

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DW 17-103

WEST SWANZEY WATER CO., INC.

Petition for Change in Rates

Order Suspending Tariff and Scheduling a Prehearing Conference

ORDER NO. 26,046

August 4, 2017

This Order suspends a proposed tariff filed by West Swanze Water Company that would raise the Company's rates by more than 50 percent pending further investigation, and schedules a prehearing conference for September 27, 2017.

West Swanze Water Company (the Company) is a New Hampshire corporation and regulated water utility that provides service to approximately 84 customers in the Town of Swanze. On June 19, 2017, the Company filed a notice of intent to file rate schedules. On July 21, 2017, the Company filed a petition for a permanent rate increase and step adjustment pursuant to RSA 378:3 and 378:27. The petition and subsequent docket filings, other than any information for which confidential treatment is requested of or granted by the Commission, are posted on the Commission's website at <http://www.puc.nh.gov/Regulatory/Docketbk/2017/17-103.html>

West Swanze Water Company seeks an overall permanent increase in its water revenues of \$39,872 or 57.12 percent, and proposes a step adjustment of an additional \$2,989 or 2.73 percent. According to the Company, the proposed revenue increase is the result of an operating revenue deficiency of \$31,677 before taxes during the test year, which was calendar year 2016. The additional \$2,989 in revenues requested in the step increase is based on planned capital

improvements that, if approved, will be used and useful as of the end of 2017. The step increase is based on the Company's need to borrow funds pertaining to the installation of variable speed pumps and a SCADA system. The Company has completed pre-application forms to borrow the funds from the New Hampshire Department of Environmental Service's Drinking Water State Revolving Fund. West Swanzey Water Company states that its ability to repay the loan is contingent on obtaining Commission approval of a proposed step increase.

The Company proposes an overall rate of return of 5.05 percent based on a cost of equity of 9.60 percent and a cost of debt of 4.36 percent. According to the Company, the requested permanent rate increase is necessary due to: (1) the inability to charge customers for previously unbilled revenue, (2) less water having been sold, and (3) a significant increase in operating and maintenance expenses due to a change in operators. The Company is foregoing a request for a temporary rate increase while the permanent rate proceeding is pending in order to avoid increased costs associated with such a request.

The filing raises, *inter alia*, issues relating to whether the proposed rates are just, reasonable, and lawful as required by RSA 374:2 and RSA 378; whether the proposed increases will yield a just and reasonable rate of return on the prudent cost of plant, equipment, and capital improvement used and useful in the Company's provision of service to the public, less accrued depreciation, as required by RSA 378:28; and whether any proposed financing is consistent with the public good under RSA 369:1.

The increases requested by West Swanzey Water Company require a full investigation, and thus suspension of the tariff under RSA 378:6, I(a) is appropriate. Each party has the right to have an attorney represent the party at the party's own expense.

Based upon the foregoing, it is hereby

ORDERED, that West Swanzey Water Company's tariff, NHPUC No. 2 - WATER 2nd Revised Pages 11 and 12 are hereby suspended pursuant to RSA 378:6,I (a), pending investigation and further order of the Commission; and it is

FURTHER ORDERED, that a Prehearing Conference pursuant to N.H. Code Admin. Rules Puc 203.15 be held before the Commission located at 21 S. Fruit Street, Suite 10, Concord, New Hampshire on September 27, 2017, at 1:30 p.m., 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. Code Admin. Rules Puc 203.15 shall be considered; and it is

FURTHER ORDERED, that immediately following the Prehearing Conference, West Swanzey Water Company, the Staff of the Commission, and any Intervenors hold a Technical Session to review the petition and allow the Company to provide any amendments or updates to its filing and to consider a proposed procedural schedule to govern the remainder of the proceedings in this docket; and it is

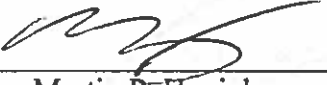
FURTHER ORDERED, that pursuant to N.H. Code Admin. Rules Puc 203.12, West Swanzey Water Company shall notify all persons desiring to be heard at this hearing by mailing a copy of this Order no later than September 15, 2017, to all current and known prospective customers as well as the Town Clerk of the Town of Swanzey by first class mail, postage prepaid, postmarked no later than September 15, 2017, and documented by affidavit filed with the Commission on or before September 22, 2017; and it is

FURTHER ORDERED, that consistent with N.H. Code Admin. Rules Puc 203.17, any party seeking to intervene in the proceeding shall submit to the Commission seven copies of a petition to intervene with copies sent to West Swanzey Water Co., Inc. and the Office of the

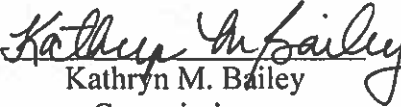
Consumer Advocate on or before September 22, 2017, such petition stating the facts demonstrating how its rights, duties, privileges, immunities or other substantial interests may be affected by this proceeding; and it is

FURTHER ORDERED, that any party objecting to a petition to intervene make said objection on or before September 27, 2017.

By order of the Public Utilities Commission of New Hampshire this fourth day of August, 2017.

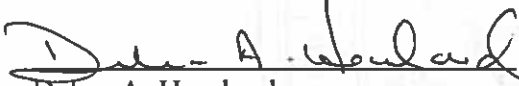


Martin P. Honigberg
Chairman



Kathryn M. Bailey
Commissioner

Attested by:



Debra A. Howland
Executive Director