

**DW 01-196**

**ROLLING RIDGE WATER SYSTEM**

**Receivership Proceedings**

**Order Scheduling Public Comment Hearing on Status of Receivership**

**ORDER NO. 24,474**

**June 16, 2005**

**I. BACKGROUND**

On October 4, 2001, the New Hampshire Public Utilities Commission (Commission) exercised its authority under RSA 374:47-a to place Rolling Ridge Water System (Rolling Ridge) in receivership on an emergency basis. *Rolling Ridge Water System*, Order No. 23,794, 86 NH PUC 636 (2001). Rolling Ridge is a water utility in Bartlett, New Hampshire serving approximately 30 customers. The Commission determined that Rolling Ridge was failing to provide adequate and reasonable service to its customers, and that such failure was a serious and imminent threat to the health and welfare of the utility's customers. The Commission appointed LRW Water Services, Inc. (LRW) as the utility's receiver and granted an emergency rate increase, consistent with determinations made in a previous rate case, *Rolling Ridge Water Company*, 84 NH PUC 114 (1999). As referenced in the Commission's October 4, 2001 order, testimony in that earlier case had noted significant problems with the system's pump station, storage, pumping and electrical facilities, well location, water quality and distribution system.

On November 2, 2001, the Commission extended the receivership "until further Order of the Commission, in Docket DW 99-166 or otherwise." *Rolling Ridge Water System*, Order No. 23,836, 86 NH PUC 740 (2001). Docket DW 99-166 involved competing franchise requests by Lower Bartlett Water Precinct and Bartlett Village Water Precinct that potentially

involved providing service to Rolling Ridge customers. Efforts in that docket failed to produce a resolution of issues regarding service to the area, and the docket was closed on January 24, 2003.

On March 17, 2003, the Commission's Executive Director and Secretary, Debra A. Howland, sent a letter to all Rolling Ridge customers, advising them that the receivership statute does not contemplate the Commission operating any utility on a permanent basis. It advised customers that the Commission was aware that there had been recent efforts to organize a homeowner's association to assume long term responsibility for providing water service to the Rolling Ridge subdivision. The letter also advised customers that Commission Staff members were available to assist them in a transition of the water system from a public utility to whatever entity they might choose to provide service.

On April 14, 2003, LRW informed the Commission that the Rolling Ridge system was experiencing significant operational problems. Subsequent investigation revealed that the yield of the system's single well had dropped to only 1 to 2 gallons per minute, and that the system's pressure storage had failed. On April 28, 2003, LRW recommended the deepening of the well and installation of a new pressure tank. LRW estimated the cost of well deepening at \$10,000 to \$15,000, and of tank replacement at about \$1,500. LRW further indicated that "[t]hese updates must be done as soon as possible as there continue to be daily outages of water". In addition, LRW indicated that a balance of \$1,853.98 remained available in the Rolling Ridge account.

On May 1, 2003, the Commission issued an Order of Notice establishing a hearing on May 14, 2003. The Order of Notice indicated that the purpose of the hearing was to "consider whether to impose a one-time per customer surcharge of \$500.00 to pay for the needed

improvements”. In addition, the Commission indicated that it would also consider at the hearing the merits of imposing a surcharge “in light of the long term prospects for the Rolling Ridge system and facilities”. On May 14, 2003, the hearing was held as scheduled. On May 23, 2003 the Commission issued its Order No, 24,178 approving a surcharge of \$500 per customer in order that the needed improvements could be made. Commission Staff, on June 16, 2005, submitted a memorandum summarizing events within the franchise since the date of the Commission’s last order.

## **II. COMMISSION ANALYSIS**

It has been more than three and a half years since the Commission first placed the Rolling Ridge water system in receivership. *Rolling Ridge Water System*, 86 NH PUC 636 (2001). According to Staff, a homeowners group had formed and had met with Staff on two occasions to become better informed as to the issues with the Rolling Ridge system. This group is or had been working with the Northeast Rural Community Assistance Program (RCAP) to evaluate options with respect to the water system. However, Staff informs us that it has not been contacted by the group for quite some time, and that Staff’s only recent information with respect to the Rolling Ridge homeowners group has come from the representative from RCAP.

We also understand from Staff’s June 16 memo that development of nearby properties and the resulting need for water has led the Bartlett Village Water Precinct (BVWP) to again explore the possibilities of expansion of their system to serve those prospective developments near Rolling Ridge. However, our Staff informs us that any expansion by BVWP appears to be well into the future, and is uncertain at best.

Evidence introduced at hearings in this docket has shown that the water supply

and distribution system at Rolling Ridge remains in need of repair or replacement, even after the well deepening and pressure tank project carried out following our Order No. 24,178. We have previously been informed that the Rolling Ridge system scored high on the funding criteria for the State Revolving Loan Fund (SRF) program administered by the Department of Environmental Services (DES), and that such low-interest loan funds could be used for badly needed improvements. However, while the system remains in receivership, those funds cannot be accessed since there is no system owner that can execute the appropriate documents on behalf of the water system.

More than two years ago, the Rolling Ridge customers were informed that operation of the water system in receivership on a long term basis is not something contemplated by statute. Despite reported efforts by Staff and the Commission to effect a successful transition of this system out of receivership, there is currently no entity prepared to assume control of the system. Consequently, it appears our sole remaining option is to take steps to terminate the receivership. However, prior to doing so, in order to ensure that customers are fully informed of the situation, it is our intention to hold a public comment hearing in Bartlett. We will provide a status update and entertain comments of customers and other affected persons on termination as well as proposals for alternative provision of water service.

**Based upon the foregoing, it is hereby**

**ORDERED**, that a public comment hearing be held in Bartlett, at Josiah Bartlett Elementary School on July 20, 2005 at 6:30 pm, to take comments from Rolling Ridge customers and others on the termination of Commission receivership of the water system at Rolling Ridge; and it is

**FURTHER ORDERED**, that the Commission's Executive Director & Secretary inform all customers of Rolling Ridge of this hearing by mailing a copy of this order to each customer; and it is

**FURTHER ORDERED**, that the Commission's Executive Director & Secretary also publish this order in a newspaper of general circulation in the Bartlett area.

By order of the Public Utilities Commission of New Hampshire this sixteenth day of June, 2005.

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Thomas B. Getz  
Chairman

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Graham J. Morrison  
Commissioner

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Michael D. Harrington  
Commissioner

Attested by:

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Debra A. Howland  
Executive Director & Secretary