

**THE STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DW 08-088

ORDER OF NOTICE

Hampstead Area Water Company, Inc. (HAWC) is a regulated public utility pursuant to RSA 362:2 and 362:4 and provides water service to approximately 2,700 customers in Atkinson, Hampstead, Nottingham, Danville, Sandown, Fremont, East Kingston, Kingston, Chester, Salem, and Plaistow.

On June 27, 2008, HAWC filed a petition for authority to borrow long term debt pursuant to RSA 369; to extend its franchise area; and for a step increase in rates. HAWC's petition was accompanied by the direct testimony of Harold Morse, President of HAWC, and Stephen P. St. Cyr, a consultant to HAWC.

HAWC intends to borrow \$1,100,885 from the State Revolving Loan Fund (SRF) administered by the New Hampshire Department of Environmental Services (DES). Terms and conditions of the borrowing include a 20 year amortization, an interest rate of 3.488%, and payments of principal and interest monthly beginning 30 days from the date of closing. The proceeds from the proposed financing would be used to fund the construction of an interconnection between HAWC's two core systems in the Towns of Hampstead and Atkinson of approximately 15,000 feet of 10" PVC water main along Route 121. HAWC asserts this interconnection is supported by DES, and that connecting the two core systems provides stability and responsiveness to the two core systems both as to overall water supply and emergency supply. The interconnection would allow HAWC to access water resources in the two systems in times of drought, as the water storage tanks in the two systems would essentially be connected.

HAWC's request for an expansion of its existing franchise area results from the route of the proposed interconnection. As proposed, the project would proceed through a portion of the Town of Atkinson not presently within HAWC's franchise. HAWC asserts it would be for the public good to include this area in its franchise to potentially serve existing homeowners along the route as well as providing service to parcels of land that are developed or may be developed in the future.

HAWC proposes that, in order to recover its investment in this project and service the additional debt, it be permitted to seek a step adjustment in its rates at the conclusion of the construction. HAWC estimates that, based on projected costs for the project, it would need to recover an additional \$85,340 in revenues, which represents an overall increase of approximately 6.73% in revenues and would add approximately \$0.32 to HAWC's current consumption rate.

The filing raises, inter alia, issues related to authority to borrow pursuant to RSA 369; prudence of the proposed interconnection; expansion of HAWC's franchise pursuant to RSA 374; and HAWC's request to increase its rates pursuant to RSA 378:3. Each party has the right to have an attorney represent them at their own expense.

Based upon the foregoing, it is hereby

ORDERED, that a Prehearing Conference, pursuant to N.H. Admin. Rules Puc 203.15, be held before the Commission located at 21 S. Fruit St., Suite 10, Concord, New Hampshire on September 3, 2008 at 11:00 a.m. at which each party will provide a preliminary statement of its position with regard to the petition and any of the issues set forth in N.H. Admin. Rule Puc 203.15 shall be considered; and it is

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

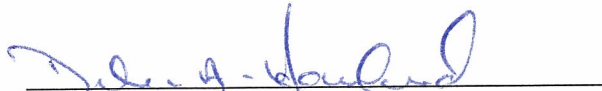
FURTHER ORDERED, that pursuant to N.H. Admin. Rules Puc 203.12, HAWC shall notify all persons desiring to be heard at this hearing by publishing a copy of this Order of Notice no later than August 8, 2008, in a newspaper with general circulation in those portions of the state in which operations are conducted, publication to be documented by affidavit filed with the Commission on or before September 3, 2008; and it is

FURTHER ORDERED, that HAWC shall provide a clear and concise statement of the proposed rate change and a copy of this Order of Notice to all current and known prospective customers of HAWC and the Clerk of the Towns of Atkinson and Hampstead, New Hampshire, by first class U.S. Mail, postmarked no later than August 12, 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 the Consumer Advocate on or before August 29, 2008, such Petition stating the facts demonstrating how its rights, duties, privileges, immunities or other substantial interest 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 thirtieth day of July,
2008.


Debra A. Howland
Executive Director & Secretary

Individuals needing assistance or auxiliary communication aids due to sensory impairment or other disability, should contact the Americans with Disabilities Act Coordinator, NHPUC, 21 S. Fruit St., Suite 10, Concord, New Hampshire 03301-2429; 603-271-2431; TDD Access: Relay N.H. 1-800-735-2964. Notification of the need for assistance should be made one week prior to the scheduled event.

