

ORIGINAL

M.H.P.U.C. Case No. DW 09-291

Exhibit No. # 5

Witness Panel 1

DO NOT REMOVE FROM FILE

Fryeburg Water Company
DW 09-0291

Petition for Temporary Rates

Fryeburg Water Company's Response to Staff Data Requests – Set 1

Date Request Received: 10/22/2010

Date of Response: 10/29/2010

Request No. Staff 1-1

Witness: Jean Andrews

Staff 1-1

Regarding Page 14 of Exhibit JA-2:

- a) The Retained Earnings amount indicated on the Cost of Capital Schedule of the Company's filing (Section 6-1) is \$316,377. The Company's 2009 Annual Report to the Maine Public Utilities Commission indicates that the Retained Earnings balance as of 12/31/09 was \$276,276 (Page F-2; Line 8(d)); a difference of \$39,691. Please explain this difference.
- b) The Cost Rate for the 2007 Issue indicated on the Cost of Capital Schedule of the Company's filing (Section 6-1) is 7.37%. The Company's 2009 Annual Report to the Maine Public Utilities Commission indicates that the cost rate of this debt is 6.53% (Page F-17; Line 5(h)). Please explain this difference in the cost rate of this debt.

Response 1-1

- a) The Retained Earnings amount indicated on the cost of Capital Schedule of the Company's filing (Section 6-1) is \$316,377 which represents the balance as of 1/1/09. The Company's 2009 Annual Report to the Maine Public Utilities Commission indicates that the Retained Earnings balance as of 12/31/09 was \$276,276 (Page F-2; Line 8(d)); a difference of \$39,691. This difference is the sum of a Net Income Loss of (\$57,503) and an Income Tax Refund in the amount of \$17,812 from 2008 received in 2009.
- b) The Cost Rate for the 2007 Issue is 6.53%. The Company can not explain the difference in the cost rate of this debt other than it was an error on the Cost of Capital Schedule of the Company's filing (Section 6-1).

Fryeburg Water Company

DW 09-0291

Petition for Temporary Rates

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Date Request Received: 10/22/2010

Date of Response: 10/29/2010

Request No. Staff 1-2

Witness: Jean Andrews

Staff 1-2

Regarding Page 143 of Exhibit JA-2: Within the Stipulation Agreement under the section entitled **Major Provisions of the Stipulation**, the following statement is made:

2. In arriving at the new agreed-upon revenue requirement, the parties considered adjustments to the amortization period for past rate-case expenses and to the return on equity (ROE) proposed by the Water Company [in] its filing.

- a) Please identify the specific adjustments that were made to the amortization period for past rate-case expenses as well as the proposed return on equity to arrive at the stipulated revenue requirement.
- b) Please provide supporting documentation for these adjustments, if available.

Response 1-2

- a) The parties considered adjustments to the amortization period for past rate-case expenses as well as the proposed return on equity through discussion during the March 4, 2010 Maine Public Utilities Commission Hearing, but no specific adjustments were made or documented.
- b) The Company requested a \$72,257 increase in revenue. The State of Maine, Public Advocate's Office to proposed to reduce the requested revenue increase by \$10,000. The proposal was approved with the \$10,000 reduction. The Company is not aware of any supporting documentation

Fryeburg Water Company

DW 09-0291

Petition for Temporary Rates

Fryeburg Water Company's Response to Staff Data Requests – Set 1

Date Request Received: 10/22/2010

Date of Response: 10/29/2010

Request No. Staff 1-3

Witness: Jean Andrews

Staff 1-3

Did the determination of the stipulated revenue requirement approved by the Maine Commission include plant assets that should be classified as Construction Work in Progress (CWIP)? If yes, please explain.

Response 1-3

The determination of the stipulated revenue requirement approved by the Maine Public Utilities Commission did not include plant assets that should be classified as Construction Work in Progress (CWIP).

Fryeburg Water Company

DW 09-0291

Petition for Temporary Rates

Fryeburg Water Company's Response to Staff Data Requests – Set 1

Date Request Received: 10/22/2010

Date of Response: 10/29/2010

Request No. Staff 1-4

Witness: Jean Andrews

Staff 1-4

Is the Company aware of any other non-recurring expense transactions which were recorded during the test year and are reflected in the stipulated revenue requirement that was approved by the Maine Commission? If yes, please explain.

Response 1-4

The Company is not aware of any other non-recurring expense transactions which were recorded during the test year and reflected in the stipulated revenue requirement approved by the Maine Public Utilities Commission.

Fryeburg Water Company
DW 09-0291

Petition for Temporary Rates

Fryeburg Water Company's Response to Staff Data Requests – Set 1

Date Request Received: 10/22/2010

Date of Response: 10/29/2010

Request No. Staff 1-5

Witness: Jean Andrews

Staff 1-5

Does the stipulated revenue requirement which was approved by the Maine Commission reflect any expenditures such as fines, penalties, lobbying activities, etc., which are normally excluded from rate making? If yes, please explain and identify the expenditure dollar amounts.

Response 1-5

The stipulated revenue requirement approved by the Maine Public Utilities Commission reflects \$114.00 in lobbying activities detailed below:

Maine Water Utilities Association	\$ 14.00
Maine Rural Water Association	\$100.00

Fryeburg Water Company

DW 09-0291

Petition for Temporary Rates

Fryeburg Water Company's Response to Staff Data Requests – Set 1

Date Request Received: 10/22/2010

Date of Response: 10/29/2010

Request No. Staff 1-6

Witness: Jean Andrews

Staff 1-6

Please indicate generally what if any rate base additions made since the last rate case relate specifically to New Hampshire customers.

