

**THE NEW HAMPSHIRE
RATE WATCHER**
(It's Your Money)

The Consumer Newsletter of the
New Hampshire Office of Consumer Advocate
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*Q. How do I protect the quality and the price of my water?
A To find out...read on!*

Regulation of Water Utilities in NH

Water companies regulated by the New Hampshire Public Utilities Commission ("PUC") must meet the definition of a "public utility." Generally, to be considered a "public utility," a water company must 1) own, operate or manage plant or equipment for the conveyance of water to the public, *see* RSA 362:2; and 2) serve more than 75 customers. *See* RSA 362:4. Presently, there are 33 water companies that meet the definition of a "public utility" and, as such, are regulated by the PUC.

Although there are 160 municipal water companies in New Hampshire, only a few are considered a "public utility," which by definition is regulated by the PUC. Municipal water companies operating within their municipal borders are exempt from the definition of public utility. *See* RSA 362:2 and RSA 362:4.

New Hampshire law requires every water company that meets the definition of "public utility" (water utility) to "furnish such service and facilities as shall be reasonably safe and adequate and in all other respects just and reasonable." RSA 374:1. Further, all charges made or demanded by any water utility for any service "shall be just and reasonable and not more than is allowed by law or by order of the public utilities commission." RSA 374:2.

The PUC is authorized to receive, investigate, mediate and adjudicate complaints against regulated utilities. For information about

filing a complaint about your services or rates visit the PUC's website at www.puc.nh.gov/Consumer/complaint.htm or call the PUC at 1-800-852-3793.

Water Utilities in NH

The 33 water utilities regulated by the PUC range in size from serving 75 customers to serving more than 22,000 customers.

These regulated water utilities serve approximately 15% of all of New Hampshire's residents. An estimated 38% of New Hampshire residents receive their water from private, on-site wells. Presumably, the remaining 47% of New Hampshire's residents are served by municipal water companies.

Typical water rates in New Hampshire vary widely from system to system. Based upon information from the NH Department of Environmental Services (DES) and the PUC, as of year end 2004, typical residential water consumers bills (whether municipal or regulated utility) can range from \$100 per year to \$800, with most falling in the \$200-\$700 range. The average water bill for NH municipal systems is approximately \$356 per year, while for public utilities the average is closer to \$500.

For a list of regulated water utilities in New Hampshire and their average rates, visit the PUC's web site at <http://www.puc.nh.gov/Water-Sewer/water-sewer.htm> or call the PUC at 1-800-852-3793.

Source: www.puc.nh.us

Water Service in NH

The United States has one of the safest water supplies in the world. However, national statistics do not tell you specifically about the quality and safety of the water coming out of your tap. That is because drinking water quality varies from place to place, depending on the condition of the water source from which it is drawn and the treatment it receives.

Risks to drinking water come in many forms, such as industrial discharges, recreational activities or simply natural conditions and events.

The Safe Drinking Water Act (SDWA) gives the U.S. Environmental Protection Agency (EPA) the responsibility for setting national drinking water standards that protect the health of the 250 million people who get their water from public water systems. Other people get their water from private wells which are not subject to Federal Regulations. That means the well owner is responsible for making sure their water is safe to drink. DES encourages well owners to have their water tested frequently. See http://www.des.state.nh.us/pdf/well_testing.pdf or call 271-2952 for more specifics. Without testing, you don't know what you and your family are consuming. Contaminants can become lethal. Please visit http://www.des.nh.gov/water_intro.htm for more information. Since 1974, the EPA has set national safety standards for over 80 contaminants that may occur in drinking water.

DES, through its Water Supply Engineering Bureau (WSEB) is the state agency designated to supervise public water systems under the SDWA, and it is eligible for federal funding for this purpose. Consequently, much of the work at WSEB is dictated by the SDWA, including national limits on contaminant levels in drinking water to ensure that the water is safe for human consumption. For specific information about the responsibilities of the WSEB, visit NHDES's website at www.des.state.nh.us/factsheets/ws/ws-15-1.htm.

While the EPA and DES set and enforce drinking water standards, local governments and private water suppliers have direct responsibility for the quality of the water that flows to your tap. Water systems, whether a municipality or public utility, test and treat their water, maintain the distribution systems that deliver water to consumers, and report on their water quality to the state. DES and the EPA provide technical assistance to water suppliers and can take legal action against systems that fail to provide water that meets New Hampshire and federal standards.

For an overview of drinking water safety, visit the EPA's website at www.epa.gov/safewater/wot/pdfs/book_waterontap_full.pdf. For a glossary of drinking water-related terms, see www.epa.gov/safewater/glossary.htm.

To obtain specific information about your drinking water, if it comes from a public water supplier, read your supplier's annual report. Every community water supplier must provide an annual report (sometimes called a consumer confidence report) to its customers. The report provides information on your local drinking water quality, including the water's source, the contaminants found in the water, and how consumers can get involved in protecting drinking water.

