

DW 06-099

HANOVER WATER WORKS COMPANY

Petition for Permanent Rates

**Order Suspending Proposed Tariffs
and
Scheduling Prehearing Conference**

O R D E R N O. 24,678

October 6, 2006

Hanover Water Works Company (Hanover) is a regulated public utility pursuant to RSA 362:2 and 362:4 and provides water service to approximately 2,033 customers in the Town of Hanover. On July 3, 2006, Hanover filed a notice of intent to file rate schedules with the New Hampshire Public Utilities Commission (Commission). Within its notice Hanover requested waiver of certain filing requirements as contained in N.H. Admin. Rules Puc 1604.01(a). On July 12, 2006, Staff of the Commission (Staff) filed a letter indicating that it believed Hanover's request for waiver of certain filing requirements was reasonable. At its July 13, 2006 public meeting the Commission granted Hanover's request for waiver of certain filing requirements. The Commission's approval was memorialized in a secretarial letter issued July 14, 2006.

On September 5, 2006, Hanover filed testimony and schedules in support of its requested rate increase. Hanover seeks to increase its operating revenues by \$182,634 or 13.04% over its 2005 test year level. Hanover indicates that the average annual water bill for residential customers would increase from \$274.48 to \$310.28. Hanover requests that new rates be made effective October 1, 2006.

Hanover avers that the proposed increase in revenues is necessary primarily due to higher levels of operating expenses experienced by the utility, including increases in costs related to the

management agreement with the Town of Hanover, maintenance of mains and hydrants, and property insurance. Hanover also indicates that it has experienced increases in depreciation expense, amortization expense, and in taxes other than income taxes.

On September 28, 2006, Hanover filed a Petition for Temporary Rates pursuant to RSA 378:27. Hanover requests that temporary rates be approved on a bills-rendered basis as of January 1, 2007, for services provided from October 1, 2006. Hanover requests that rates be increased by 8.54% for temporary rates, resulting in an annualized increase in revenues of \$119,377.

The filing raises, inter alia, issues related to: whether the proposed permanent rates are lawful, just and reasonable as required by RSA 378; whether temporary rates should be imposed for the pendency of the permanent rate investigation pursuant to RSA 378:27; whether test year expenses and *pro forma* adjustments are reasonable; whether the calculation of rate base represents prudent investment in property that is used and useful; the determination of a reasonable rate of return, including an appropriate capital structure; whether the level of revenues used for calculating the revenue requirement is reasonable; and whether the proposed rate design is fair and reasonable.

Based upon the foregoing, it is hereby

ORDERED, that Hanover Water Works' proposed tariff changes contained in NHPUC No. 7 WATER – Twelfth Revised Pages 14, 16, 18, and 19 be and are hereby suspended; and it is

FURTHER ORDERED, that a Prehearing Conference, pursuant to N.H. Admin. Rules Puc 203.15, be held before the New Hampshire Public Utilities Commission located at 21 South

Fruit Street, Concord, New Hampshire on October 25, 2006, at 10:00 am at which each party and Commission Staff will provide a preliminary summary of its positions with regard to the Petition; and it is

FURTHER ORDERED, that, immediately following the Prehearing Conference, Hanover, Commission Staff and Intervenors hold a technical session to review the issues and recommend a proposed procedural schedule for consideration of permanent rates; and it is

FURTHER ORDERED, that pursuant to N.H. Admin. Rules Puc 203.12, Hanover notify all persons desiring to be heard at this hearing by publishing a copy of this Order no later than October 12, 2006, in a newspaper of general circulation in the Hanover area, publication to be documented by affidavit filed with the Commission on or before October 25, 2006; and it is

FURTHER ORDERED, that pursuant to N.H. Admin. Rules Puc 203.12, any party seeking to intervene in the proceeding shall submit to the Commission seven copies of a Petition to Intervene with copies sent to Hanover Water Works and the Office of the Consumer Advocate on or before October 20, 2006, such Petition stating the facts demonstrating how its rights, duties, privileges, immunities or other substantial interests may be affected by the proceeding, as required by N.H. Admin. Rule Puc 203.17 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 October 25, 2006; and it is

By order of the Public Utilities Commission of New Hampshire this sixth day of October,
2006.

Thomas B. Getz
Chairman

Graham J. Morrison
Commissioner

Clifton C. Below
Commissioner

Attested by:

Debra A. Howland
Executive Director & Secretary

Individuals needing assistance or auxiliary communication aids due to sensory impairment or other disability, should contact the Americans with Disabilities Act Coordinator, NHPUC, 21 S. Fruit St., Suite 10, Concord, New Hampshire 03301-2429; 603-271-2431; TDD Access: Relay N.H. 1-800-735-2964. Notification of the need for assistance should be made one week prior to the scheduled event.