



The State of New Hampshire
Department of Environmental Services



Robert R. Scott, Commissioner

March 6, 2019

Debra A. Howland, Executive Director
New Hampshire Public Utilities Commission
21 South Fruit Street, Suite 10
Concord, NH 03301

NHPUC 7MAR'19PM1:45

Re: DW-18-138 Hampstead Area Water Company Atkinson Water Storage Tank

Dear Ms. Howland:

The New Hampshire Department of Environmental Services (NHDES) is writing this letter of support for the Hampstead Area Water Company's (HAWC) Petition for approval of financing for the Atkinson Water Storage Tank, as well as a step increase to recover debt costs.

The HAWC water system currently includes two primary water storage tanks -- the Smith Mountain Tank in northern Hampstead and the Sawyer Avenue Tank in southern Atkinson. The existing Sawyer Avenue Tank in Atkinson is buried with pumped storage. If the pumps fail, the stored water is not available to the system. Construction of the proposed gravity storage tank in Atkinson will improve HAWC's ability to provide safe and reliable service to its customers by:

1. Providing more stable pressures in the southern part of the system, which will now be maintained by the water level in the tank independent of the number of wells in operation and their flow rates.
2. Allowing wells to pump at a more constant, sustainable rate, which will reduce wear and tear on mechanical and electrical equipment. Currently wells in the south have to ramp up to meet peak demands.
3. Reducing system complexity by providing storage for peak demands. Currently, operators have to open and close valves and increase well flow rates manually to balance flows and pressures in different parts of the system based on fluctuating demands.
4. Increasing fire storage volume.
5. Increasing fire flow rates, especially in the southern part of the system.

In addition to the above-stated benefits to HAWC's system, the proposed Atkinson Tank will provide added benefits to the Southern New Hampshire Regional Water Project (SNHRWP), which seeks to use Manchester Water Works as a supplemental source of supply for water systems serving the Towns of Windham, Salem, Atkinson, Hampstead and Plaistow. The proposed Atkinson Tank is a necessary part of the SNHRWP as it will enable HAWC to make one half of the volume of water from the proposed Atkinson Tank available for purchase by the Town of Plaistow when Plaistow establishes a municipal water system.

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By combining efforts, both HAWC and the SNHRWP are taking advantage of an economy of scale. The cost per unit volume is less for a larger tank than for two smaller tanks. Duplication of effort and common costs such as site work are reduced and, as a result, HAWC's rate payers will realize the same benefit from the proposed Atkinson Tank at a lower cost than if HAWC were to construct the tank independently.

Furthermore, HAWC water users and rate payers will realize the following benefits as a result of the additional supply capacity provided by the SNHRWP.

1. Increased reliability of water supply. Some existing wells are experiencing declining yields.
2. Improved water quality by allowing HAWC to prioritize higher quality wells. Some wells have experienced increasing concentrations of regulated contaminants such as arsenic, radium, and alpha particles. HAWC will be able to serve a safer product to customers by taking their lowest quality wells offline and blending in regional water.
3. Reduction in system complexity by allowing HAWC to take up to ten of its existing 19 wells offline.
4. Ability to expand to address contamination and/or loss of water in private wells.

Please note that although the New Hampshire Drinking Water and Groundwater Trust Fund (the Trust Fund) is providing funds to HAWC for the proposed Atkinson Tank in the form of a loan, the Trust Fund will provide a grant for HAWC's construction costs necessitated by and solely related to the SNHRWP. In addition, costs that HAWC will incur as a result of the SNHRWP including, but not limited to, operation and maintenance, bulk water purchase, and tax liabilities will be offset, in part, by wholesale water sales to the Town of Plaistow. In view of the foregoing, NHDES believes that HAWC's Petition is in the best interests of its customers as it will enable the company to continue to provide safe and reliable service at just and reasonable rates, and to play an important role in the SNHRWP.

In summary, NHDES supports HAWC's request for financing construction of the Atkinson Water Storage Tank.

Sincerely,



Robert R. Scott
Commissioner