

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

DW 15-199

ABENAKI WATER COMPANY

Request for Permanent and Temporary Rate Proceeding

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

ORDER NO. 25,804

August 28, 2015

On June 1, 2015, Abenaki Water Company (Abenaki or Company) filed a notice of intent to file rate schedules. On July 24, 2015, Abenaki filed proposed tariff pages, along with testimony and schedules supporting its proposed rate increase, pursuant to N.H. Code of Admin. R. Chapter Puc 1600. Abenaki provides water and sewer utility service to customers in Belmont, New Hampshire, and water utility service to customers in Bow, New Hampshire. Abenaki issues bills on a monthly basis. On August 17, 2015, the Company filed a request for temporary rates. The petition and 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/Docketbk/2015/15-199.html>.

Abenaki proposes to permanently increase its annual water revenue by a total of \$45,393, or 23.41%, and to consolidate the separate water rates for the Bow and Belmont systems. Abenaki proposes a total water revenue requirement for the two water systems of \$239,266. Under Abenaki's proposal, for a single family home in Belmont, the average monthly water bill, based on 3,000 gallons used (or 4.01 hundred cubic feet), would increase by \$11.25, from \$53.75

to \$65.00, a 20.93% increase. The monthly bill for a single family home in Bow, based on 3,000 gallons used, would increase by \$14.09, from \$50.91 to \$65.00, a 27.68% increase.

Abenaki proposes to increase its annual sewer revenue by a total of \$39,246, or 50.11%, for a total revenue requirement of \$117,559. If Abeneaki's proposal were approved, the sewer bill for a single family home in Belmont, based on 3,000 gallons of water used, would increase by \$16.22, from \$34.55 to \$50.77, a 46.95% increase.

Abenaki states that its currently effective rates do not allow the company to meet its anticipated operating expenses and earn its proposed rate of return. Abenaki proposes an overall rate of return of 8.00%, based on a cost of equity of 10.75% and a weighted average cost of debt of 4.13%. Abenaki's capital structure as of December 31, 2014, was composed of 42% debt and 58% equity.

Abenaki proposes to include \$102,233 of "organization" costs related to New England Service Co., Inc.'s, purchase of the Bow and Belmont systems and the Commission's approval of such purchases (DW 13-236). The Company proposes to amortize the acquisition costs over a 12-year period. The Company seeks to include post-test year plant and related depreciation adjustments in the proposed increases. Abenaki also proposes to include pro-rated portions of expenses incurred or expected to be incurred post-test year.

In addition to increasing base rates, Abenaki proposes recovery of deferred sewer treatment expenses from its Belmont sewer customers via a separate surcharge. The proposal relates to the City of Laconia's increase to sewer treatment rates as of September 1, 2014. Specifically, the Company seeks to recover \$3,276 over a 12-month period, a cost to each sewer customer of \$1.75 per month. Abenaki also requests a "pass through" mechanism which could be used to increase sewer rates whenever the City of Laconia increases its sewer treatment rates.

Abenaki proposes temporary rates for its Belmont customers at the level of its currently authorized rates and a temporary increase in water rates for its Bow customers by \$11,974, or 18.09%. Abenaki proposes an increase in its Belmont sewer rates by \$17,237, or 22.01%. The Company states that the increases are necessary to eliminate the revenue deficiency incurred during the test year, reflect test year additions into rate base, and allow the Company to earn its present authorized rate of return. The Company requests that temporary rates be effective on a service-rendered basis as of the date specified for publication of the Commission's Order of Notice in this proceeding. If temporary rates are approved, customers' bills will be reconciled with the permanent rates approved by the Commission in this proceeding.

The filing raises, *inter alia*, issues related to RSA 378 and the justness and reasonableness of Abenaki's proposals including the proposed rates and charges; the proposed operating expenses, proforma adjustments, and rate of return; the proposed rate base; the proposed recovery of deferred sewer treatment costs; and the proposed pass-through rate mechanism related to sewer treatment costs. Full investigations are necessary to determine whether the proposed temporary increases and proposed permanent increases are in the public good. These and other issues will be addressed in the temporary and permanent rate proceedings.

Based upon the foregoing, it is hereby

ORDERED, that NHPUC NO. 2 – Water, Abenaki Water Company, Inc. – Belmont, Proposed 2nd Revised Page 16, 17, 18 and 19; NHPUC NO. 1 – Water, Abenaki Water Company, Inc. – Bow, Proposed 2nd Revised Page 13; NHPUC NO. 1 – Sewer, Abenaki Water Company, Inc. – Sewer, Proposed 2nd Revised Page 7, are hereby suspended; and it is

FURTHER ORDERED, that a Prehearing Conference, pursuant to N.H. Code Admin. Rules Puc 203.15, be held before the Commission located at 21 S. Fruit St., Suite 10, Concord, New Hampshire on September 23, 2015, at 10:00 a.m., at which each party will provide a preliminary statement of its position with regard to the petition and any of the issues set forth in N.H. Code Admin. Rules Puc 203.15 shall be considered; and it is

FURTHER ORDERED, that, immediately following the Prehearing Conference, Abenaki, the Staff of the Commission, and any Intervenors hold a Technical Session to review the petition and allow Abenaki to provide any amendments or updates to its filing; and it is

FURTHER ORDERED, that pursuant to N.H. Code Admin. Rules Puc 203.12, Abenaki shall notify all persons desiring to be heard at this hearing by mailing a copy of this Order of Notice no later than September 8, 2015, to all current and known prospective customers as well as the Clerk of the Towns of Belmont and Bow, New Hampshire, by first class U.S. Mail, postmarked no later than September 15, 2015 and documented by affidavit filed with the Commission on or before September 21, 2015; and it is

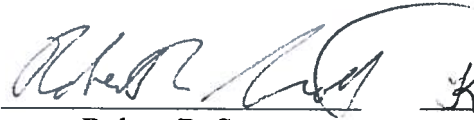
FURTHER ORDERED, that pursuant to N.H. Code Admin. Rules Puc 203.17, any party seeking to intervene in the proceeding shall submit to the Commission seven copies of a petition to intervene with copies sent to the joint petitioners and the Office of the Consumer Advocate on or before September 21, 2015, such petition stating the facts demonstrating how its rights, duties, privileges, immunities or other substantial interest may be affected by the proceeding, as required by N.H. Code 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 September 23, 2015.


By order of the Public Utilities Commission of New Hampshire this twenty-eighth day of August, 2015.



Martin P. Honigberg
Chairman



Robert R. Scott
Commissioner



Kathryn M. Bailey
Commissioner

Attested by:



Debra A. Howland
Executive Director