Sources: www.des.state.nh.us and www.epa.gov.

Water Rates in New Hampshire

When a water utility files a Petition for Rate Increase they must include with such filings information concerning their water conservation efforts as well as a proposal for a rate design that will incent conservation by their customers. This approach was adopted after an Investigation into Water Conservation done by the PUC Staff in 2001. The PUC found that when water rates are set higher consumers tend to use less, thus increasing water conservation. The PUC sets water rates based on an analysis of a utility's

earnings. The most recent year for which complete financial data is available is usually chosen as the “test” year, the year used to determine the utility’s earnings. The earnings achieved in that year are compared to a rate of return, which is a rate based partly on market interest rates that a utility would be earning based on its level of investment in utility plant that serves customers.

Utilities are only allowed to earn a return on investments that are actually being used in providing utility service to customers. It is through the allowed rate of return on plant investment that the utility has the opportunity to earn a profit. In addition, the utility is allowed to recover the prudent and necessary expenses incurred in running the business. The PUC, in reviewing a water utility’s request for a change in rates, carefully reviews all expenses as well as investments made to ensure the company is run in the most prudent and economical manner possible, consistent with the utility’s obligation to provide safe service.

In the past year, the PUC has seen a relative increase in the number of requests filed by water utilities to increase rates. This increase is due in part to the passage of time since the utility’s last rate increase and in part due to the challenges of complying with federal and state drinking water regulations, including the SDWA.

The PUC has approved rate increases in the following recent dockets:

DW 04-056 Pennichuck Water Works, Inc.
11.8% overall annual rate increase approved by Order No. 24,465, dated April 29, 2005.

DW 05-054 Sacoridge Water, Inc.
71.78% permanent rate increase approved by Order No. 24,561, dated December 9, 2005.

DW 05-072 Pennichuck East Utilities, Inc.
24.26% permanent rate increase approved by Order No. 24,591, dated February 24, 2006.

Other dockets now pending before the PUC that involve requests for rate increases include:

DW 05-119 Aquarion Water Co. of NH
21.23% overall annual rate increase requested; 10% temporary rate increase approved in Order No. 24,546, dated November 18, 2005. The hearing on permanent rates is scheduled for June 6, 2006.

DW 05-112 Hampstead Area Water Co., Inc.
87.84% overall annual rate increase requested; 34.49% temporary rate increase approved in Order No. 24,556, dated December 2, 2005. The hearing on permanent rates is scheduled for May 2, 2006.

DW 05-137 Lakes Region Water Co., Inc.
7.18% to 209% overall annual rate increases requested; hearing on temporary rates scheduled for **April 21st**.

A customer water bill is typically based on the use of water meters, which measure usage to determine the amount to be billed. Usually the water bill consists of two charges: a fixed customer charge, and a variable consumption charge.

The fixed portion of a water bill sometimes is calculated to recover the fixed costs of the utility, such as labor and return on capital investments. However, particularly with smaller systems, the fixed portion of the customer bill is calculated to provide revenue stability to the utility where seasonal differences in consumption may occur as with seasonal occupancy.

The consumption charge of a water bill is based on periodic readings (*e.g.*, monthly or quarterly). The PUC considers this the most effective way to encourage judicious use of water.

In some limited cases with very small systems, the Commission may provide a waiver of its administrative rules and allow a water

utility to charge a flat, unmetered rate. However, this method is largely discouraged as it provides no incentive for customers to conserve water and avoid waste.

Water Conservation Tips

Water conservation is the most cost-effective and environmentally sound way to reduce our demand for water. There are many effective ways to conserve water in and around your home, including the following tips (savings based upon a household of two adults and one child):

Fix leaky faucets and plumbing joints. **Saves 20 gallons** per day for every leak stopped.

Install water-saving shower heads or flow restrictors. **Saves 500 to 800 gallons** per month.

Run only full loads in the washing machine and dishwasher. **Saves 300 to 800 gallons** per month.

Shorten your showers. Even a one or two minute reduction can **save up to 700 gallons** per month.

Don't use your toilet as a wastebasket. **Saves 400 to 600 gallons** per month.

Check toilet for leaks. Put dye tablets or food coloring into the tank. If color appears in the bowl without flushing, there's a leak that should be repaired. **Saves 400 gallons** a month.

Turn off the water while brushing your teeth. **Saves three gallons** each day.

If you wash dishes by hand, don't leave the water running for rinsing. **Saves 200 to 500 gallons** a month.

Don't let the faucet run while you clean vegetables. Rinse them in a filled sink or pan. **Saves 150 to 250 gallons** a month.

Use the garbage disposal less and the garbage more (even better--compost!). **Saves 50 to 150 gallons** a month.

Source: www.monolake.org/index.html

Please remember to check our website for the current survey of the month and its results. We want to hear the voice of the consumer.

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