

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

**IR 19-005**

**Investigation to Determine a Method for Setting a Generic Return on Equity for Small  
Water Utilities**

**ORDER OF NOTICE**

On November 28, 2018, the Commission issued Order No. 26,195 approving a return on equity (ROE) for Hampstead Area Water Company, Inc. (Hampstead). The Order also directed a docket be opened by January 12, 2019, to investigate rulemaking for setting a generic ROE for small water utilities, like Hampstead.

The parties to this investigation, including small water utilities and stakeholders, should refer to the expert testimony of Pauline M. Ahern and Dr. J. Randall Woolridge for a more thorough discussion of the earnings risks and industry economics encountered by small water companies. DW 17-165, *Abenaki Water Company – Rosebrook Water System*, filings on June 1, 2018, and September 19, 2018, respectively. The parties, furthermore, should examine and note the ROE methodology approved in Order No. 26,195 and in *Abenaki Water company, Inc. – Rosebrook Water System*, Order No. 26,205 (December 27, 2018).

The Commission authorizes the Commission Staff (Staff) to conduct an investigation pursuant to its statutory authority RSA 365:5 (regarding independent inquiry by the Commission) and RSA 374:3 (general supervisory powers of the Commission). The investigation raises, inter alia, issues related to RSA 378:7 and whether a generic method for setting an ROE for small water companies would result in just and reasonable rates; and what constitutes a small water company.

The Commission shall hold a technical session on February 26, 2019, at 9:00 a.m., for the purpose of developing an economical and straightforward methodology for setting small water utility ROEs, as consented to by the parties, that would be the basis of a possible future rulemaking docket. The goal of the investigation would be to establish a small water utility ROE methodology that avoids extensive litigation and results in just and reasonable rates. The investigation, furthermore, shall determine the qualifications of a small water utility. Staff shall endeavor to complete its investigation and deliver a report to the Commission at a time established by the procedural schedule developed by the parties.

Each party has the right to have an attorney represent the party at the party's own expense. Subsequent docket filings, other than any information for which confidential treatment is requested of or granted by the Commission, will be posted to the Commission's website at <http://www.puc.nh.gov/Regulatory/MasterList2019.pdf>.

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

**ORDERED**, that Staff shall investigate the issues referenced herein, with a report of its findings, conclusions, and recommendations to be made to the Commission at a time established by the procedural schedule developed by the parties; and it is

**FURTHER ORDERED**, that a public stakeholder technical session shall be held at the Commission's offices at 21 South Fruit Street, Suite 10, Concord, New Hampshire on February 26, 2019 at 9:00 a.m., to develop a procedural schedule for this investigation; and it is

**FURTHER ORDERED**, that the Executive Director shall publish this Order of Notice on the Commission's website no later than one day after the date of issue.

By order of the Public Utilities Commission of New Hampshire this ninth day of January,  
2019.



Debra A. Howland  
Executive Director

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.

