

DW 00-011

**RIVERSIDE WATER WORKS**

**PETITION FOR RATE INCREASE AND AUTHORITY TO OPERATE**

**ORDER GRANTING AUTHORITY TO OPERATE AND RATE INCREASE**

**O R D E R    N O.    23,519**

**June 29, 2000**

**Appearances:** Riverside Water Works, Brandon Cote;  
and for the New Hampshire Public Utilities Commission,  
Lynmarie Cusack, Esq.

**I.            BACKGROUND**

On January 20, 2000, Riverside Water Works Inc. (Company), a water company located in Beecher Falls, Vermont and owned by Ethan Allen Interiors, of Danbury, Connecticut, filed a franchise petition and rate increase petition with the New Hampshire Public Utilities Commission (Commission). The Company is a 107-customer system serving approximately 36 customers in Stewartstown, New Hampshire and the remainder of customers in Beecher Falls. The system's well and pump station are in Vermont but the storage tank is located in New Hampshire. The system has been serving customers in both Vermont and New Hampshire for decades and there is no other water utility serving this area of New Hampshire.

The petition asks the Commission to both grant a franchise and to approve permanent rates. The Company asserts

that it has satisfied the requirements of the Water Supply & Pollution Control and Water Resources Division of the New Hampshire Department of Environmental Services and has the managerial, legal, technical and financial expertise to operate the system in the proposed franchise area. It also requests an increase in rates for all classes of customers by 344.44 percent. The same rate request was made in Vermont, where the Company has already been given authority to serve. The Company also requested that it be allowed to introduce a metered-rate option and a 1.5% late fee per month.

The Vermont Department of Public Service (DPS) entered into a Stipulation with the Company in April 2000, which was approved by an Order of the Vermont Public Service Board (PSB) in Docket No. 6323 issued on June 14, 2000. At the same time the Staff of this Commission conducted an investigation into the reasonableness of the rate increase.

As a result of Staff's investigation and discovery, Staff and the Company entered into an agreement on June 7, 2000 which was signed on June 19, 2000.

## **II. STIPULATION**

The agreement provides that the Company and Staff stipulate that the Company has the requisite financial, operational and managerial ability to operate the system and

should be granted authority pursuant to RSA 374:24, to serve customers in the Stewartstown, NH area. The agreement further provides that the Company will accommodate Commission requests for financial data by supplying materials and documents provided to the Vermont PSB and otherwise comply with any applicable commission rules and filing requirements, and that it will provide a breakout of New Hampshire revenues by showing in the computation of the Vermont Gross Revenue Tax sheet the portion of Gross Operating Revenue not received from the conduct of business in Vermont (line 2 Deductions).

The Company and Staff further stipulated and agreed that the Company would apply for Community Development Block Grant (CDBG) funding for an engineering feasibility study and for major systems improvements following completion of the study, each respective application to be submitted in the earliest available application period.

The Company and Staff conditioned the acceptance of the Agreement on the Vermont PSB accepting the permanent rates for the Company during a phase-in period. The Company and Staff also agreed that the Company will provide the approved Vermont tariff to the Commission within 5 days of approval of a final tariff.

**III. RATE INCREASE**

The Company currently charges \$45.00 per connection per year for all customers except the Ethan Allen plant. The rates would be increased by \$55 or 122.22% to \$100.00 on 7/01/2000; \$50 or 50% to \$150 on 7/01/2001; and \$50 or 33.33% to \$200 on 7/01/2002. All classes of customers are to experience the same percent rate increase. The phase-in of the rate increase is to prevent adverse effects on the Company's customers.

The rate to be paid by the Ethan Allen plant, an affiliate of the Company, would be based on the plant providing 50% of the revenue requirement. As required by Vermont, the Company is to amend its general rate tariff clarifying how the rates applicable to Ethan Allen would be calculated.

**IV. COMMISSION ANALYSIS**

After a hearing on the Stipulation and upon investigation and examination of the record, we agree that the proposed rates are just and reasonable. In reaching this determination we also rely in part on our Staff's expertise and judgment given the depth of knowledge about the Company's obligations, operations and finances.

However, we do not accept the 1.5% late fee as being

reasonable. At the hearing a question from the bench was posed to the Company representative asking whether the Company would agree to setting the late fee at 1 percent and whether such amount was closer to the Company's actual costs relating to late payments. The Company representative responded affirmatively. We cannot permit the Company to recover more than its presumed costs via fees and charges to its customers.

We believe that the language in the agreement regarding the willingness of the Company to seek a Community Development Block Grant and the use of any such funds for system improvements provides support that it is in the public good to grant the Company authority to serve customers in New Hampshire. We, therefore, approve the Stipulation with the exception of the provisions regarding the late payment fee which is hereby set at the rate of 1% per month.

Based upon the foregoing, it is hereby

**ORDERED,** that RIVERSIDE WATER WORKS be granted authority to serve customers in New Hampshire pursuant to RSA 374:24; and that it is

**FURTHER ORDERED,** that pursuant to RSA 378:28 the proposed rates are just and reasonable; and it is

**FURTHER ORDERED,** that tariff pages be submitted to this Commission no later than 5 days after approval in

Vermont; and it is

**FURTHER ORDERED,** that the June 7, 2000 Agreement between Staff and the Company is approved with the exception noted herein.

By order of the Public Utilities Commission of New Hampshire this twenty-ninth day of June, 2000.

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Douglas L. Patch  
Chairman

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Susan S. Geiger  
Commissioner

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Nancy Brockway  
Commissioner

Attested by:

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Claire D. DiCicco  
Assistant Secretary