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September 28, 2009

Debra A. Howland, Executive Director  
New Hampshire Public Utilities Commission  
21 S. Fruit St., Suite 10  
Concord, NH 03301

Re: DW 09-152 Eastman Sewer Company, Inc.  
Capital Reserve Fund Requests



Dear Ms. Howland:

On August 21, 2009 the Commission received requests from Jim Coffey, President of Eastman Sewer Company, for authorization to use \$15,000 from Eastman's capital reserve fund for two separate projects. One involves upgrading of controls at the system's West Cove A and B pump stations, estimated to cost \$10,000. The other is for installation of a chlorination system at the company's Lagoon Pump Station (Pump Station #1), estimated at \$5,000. Staff posed data requests to the company. Those requests and the company's responses are attached.

The West Cove A and B control upgrade would provide benefits including the ability to monitor a variety of operational parameters, remote control and data logging capability, better system management and faster response to alarms, problems or failures at either station.

Installation of a chlorination system will allow pumping from the aerated lagoons directly to the golf course, as the system's Groundwater Discharge Permit requires such flows to be chlorinated. It will also minimize the possibility of lagoon overflows, as the ability to pump out of the lagoons to Eastman's own holding ponds is disabled when the holding ponds themselves are being pumped to the golf course during the summer months, due to shared piping.

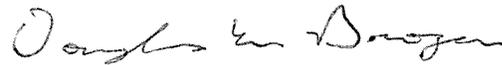
These projects are in addition to the larger capital improvements for which a future step adjustment in rates is anticipated (see Order 24,989 in DW 08-086). The control upgrades will be incorporated into those larger projects, while the chlorination

system will have no impact on them. If approved, the two projects are expected to be complete by December 1, 2009.

Eastman's capital reserve fund was established by Commission Order No. 20,390 in 1992 when rates were first set for Eastman, as a way of addressing Eastman's undercapitalization. A portion of all customer rates collected by Eastman is dedicated to this account. The Commission directed that Eastman obtain Commission approval for all uses of these funds. Staff is satisfied that the proposed expenditures are an appropriate use of the reserve funds. Therefore Staff recommends that Eastman be permitted to withdraw up to \$15,000 for the two proposed projects.

If there are any questions regarding this, please let me know.

Sincerely,

A handwritten signature in cursive script, appearing to read "Douglas W. Brogan".

Douglas W. Brogan  
Utility Engineer

Attachments

cc: Eastman Sewer Company