

DW 05-119

AQUARION WATER COMPANY OF NEW HAMPSHIRE

Petition for Rate Increase

Order Approving Temporary Rate Recoupment

ORDER NO. 24,670

September 22, 2006

I. BACKGROUND

On November 18, 2005, by Order No. 24,546, the New Hampshire Public Utilities Commission (Commission) approved a temporary rate increase for Aquarion Water Company of New Hampshire (Aquarion). On July 18, 2006, by Order No. 24,648, the Commission approved a Settlement Agreement providing for a permanent increase in rates. That Agreement also proposed a twelve-month surcharge for recoupment of the difference between temporary and permanent rates, as contemplated by RSA 378:29.

On August 3, 2006, Aquarion filed its reconciliation of temporary rates and permanent rates, reporting an under collection of \$230,306.54. Aquarion proposes to collect the \$230,306.54 in a surcharge over a 12-month period, allocated among the various customer classes based on its latest cost of service study. For metered customer classes, the surcharge would be allocated to customers based on the size of the meter by which these customers are served. For private fire service, the surcharge would be spread in a manner comparable to the metered classes, except that the basis would be connection size as opposed to meter size. For public fire service, the surcharge would be spread evenly across all hydrants billed in the year. The specific surcharges are as follows:

Temporary Rate Recoupment Surcharge Summary			
Monthly Surcharge Collected Over a 12-Month Period			
Customer Description	Amount	# of Customers or Hydrants	Monthly Surcharge
Residential	\$123,547.46	6,763	\$ 1.52
Commercial	\$ 42,576.51	540	\$ 6.57
Industrial	\$ 643.00	2	\$26.79
Public Authority	\$2,193.82	35	\$ 5.22
Residential-Seasonal	\$5,174.87	960	\$.45
Commercial-Seasonal	\$1,025.14	100	\$.85
Pub. Auth.-Seasonal	\$ 364.89	22	\$ 1.38
Private Fire Protection	\$14,573.08	228	\$ 5.33
Public Fire Protection	\$40,207.78	481	\$ 6.96
Total	\$230,306.54	9,131	\$ 2.10

On September 15, 2006, Staff filed a letter with the Commission recommending the Commission allow Aquarion to recover the \$230,306.54 through a temporary rate recoupment surcharge. Staff stated that it had fully reviewed Aquarion's temporary rate recoupment and found Aquarion's calculation accurate. Staff also stated that it had reviewed the proposed surcharges per class and that the surcharges were consistent with the cost of service study and Commission Order No. 24,648.

II. COMMISSION ANALYSIS

Upon the final disposition of the rate proceedings, if the rates as finally determined are in excess of the temporary rates, RSA 378:29 requires us to allow the utility to amortize and recover the difference between temporary rates and permanent rates over the effective period of the temporary rates. As stated earlier, the Commission previously approved a temporary rate increase of 10 percent and a permanent rate increase of 18.6 percent. The difference between the temporary rates and permanent rates, \$230,306.54, was incurred during the period from November 1, 2005, through July 17, 2006. Aquarion proposes to bill customers the difference in equal amounts over twelve months according to its latest cost of service study.

We have reviewed the temporary rate recoupment recommendations from Aquarion and Staff. We find the proposal to spread the surcharge over a 12-month period to be reasonable. Further, we find that the surcharges for residential, commercial, industrial and municipal customers, as well as the surcharges for seasonal and fire service customers, as noted in the table above, are reasonable and consistent with RSA 378:29. Based on the above, we will approve the recovery of the temporary rate recoupment in the amount of \$230,306.54 through the proposed monthly surcharges to customer bills over a 12-month period.

Based upon the foregoing, it is hereby

ORDERED, that Aquarion is authorized to recover the difference between its temporary rates approved in Order No. 24,546 and the permanent rates approved in Order No. 24,648 through a surcharge to customer bills over a 12-month period as noted above beginning with the next billing cycle following the date of this order; and it is

FURTHER ORDERED, that Aquarion shall file a compliance tariff within five business days of the date of this order.

By order of the Public Utilities Commission of New Hampshire this twenty-second day of September, 2006.

Thomas B. Getz
Chairman

Graham J. Morrison
Commissioner

Clifton C. Below
Commissioner

Attested by:

Debra A. Howland
Executive Director & Secretary