

**DW 08-065**

**HAMPSTEAD AREA WATER COMPANY**

**Permanent Rate Proceeding**

**Order Suspending Proposed Tariff Revisions for a Permanent Rate Increase  
And  
Establishing a Prehearing Conference**

**ORDER NO. 24,879**

**July 25, 2008**

Hampstead Area Water Company, Inc. (HAWC) provides water service to approximately 2,800 customers in the Southern New Hampshire Communities of Atkinson, Chester, Danville, East Kingston, Fremont, Hampstead, Kingston, Nottingham, Plaistow, Salem, and Sandown. On April 28, 2008, HAWC filed a notice of intent to file rate schedules. On June 25, 2008, HAWC filed its schedules along with supporting testimony for an increase in permanent rates for all of its current franchises. HAWC proposes to increase its annual revenue by \$167,193, or by 13.77%. HAWC states that its currently effective rates do not allow it to earn its last allowed rate of return of 6.28%. HAWC states its overall rate of return for the year ending 2007 was 4.81% and thus it needs a 13.77% increase to raise its overall rate of return to 6.28%.

HAWC states the rate increase is needed because it has financed three projects, consisting of a hydrology study, a new billing software system, and the acquisition of three vehicles. It states the hydrology study is ongoing, the software system went into service in 2007, and two of the three vehicles are in service. HAWC has had additions to its rate base, increases in its operating and maintenance expenses, and it seeks a 9.75% return on equity. In order to improve cash flow, HAWC is proposing to change to a monthly billing cycle. HAWC states that if the proposed revenue is approved, the average annual amount for a residential customer will increase

from \$424.92 to \$483.42, which is an annual increase of \$58.50 or 13.77%. HAWC proposes no increase to its fire protection rates.

The filing raises, inter alia, issues related to RSA 378 and the justness and reasonableness of rates, fares, and charges; issues regarding operation and maintenance costs and rate of return; the efficacy of instituting monthly billing; HAWC's proposed rate base additions; leaving fire protection rates at current levels; and its proposed return on equity. A full investigation is necessary to determine whether the proposed increase is in the public good and these and other issues will be addressed in the permanent rate proceeding.

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

**ORDERED**, that Hampstead Area Water Company's proposed Eighth Revised Page 19 issued in lieu of Seventh revised Page 19 be and hereby is suspended pending the Commission's investigation prior to rendering a final order in this proceeding; and it is

**FURTHER ORDERED**, that pursuant to N.H. Admin. Rule Puc 203.15, a prehearing conference be held before the Commission located at 21 South Fruit Street Suite 10, Concord, New Hampshire on September 3, 2008 at 10:00 a.m. at which each party will provide a preliminary summary of its position with regard to the filing; and it is

**FURTHER ORDERED**, that, immediately following the Prehearing Conference, HAWC, Staff, and any Intervenors hold a Technical Session to review the filing and allow HAWC to provide any updates or amendments to its filing; and it is

**FURTHER ORDERED**, that pursuant to N.H. Admin. Rule Puc 203.12, HAWC shall notify all persons desiring to be heard at this hearing by publishing a copy of this Order of Notice no later than August 1, 2008, in a newspaper with general circulation in those portions of the

state in which operations are conducted, publication to be documented by affidavit filed with the Commission on or before September 3, 2008; and it is

**FURTHER ORDERED**, that pursuant to N.H. Admin. Rules Puc 203.17, any party seeking to intervene in the proceeding shall submit to the Commission seven copies of a Petition to Intervene with copies sent to HAWC and the Office of Consumer Advocate on or before August 29, 2008 such Petition stating the facts demonstrating how its rights, duties, privileges, immunities or other substantial interests may be affected by the proceeding, as required by N.H. Admin. Rule Puc 203.17 and RSA 541-A:32,I(b); and it is

**FURTHER ORDERED**, that any party objecting to a Petition to Intervene make said Objection on or before September 3, 2008.

By order of the Public Utilities Commission of New Hampshire this twenty-fifth day of July, 2008.

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Thomas B. Getz  
Chairman

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Graham Morrison  
Commissioner

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Clifton C. Below  
Commissioner

Attested by:

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Debra A. Howland  
Executive Director & Secretary