

DW 07-004

NORTHERN SHORES WATER COMPANY

Petition for Permanent Rates

**Order Suspending Proposed Tariff
and
Scheduling Prehearing Conference**

ORDER NO. 24,732

March 16, 2007

Northern Shores Water Company (Northern) is a regulated public utility pursuant to RSA 362:2 and 362:4 and provides water service to approximately 31 customers in the Town of Tilton. On January 4, 2007, Northern filed a notice of intent to file rate schedules as well as a request for waiver of certain filing requirements with the New Hampshire Public Utilities Commission (Commission). On January 25, 2007, Staff filed a letter with the Commission recommending the Commission approve Northern's waiver request concerning N.H. Code Admin. R. Puc 1604.01(a) (1), (2), (4), (5), (6), (7), (8), (9), (10), (11), (12), (14), (15), (17), (18), (19), (20), (21), (22), (23), and (24). In support of its recommendation, Staff stated: 1) some of the materials, such as stockholder reports and Securities and Exchange Commission filings, are not produced by Northern Shores since it has not issued stock; 2) some of the material has been previously provided to the Commission; 3) the discovery process that typically accompanies the Commission's investigation, as well as the Staff audit, will produce ample supporting information in lieu of providing information pursuant to N.H. Code Admin. R. Puc 1604.01(a).

On February 16, 2007, Northern filed testimony and schedules in support of its proposed rate increase. Northern seeks to increase its operating revenues by \$5,422 or 93.4% over its 2006 test year level. Northern states it currently has eight seasonal customers and 23 year-round customers. Northern's Report of Proposed Rate Changes indicates that, if Northern's rate increase request is approved, the seasonal customers will experience an increase in annual water bills from \$161.84 to \$313.00, and bills for year-round customers would increase from \$232.60 to \$449.85. Northern's customers are not metered and are charged flat rates. Northern did not specify an effective date for the proposed rate increase.

Northern states that the proposed increase in revenues is necessary because revenues for the test year ending December 31, 2006 are not adequate to cover the cost of maintaining the water system, are not adequate to meet requirements of the N.H. Department of Environmental Services, and do not justify the time and funds expended in the operation of the system.

Having considered Northern's waiver request and Staff's recommendation, we find that granting the waiver will serve the public interest, will not prejudice the Commission's investigation or that of any intervenors, and that the waiver will not disrupt the orderly and efficient resolution of matters in this docket. We agree that, given Northern's small size, certain sections of N.H. Code Admin. R. 1604.01(a) are inapplicable and that the purpose of the rule can be satisfied by the discovery process that typically accompanies the Commission's investigation, as well as by a Staff audit. Accordingly, we will grant Northern's waiver request pursuant to N.H. Code Admin. R. Puc 201.05.

In conclusion, Northern's filing raises, inter alia, issues related to: RSA 378:7 and whether the proposed permanent rates are lawful, just and reasonable; whether test year expenses and *pro forma* adjustments are reasonable; whether the calculation of rate base represents

prudent investment in property that is used and useful pursuant to RSA 378:28; the determination of a reasonable rate of return, including an appropriate capital structure; whether the level of revenues used for calculating the revenue requirement is reasonable; whether it is in the public interest for the Commission to waive the requirement of metered service in N.H. Code Admin. R. Puc 603.03; and, whether the proposed rate design should be maintained.

Based upon the foregoing, it is hereby

ORDERED, Northern Shores Water Company's proposed tariff page is hereby suspended; and it is

FURTHER ORDERED, that a Prehearing Conference, pursuant to N.H. Admin. Rules Puc 203.15, be held before the New Hampshire Public Utilities Commission located at 21 South Fruit Street, Concord, New Hampshire on April 17, 2007, at 10:00 a.m. at which each party and Commission Staff will provide a preliminary summary of its positions with regard to the Petition; and it is

FURTHER ORDERED, that, immediately following the Prehearing Conference, Northern, Commission Staff and Intervenors hold a technical session to review the issues and recommend a proposed procedural schedule for consideration of permanent rates; and it is

FURTHER ORDERED, that pursuant to N.H. Admin. Rules Puc 203.12, Northern notify interested parties of this proceeding by providing a copy of this Order of Notice by first class mail to the Town Clerk for the Town of Tilton and to each of its customers, on or before April 3, 2007; and it is

FURTHER ORDERED, that pursuant to N.H. Admin. Rules Puc 203.12, any party seeking to intervene in the proceeding shall submit to the Commission seven copies of a Petition to Intervene with copies sent to Northern and the Office of the Consumer Advocate on or before

April 12, 2007 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 April 17, 2007.

By order of the Public Utilities Commission of New Hampshire this sixteenth day of March 2007.

Thomas B. Getz
Chairman

Graham J. Morrison
Commissioner

Clifton C. Below
Commissioner

Attested by:

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.