

**DW 04-062**

**HAMPSTEAD AREA WATER COMPANY, INC.**

**Petition to Expand Franchise Areas in Hampstead and Charge Existing Rates in  
Hampstead and Plaistow**

**Order *Nisi* Granting Petition**

**ORDER NO. 24,520**

**September 22, 2005**

**I. BACKGROUND AND PROCEDURAL HISTORY**

Hampstead Area Water Company, Inc. (HAWC) provides water service to approximately 2,600 customers in a number of systems in Hampstead, Atkinson, and nearby towns. On April 13, 2004, HAWC filed with the New Hampshire Public Utilities Commission (Commission) a Petition to Expand Franchise Areas within the Town of Hampstead and Confirmation of Authority for Existing Tariffs.

The franchise expansion portion of the petition involves one expansion area to include four customers on West Main Street. These customers are presently outside and adjacent to Hampstead's approved franchise area. The second franchise expansion area involves the northerly Hampstead border with Danville and includes one customer on Sandown Road and a request from a developer for service to a proposed 116-unit condominium development known as Angle Pond Woods. The specific locations of the franchise expansion areas can be obtained from the Commission's offices. HAWC intends to integrate both franchise expansion areas into the Hampstead Core system. The tariff portion of the petition involves franchise areas in Hampstead and Plaistow.

HAWC operates approved franchises in Hampstead, as follows: *Hampstead Area Water Company, Inc.*, 75 NH PUC 109 (1990) for Bricketts Mill, Squire Ridge, Kent Farm, and

Woodland Pond; *Hampstead Area Water Company*, 75 NH PUC 163 (1990) for the expanded Core in Colby Corner, Timberlane, Village Green, and West Road; *Hampstead [Area] Water Company, Inc.*, 75 NH PUC 216 (1990) for Bricketts Mill Extension; *Hampstead Area Water Company, Inc.*, 76 NH PUC 569 (1991) for a second Bricketts Mill Extension; and *Hampstead Area Water Company, Inc.*, 76 NH PUC 743 (1991) for Gloria's Way and Tanglewood.

By 1992, HAWC had interconnected the Squire Ridge and Woodland Pond systems with other small systems in Hampstead, forming what is known as the Hampstead Core System. Since 1992, HAWC has operated essentially three water systems in Hampstead: the Bricketts Mill system, which serves 30 customers; the Kent Farm system, which serves 223 customers; and the Hampstead Core System which serves 842 customers. The two new franchise expansion areas requested in this docket will become part of the Core System.

Four rates have been approved for use in Hampstead, as follows:

<u>Name</u>	<u>Customer Charge</u>	<u>Consumption Charge</u>	<u>Docket No.</u>	<u>Order No.</u>
Bricketts Mill	\$25.00/quarter	\$5.50/100 cu. ft.	DE 85-149	17,848
Squire Ridge	\$94.00/quarter	(un-metered)	DE 85-274	17,967
Kent Farm	\$ 8.45/quarter	\$2.35/100 cu. ft.	DR 86-198	18,598
Woodland Pond	\$ 7.17/quarter	\$1.99/100 cu. ft.	DE 87-211	18,980

The Woodland Pond rate has effectively become the Core System Rate inasmuch as it is now applied to Squire Ridge (replacing the previously un-metered rate), small portions of the Bricketts Mill and Kent Farm franchises that were physically interconnected to the Core System, and those other franchise extensions that resulted in creation of the Core System. The Bricketts Mill and Kent Farm rates continue to apply in the portions of those systems that have not interconnected with the Core System.

HAWC also applies the Woodland Pond rates, i.e., the Core System Rate, to the Rainbow Ridge system in Plaistow.<sup>1</sup> Rainbow Ridge, part of HAWC's tariff petition, is a separate 15-customer water system in Plaistow. That franchise was approved in *Hampstead Area Water Company*, 78 NH PUC 114 (1993).

## **II. STAFF RECOMMENDATION**

On September 9, 2005, Staff filed a letter with the Commission recommending approval of HAWC's request to expand its franchise and apply the current Core System Rate. Staff stated that a substantial amount of time had passed since the rates were approved or implemented and they are among the lowest rates of any system presently regulated by the Commission. However, HAWC filed a separate rate case petition on July 1, 2005, which has been docketed as DW 05-112.

Staff also stated that the Kent Farm and Hampstead Core systems were expected to be interconnected in 2006 in conjunction with construction of a 500,000 gallon storage tank for which financing was approved in Docket No. DW 04-132. This interconnection could further impact the outcome of the review of rates or rate structures in Hampstead. For these reasons, Staff averred it is more efficient for the Commission to approve the rates as HAWC proposes in this docket for the time being while all of HAWC's rates are being full considered in Docket No. DW 05-112.

With respect to compliance with RSA 374:22, III regarding the suitability and availability of water to serve the proposed franchises, Staff submitted with its recommendation a letter dated November 24, 2003, from the New Hampshire Department of Environmental

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<sup>1</sup> According to HAWC's prefiled testimony, HAWC initially intended to connect Rainbow Ridge to the Hampstead Core system, but several developer commitments critical to the connection fell through. Petition at 30.

Services (NH DES) approving HAWC's well; a NHDES pumping station approval letter dated June 9, 2005; and a NHDES water treatment discharge approval letter date stamped June 23, 2005. Staff concluded that based on these approvals, HAWC complied with RSA 374:22, III.