Response 1-6

Due to revenue shortfall, the Company has been unable to reinvest in capital projects since the last rate case specifically to New Hampshire customers. The Company did install a meter at a new service location at a cost of \$173.15 (\$108.65 materials and \$64.50 labor).

Fryeburg Water Company
DW 09-0291
Petition for Temporary Rates
Fryeburg Water Company's Response to Staff Data Requests – Set 1

Date Request Received: 10/22/2010

Date of Response: 10/29/2010

Request No. Staff 1-7

Witness: Jean Andrews

Staff 1-7

Fryeburg has requested exemption from rate regulation. See Petition at para. 15. In assessing the public good behind this request, please identify what options New Hampshire customers have, if any, for intervening and participating in the Maine rate review process.

Response 1-7

The Company does not view approval under RSA 374:24 as “exemption from rate regulation” for the reasons stated in response to Staff 1-9.

It is my understanding that New Hampshire customers will have the same legal rights to intervene and participate in the Maine rate review process as Maine customers. The Maine PUC's procedural rules, available at <http://www.maine.gov/mpuc/legislative/rules/index.shtml> provide for intervention by any person having a “direct and substantial interest in the proceeding”. See Section 723 (a).

The attached procedural order issued by the Maine PUC in Docket No. 2006-590 allowed both the New Hampshire Office of Consumer Advocate and New Hampshire customers to participate.

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

Docket No. 2006-590

December 5, 2006

FRYEBURG WATER COMPANY
Investigation Into Fryeburg Water
Company's Rates

PROCEDURAL ORDER

This Procedural Order memorializes a number of issues addressed during the Case Conference held on December 1, 2006.

Petitions to Intervene

Petitions to Intervene filed by the Office of the Public Advocate, the New Hampshire Office of Consumer Advocate (NH OCA)¹, the Town of Fryeburg, and Paul Naughton² were granted. The Hearing Examiner granted the Petitions to Intervene by Thomas Rebmann and Hannah Warren but sought clarification and comments regarding the scope of the investigation described in their petitions. See Scope of Investigation Section below. The Hearing Examiner also suggested that the petitions of Thomas Rebmann and Hannah Warren be consolidated as permitted by Chapter 110 § 724. Both petitioners identified the same issues of interest in the proceeding and are being represented by the same counsel. Neither the petitioners nor their counsel had any objection to the consolidation. As a result, the participation of these two interveners has been consolidated.

Interested Parties

The requests made by Nancy and Robert Swett and Bobbi Jo and James Ensor to be added to the service list as interested parties were granted. A copy of the service list, including mailing and email addresses, is attached to this Procedural Order.

¹ The Hearing Examiner granted Discretionary Intervention to the NH OCA noting that the NH OCA's Petition to Intervene stated that the office sought to intervene to "monitor [FWC's] requests and the examination of those requests, as these same or similar requests may come before the New Hampshire Commission" that the OCA "did not anticipate at this time submitting any evidence or argument, as the rates ultimately set through this proceeding are those applicable only to Maine customers of [FWC]" and that "though its intervention, the OCA may serve as a resource to the Commission and other parties for information about NH regulation and operation of the Company."

² Mr. Naughton did not participate in the Case Conference and must take the case as he finds it.

Scope of the Investigation

The Petitions to Intervene filed by Thomas Rebmann and Hannah Warren stated that they were customers of FWC, were “directly affected by FWC’s rates, terms and conditions and quality of service” and planned to “examine FWC’s revenues and expenses, to determine whether the FWC’s rates, including the design of its rates and its cost allocations, are reasonable and, if they are not reasonable, to seek their reduction and/or modification to just and reasonable levels.” The intervenors went on to state that they:

may also seek to determine: 1) if the FWC’s non-rate service terms are reasonable in and of themselves and/or in relationship to FWC’s rates; 2) whether FWC’s operations provide assurance of its ability to provide adequate service and appropriate resource use to FWC customers; and 3) whether any service and resource adequacy issues should be considered when designed FWC’s rates.

The Commission opened this Docket (2006-590) solely as an investigation into FWC’s rates. As discussed at the Case Conference, parties that seek to have the investigation look at issues related to the capacity or sustainability of the aquifer or how sustainability issues of the aquifer relate to rate design may file comments explaining their position in more detail. This should include how these issues relate to the Commission’s investigation into rates and the Commission’s jurisdiction to investigate these issues. **Comments are due by December 13, 2006.**

Schedule

The parties agreed to the following schedule:

- | | |
|---------------------------------------|---|
| December 13, 2006 | Comments due on Relationship between Aquifer Sustainability and Rate Design Issues |
| December 15, 2006 | Initial Data Requests |
| January 22, 2007 | Data Request Responses Due |
| February 1, 2007
9:00 a.m. | Technical Conference |
| February 15, 2007 | Deadline for District to respond to additional Data Requests and Oral Data Requests |
| February 28, 2007 | Deadline for the parties to file a written request if they desire Commission Staff to participate in a Settlement Conference. |

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|------------------------------------|---|
| March 1, 2007
9:00 a.m. | 2 nd Technical Conference or Settlement Conference with Commission Staff if requested by the parties. The Telebridge number is (620) 782-8200, PIN 173464. |
| March 15, 2007 | Deadline for submitting proposed Stipulations. |
| March 30, 2007 | Deadline for the Intervenors to submit Prefiled Testimony (in the event no Stipulation has been filed). |
| April 13, 2007 | Data Requests on Intervenor Testimony |
| April 27, 2007 | Data Request Responses Due |
| May 17, 2007
9:30 a.m. | Hearing (in the event no Stipulation has been filed). |
| May 31, 2007 | Examiner's Report |
| June 13, 2007 | Exceptions to Examiner's Report |

BY ORDER OF THE HEARING EXAMINER

Paulina McCarter Collins