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March 16, 2011

Debra Howland  
Executive Director  
New Hampshire Public Utilities Commission  
21 S. Fruit St., Suite 10  
Concord, New Hampshire 03301

Re: DW 10-141 Lakes Region Water Company, Inc. Rate Case  
LRWC's March 10, 2011 Motion for Clarification

Dear Ms. Howland:

On March 10, 2011, Lakes Region Water Company, Inc. (LRWC) filed a Motion for Clarification with respect to Order No. 25,196 (Order) which was issued February 18, 2011 in this docket. LRWC seeks clarification as to whether or not the Commission's Order on Temporary Rates was intended to authorize the Company to recover the temporary rate back to September 17, 2010. LRWC's Motion requests authority to bill an "interim surcharge" in order to collect temporary rates back to September. Due to the Company's quarterly billing approach, and the date of issuance of the Order, without this surcharge the quarterly bills will not "reach back" to September 2010. The Company asserts that this interim surcharge is needed due to the Company's current cash flow difficulties.

The OCA does not support the Company's request.

The OCA appreciates the efforts of the Company's consultant Mr. St Cyr in providing the detailed presentation of its calculation of the \$41,760 it believes should be collected through its proposed "interim surcharge." The Company's proposal results in a system-specific one-time surcharge for each of its 16 regulated systems. While the OCA believes that the calculation provided by the Company is numerically accurate, we have concerns with the Company's proposal.

On March 14, 2011 Staff filed a letter addressing the Company's Motion. That letter stated that "Staff is reluctant to support it [the Company's proposal] because of several factors,



including 1) customer confusion in implementing a surcharge now and the likelihood of another surcharge or refund at the conclusion of the docket and 2) that RSA 378:29 regarding reconciliation of temporary rates only contemplates recoupment or refund of the difference between permanent rates and temporary rates, NOT between existing and temporary rates.”

The OCA agrees that customer confusion may occur. Any such surcharge and explanation process would likely have to be repeated with customers at the conclusion of the Docket when there will likely be another recoupment, whether an additional charge, or a refund. In addition, the Company’s proposal may not fairly match a customer’s usage with the amount of the proposed surcharge that each customer would pay.

Further, the OCA agrees with Staff’s interpretation of RSA 378:39 regarding reconciliation. Under that statute, the Company will have the opportunity to recoup the unbilled Temporary Rate revenue at the conclusion of the Docket when it calculates a final reconciliation amount.

The OCA thanks the Commission for the opportunity to comment on this matter.

Sincerely,



Meredith A. Hatfield  
Consumer Advocate