hampstead asserts that

a temporary increase in revenues is required because it is not earning a return adequate to cover its cost of capital or a reasonable return on the actual cost of its property used and useful in the public service.

The filing raises, inter alia, issues relative to RSA 378:27 and 378:29 and the approval of temporary rates.

III. NOTICE REGARDING PURCHASE OF EQUIPMENT, ETC.

Hampstead's filing in Docket No. DW 02-198 requests authority to purchase, or in the alternative, lease equipment at: Lamplighter Estates; Camelot Court; Cornerstone Estates; Cogswell Farm; Settler's Ridge; and Bartlett Brook. These water systems are located in Atkinson, Kingston, Nottingham, Sandown, Freemont, and Hampstead. Hampstead requests the grant of a franchise to operate Lamplighter Estate, Camelot Court, and Cornerstone Estates. Hampstead also requests authority to incur debt in order to acquire all six of the above systems and equipment.

The filing raises, inter alia, issues related to RSA 374:1 and 374:2 relative to service and charges; RSA 374:22 relative to franchises; RSA 378 relative to rates charged new customers; the allowance of debt to be incurred and the purchase or leasing of equipment; and whether, generally, it is in the public interest for

the Commission to grant permission and approval as required by RSA 374:22, I.

IV. COMMISSION ANALYSIS

A. Procedural Schedule

The proposed procedural schedule appears to be responsive to the Commission's instruction to the Staff, OCA and Hampstead at the prehearing conference to resolve timing concerns with respect to DW 02-128 and DW 02-198 and is set forth as follows:

Phase One (DW 02-198)

Prehearing and Technical Session (After the hearing on Temporary Rate Petition)	January 10, 2003
Data Requests by Staff and Intervenors	January 21, 2003
Company Data Responses	February 4, 2003
Data Requests to the Company	February 13, 2003
Data Responses from Company	February 20, 2003
Settlement Conference	March 7, 2003
File Settlement	March 21, 2003
Hearing	April 1, 2003

Phase Two (DW 02-128)

Hearing on Temporary Rates	January 10, 2003
Data Requests to Company	April 14, 2003
Data Responses from Company	April 28, 2003

Data Requests to Company	May 5, 2003
Data Responses from Company	May 12, 2003
Technical Session	May 19, 2003
Testimony from Staff, OCA and Intervenors	June 11, 2003
Settlement Conference	June 25, 2003
File Settlement	July 16, 2003
Hearing	July 22, 2003

The procedural schedule will aid in the orderly review of the Petitioner's filings inasmuch as it allows us to resolve as a preliminary matter issues related to the purchase of equipment, the extension of franchise rights and incurrence of debt, which will inform our decision on permanent rates. We will approve the procedural schedule for the duration of this proceeding.

B. Orders of Notice

The Commission acknowledges notice to customers of the November 20, 2002 Prehearing Conference was not timely. Hampstead has since filed a petition for temporary rates and the Commission will conduct a hearing on that matter on January 10, 2003. To remedy the prior untimely notice problem, the Commission will allow persons interested in intervening in DW 02-128 an opportunity to file petitions for intervention on or before January 6, 2003 and to present their positions at the temporary rate hearing. Therefore,

the hearing slated for January 10, 2003 will concern issues raised by the temporary rate filing as well as issues raised by the permanent rate increase filing.

Based upon the foregoing, it is hereby

ORDERED, that a hearing on the Petition for Temporary Rates in Docket No. DW 02-128, pursuant to Admin. Rules Puc 203, be held before the Commission located at 8 Old Suncook Road, Concord, New Hampshire on January 10, 2003 at 10:00 am; and it is

FURTHER ORDERED, that a Prehearing Conference in Docket No. DW 02-198, pursuant to N.H. Admin. Rules Puc 203.05, be held before the Commission located at 8 Old Suncook Road, Concord, New Hampshire on January 10, 2003 at 10:30 am, at which each party will provide a preliminary statement of its position with regard to the petition and any of the issues set forth in N.H. Admin Rule Puc 203.05(c) shall be considered; and it is

FURTHER ORDERED, that the Prehearing Conference may be tape recorded unless a party, at least 5 days in advance of the Prehearing Conference, requests a transcript, in which case the Commission shall order a stenographic record, pursuant to N.H. Admin. Rule Puc 203.05(d); and it is

FURTHER ORDERED, that, immediately following the Prehearing Conference, Hampstead, the Staff of the Commission and any Intervenors hold a Technical Session in DW 02-198 to review the

petition and allow Hampstead to provide any amendments or updates to its filing; and it is

FURTHER ORDERED, that the procedural schedules set forth above are APPROVED and shall govern the remainder of this proceeding; and it is

FURTHER ORDERED, that pursuant to N.H. Admin. Rules Puc 203.01, Hampstead shall notify all persons desiring to be heard at the prehearing conference in DW 02-198 or hearing on temporary rates in DW 02-128 by publishing a copy of this Order of Notice no later than December 27, 2002 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 10, 2003; and it is

FURTHER ORDERED, that Hampstead provide a copy of this Order of Notice, in accordance with N.H. Admin. Rule 1604.03(g), on current and known prospective customers of Hampstead, as well as the Clerk of the municipality in which Hampstead's present and proposed franchises exist, by first class U.S. Mail, postmarked no later than December 27, 2002; and it is

FURTHER ORDERED, that pursuant to N.H. Admin. Rules Puc 203.02, any party seeking to intervene in either docket shall submit to the Commission an original and eight copies of a Petition to Intervene with copies sent to Hampstead and the Office of the

Consumer Advocate on or before January 6, 2003, such Petition stating the facts demonstrating how its rights, duties, privileges, immunities or other substantial interests may be affected by either proceeding, as required 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 in either docket make said Objection on or before January 10, 2003.

By order of the Public Utilities Commission of New Hampshire this thirteenth day of December, 2002.

Thomas B. Getz
Chairman

Susan S. Geiger
Commissioner

Nancy Brockway
Commissioner

Attested by:

Debra A. Howland
Executive Director and Secretary

Any individuals needing assistance or auxiliary communication aids due to sensory impairment or other disability, should contact the American with Disabilities Act Coordinator, NHPUC, 8 Old Suncook Road, Concord, New Hampshire 03301-7319; 603-271-2431; TDD Access: Relay N.H. 1-800-735-2964. Preferably, notification of the need for assistance should be made one week before the scheduled event.