

ORIGINAL
N.H.P.U.C. Case No. DW 13-171
Exhibit No. 13
Witness Panel 1
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Eastman Sewer Company, Inc.

DW 13-171

Responses to Staff Set 1

Data Request Received: 08/29/13

Date of Response: 09/12/13

Request No. Staff 1-5

Witness: Brian Harding

REQUEST: Re: Mr. Harding's testimony at page 3. Please describe the phrase "appropriate municipal procedures" as regards the establishment of user fees as described in lines 47-50.

RESPONSE: The Village District of Eastman follows the same procedures as most municipalities when setting user fees. A draft budget for the upcoming fiscal year is prepared, incorporating the appropriate level of revenue and expenses to cover the expected operation and maintenance costs, capital expenditures, debt service, and renovation or replacement of infrastructure. After reviews and adjustments, the draft budget becomes the proposed budget, Department of Revenue Administration (DRA) "Budget Form for Village Districts" MS-36, (see Attachment 9) and is included in the Annual Report provided to the District's voters prior to the annual meeting. Once adopted by the voters, the budget becomes the revenue and expense model on which the user fees and taxes are based and is then incorporated into the DRA Form MS-32 (see Attachment 9, pages 6-8).

Regarding the actual setting of user fees, the Village District Commissioners establish and approve the fees charged to District customers. Any difference between the expected revenue from rates and fees and expenses is balanced out with taxes. The rates and fees are set at

a level which allows the District to cover its operating and maintenance expenses, meet its debt service obligations, and plan for long-term capital improvements. In the budget approved by the VDE voters in March 2013, the revenue and expenses related to the operation of the sewer system by VDE (pending PUC approval) were clearly identified and separate from the budget for the water system. From the beginning of this process, the VDE, ECA and ESC have committed that future revenue and expenses for operating the sewer system will be clearly identified and kept separate from water operations, and all costs to operate the sewer will be paid by sewer customers only.