

DW 01-024

HAMPTON WATER WORKS COMPANY

Petition for Approval of Step Increase

Order NISI Approving Step Increase

O R D E R N O. 23,645

March 5, 2001

The Petitioner, Hampton Water Works Company (HWW), filed a request with the New Hampshire Public Utilities Commission (Commission) on January 26, 2001 for approval of a 5.15 percent increase in its approved revenue requirement. As noted in the petition, this is a so-called "step adjustment" that the Commission previously endorsed in Order No. 23,412 (February 28, 2000) as part of a settlement of a general rate case involving HWW. A proposed compliance tariff accompanies the filing.

As noted in Order No. 23,412, the purpose of the step increase is to permit HWW to recover costs associated with the Company's Route 1-Lafayette Road construction project and the so-called chemical feed project. The Settlement Agreement approved in Order No. 23,412 calls for this step increase to become effective on March 1, 2001, at the same time a temporary rate surcharge expires. The temporary surcharge permitted HWW to recover the difference between the permanent rates approved in February 2000 and the lower

temporary rates implemented at the time HWW initially filed its rate case in 1999.

The Company's current filing includes the written testimony of Keith W. Bossung, Vice President of HWW, and Rod P. Nevirauskas, Director of Rates for HWW's affiliated service company. Mr. Bossung testified that the two construction projects have been completed and are now in service. He noted that the Route 1 project was completed at a cost of \$1,008,242, compared to an estimate provided during the rate case of \$600,000, while the chemical feed project was completed at a cost of \$252,317, compared to an estimate of \$300,000. Mr. Nevirauskas noted that, if the step adjustment is approved, rates actually paid by HWW customers would decrease because the 5.1 percent increase in revenues would be more than offset by the expiration of the temporary rate reconciliation surcharge amounting to 8.1 percent of revenues. According to Mr. Bossung, the typical residential customer will notice a \$9.85 decrease in annual water rates, representing a step increase of \$18.19 and the end of a \$28.04 surcharge.

Staff has examined HWW's filing and recommends its approval with regard to service rendered on or after March 1, 2001. Accordingly, and in light of the filing's consistency

with the settlement agreement we approved in Order No. 23,412, we conclude that the request is for the public good and approve it, nisi.

Based upon the foregoing, it is hereby

ORDERED NISI, that the request of Hampton Water Works Company for a 5.15 percent step adjustment in its revenues, coincident with the expiration of its 8.1 percent temporary rate reconciliation surcharge, be APPROVED, and it is

FURTHER ORDERED, that the Petitioner 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 12, 2001 and to be documented by affidavit filed with this office on or before March 19, 2001; and it is

FURTHER ORDERED, that all persons interested in responding to this petition be notified that they may submit their comments or file a written request for a hearing on this matter before the Commission no later than March 19, 2001; and it is

FURTHER ORDERED, that any party interested in responding to such comments or request for hearing shall do so

no later than March 26, 2001; and it is

FURTHER ORDERED, that this Order Nisi shall be effective March 28, 2001, unless the Commission provides otherwise in a supplemental order issued prior to the effective date.

By order of the Public Utilities Commission of New Hampshire this fifth day of March, 2001.

Douglas L. Patch
Chairman

Susan S. Geiger
Commissioner

Nancy Brockway
Commissioner

Attested by:

Thomas B. Getz
Executive Director and Secretary