Staff also submitted two letters from the Town of Hampstead, dated April 12, 2004, and April 27, 2005, which indicated that the town had been notified of HAWC's franchise petition.

### III. COMMISSION ANALYSIS

Pursuant to RSA 374:22, "[n]o person or business entity shall commence business as a public utility within this state...without first having obtained the permission and approval of the commission." The Commission shall grant requests for franchise authority and allow an entity to engage in the business of a public utility when it finds, after due hearing, that the exercise of the right, privilege, or franchise is in the public good. RSA 374:26. In determining whether a franchise is in the public good, the Commission assesses the managerial, technical, financial, and legal expertise of the petitioner. *See, Lower Bartlett Water Precinct*, 85 NH PUC 635, 641 (2000).

HAWC, and its predecessor, Walnut Ridge Water Company, Inc., have been operating water systems in New Hampshire for 40 years. *See, Walnut Ridge Water Company, Inc.*, 62 NH PUC 190 (1977). HAWC has previously demonstrated the requisite managerial and technical expertise to operate its various systems.<sup>2</sup> According to HAWC's petition, the owners of several properties adjacent to HAWC's existing franchises in Hampstead requested and received water service from HAWC over time. Petition at 5. HAWC also proposes to serve a

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<sup>2</sup> *Hampstead Area Water Company, Inc.*, DR 89-047, 75 NH PUC 109 (1990); *Hampstead Area Water Company, Inc.*, DW 01-204, 87 NH PUC 259 (2002); *Hampstead Area Water Company*, DW 02-198, Order No. 24,296 (March 19, 2004); *Hampstead Area Water Company, Inc.*, DW 03-150, Order No. 24,299 (March 26, 2004).

new 116-unit Angle Pond Woods development in the vicinity of some of the outside properties served. Expansion of HAWC's service territory to include existing customers added over time will bring the utility into compliance with franchise requirements. Expansion to include the proposed Angle Pond Woods condominium will provide the development with needed water in an efficient manner, as HAWC already serves customers in the vicinity.

We agree with Staff that HAWC has satisfied the requirements of RSA 374:22, III relating to suitability and availability. Staff included with its recommendation letter, information and documents from NHDES as evidence of the suitability and availability of water to serve the requested franchise expansions. For the foregoing reasons, we find that expanding HAWC's franchise territory to include the areas proposed is reasonable and will approve HAWC's franchise petition.

With respect to rates, we understand that HAWC has been charging the 1988 Woodland Pond rate, i.e., the Core Rate, consisting of a \$7.17 fixed quarterly charge and \$1.99 per hundred cubic feet consumption charge beyond the area in which those rates were initially approved, specifically, to all customers in the Hampstead Core and Rainbow Ridge systems. We also understand that HAWC intends to interconnect the Kent Farm and Hampstead Core systems in 2006 and that this could have an impact on rates or rate structures in Hampstead. We also are aware that HAWC presently has a rate case underway in Docket No. DW 05-112. Because resolution of appropriate rates for these franchises is best done in a full rate case, we find it reasonable to allow HAWC to continue to charge the Core Rates to the Core System and Rainbow Ridge, until such time as permanent rates are set in Docket No. DW 05-112.

Pursuant to RSA 374:26, permission to expand a franchise may be granted without hearing when all interested parties are in agreement. Here, it is clear that HAWC and Staff are in agreement and the Town of Hampstead has not objected. Nevertheless, we believe it is reasonable to afford interested parties the opportunity to comment. Accordingly, we will issue our decision on a *nisi* basis.

**Based upon the foregoing, it is hereby**

**ORDERED *NISI*** that, subject to the effective date below and pursuant to RSA 374:22 and 26, Hampstead Area Water Company, Inc. is authorized to provide water service to the two proposed franchise expansion areas in the Town of Hampstead as delineated in its petition; and it is

**FURTHER ORDERED** that, pursuant to RSA 374:2, Hampstead Area Water Company is authorized to charge the existing Bricketts Mill, Kent Farm and Woodland Pond/Core System rates in the areas in which they are currently being charged in Hampstead and Plaistow, including application of the Woodland Pond/Core System rates in both new franchise areas, until rates are determined in Docket No. DW 05-112; 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, with a copy mailed to the Hampstead Town Clerk, such publication and mailing to be no later than October 3, 2005; and to be documented by affidavit filed with this office on or before October 21, 2005; 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 October 10, 2005 for the Commission's consideration; and it is

**FURTHER ORDERED**, that any party interested in responding to such comments or request for hearing shall do so no later than October 17, 2005; and it is

**FURTHER ORDERED**, that this Order *Nisi* shall be effective October 21, 2005, unless the Petitioner fails to satisfy the publication obligation set forth above or the Commission provides otherwise in a supplemental order issued prior to the effective date; and it is

**FURTHER ORDERED**, that the Petitioner shall file a compliance tariff revising page 20 to specifically indicate its application to the area served by the Hampstead Core system, with the Commission on or before October 10, 2005, in accordance with N.H. Admin. Rules Puc 1603.02(b).

By order of the Public Utilities Commission of New Hampshire this twenty-second day of September, 2005.

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Thomas B. Getz  
Chairman

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Graham J. Morrison  
Commissioner

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Michael D. Harrington  
Commissioner

Attested by:

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Debra A. Howland  
Executive Director & Secretary