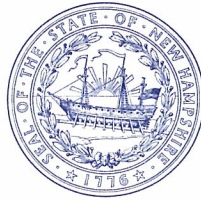


THE STATE OF NEW HAMPSHIRE

CHAIRMAN
Thomas B. Getz

COMMISSIONERS
Clifton C. Below
Amy L. Ignatius

EXECUTIVE DIRECTOR
AND SECRETARY
Debra A. Howland



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February 26, 2010

RE: DW 08-065, Hampstead Area Water Company, Inc.
Order No. 25,077

To the Parties:

Enclosed are revised pages 2 and 5 of Order No. 25,077 (February 25, 2010). On page 2, line 11, "HAWC also received" has been changed to "HAWC anticipates receiving." On page 5, line 11, "4.32%" has been changed to "\$0.26 from \$4.29 to \$4.55."

All other portions of this Order remain unchanged. Please substitute the enclosed revised pages to your copy of Order No. 25,077.

Very truly yours,

Debra A. Howland
(KNS)

Debra A. Howland
Executive Director

Enclosures
cc: Service List
Docket File

interconnection project and requested a 5.11% increase to its revenue requirement. HAWC stated that the interconnection project was completed and placed in service on November 10, 2009.

HAWC seeks to recover a total of \$1,071,693 in costs, with \$1,036,336 of that amount substantially comprising the cost of 15,895 feet of water main associated with its interconnection project. Recovery of these costs would increase HAWC's revenue requirement by \$66,940; \$29,054 represents return on the new plant and \$37,886 is to cover the increase in annual operation and maintenance expenses, depreciation and amortization, and taxes. In addition to the water main, six new fire hydrants at a cost of \$30,000 were also added to the system. According to HAWC's filing, the Town of Atkinson contributed \$5,000 toward the cost of two of the hydrants located in Atkinson. HAWC anticipates receiving \$264,587 in grant funds through the Water System Interconnection Grant (WSIG) program administered by NHDES. The payment and grant funds have been applied to reduce the proposed increase to HAWC's revenue requirement.

Pursuant to the rate case stipulation, HAWC also requests recovery of \$35,357 in costs it incurred relative to preparation of this filing. HAWC attributed 50% of this total to the financing portion of the case and 50% to the step adjustment. HAWC states that the portion attributable to the financing costs have been amortized as debt issuance expenses and factored into the rate of return on the fixed plant. HAWC seeks to recover the balance of the costs attributable to the step adjustment over a two month period from customers at a rate of \$3.04 per customer per month.

On January 28, 2010, Staff filed a letter, with supporting documentation and schedules, recommending the Commission approve HAWC's step adjustment, with modifications. Staff stated that after discovery and review of an audit completed by the Commission's Audit Staff, it

Water Company, Inc., Order No. 24,708, 91 N.H. PUC 586, 587 (2006). *See also*, RSA 365:8, X. *Hampstead Area Water Company, Inc.*, Order No. 24,937 (February 6, 2009). After review, Staff, HAWC, and the OCA agreed on a proposed two-month surcharge from each customer in the amount of \$3.70 per month, reflecting the reallocation of certain costs as well as prudently incurred rate case expenses. We find the proposed surcharge to be just and reasonable and we will approve it.

Based upon the foregoing, it is hereby

ORDERED *NISI*, that subject to the effective date below, HAWC's request to increase its revenue requirement by \$59,325 is approved; and it is

FURTHER ORDERED, that HAWC is authorized to increase its consumption charge by \$0.26 from \$4.29 to \$4.55 to recover the increased revenue requirement; and it is

FURTHER ORDERED, that HAWC is authorized to charge a monthly surcharge of \$3.70 per customer over two months to recoup rate case expenses; and it is

FURTHER ORDERED, that HAWC shall cause a copy of this Order *Nisi* to be published once in a statewide newspaper of general circulation or of circulation in those portions of the state where operations are conducted, such publication to be no later than March 4, 2010 and to be documented by affidavit filed with this office on or before March 25, 2010; and it is

FURTHER ORDERED, that all persons interested in responding to this Order *Nisi* be notified that they may submit their comments or file a written request for a hearing which states the reason and basis for a hearing no later than March 11, 2010 for the Commission's consideration; and it is

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Docket #: 08-065 Printed: February 26, 2010

FILING INSTRUCTIONS: PURSUANT TO N.H. ADMIN RULE PUC 203.02(a),

WITH THE EXCEPTION OF DISCOVERY, FILE 7 COPIES (INCLUDING COVER LETTER) TO:

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