

THE STATE OF NEW HAMPSHIRE

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PUBLIC UTILITIES COMMISSION

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Concord, N.H. 03301-2429

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October 26, 2009

Ms. Debra A. Howland, Executive Director
New Hampshire Public Utilities Commission
21 South Fruit Street, Suite 10
Concord, New Hampshire 03301-2429



Re: DW 08-160 Forest Edge Water Company
Staff Recommendation regarding Recovery of Rate Case Expenses and Recovery
of Revenue stemming from the difference between Temporary and Permanent
Rates

Dear Ms. Howland:

On October 13, 2009, Forest Edge Water Company (Forest Edge) submitted to the Commission Staff (Staff) a proposal for recovering both its rate case expenses as well as the revenue differential between temporary and permanent rates established by the Commission in this proceeding. Forest Edge's submission was made in accordance with the Settlement Agreement which was approved by the Commission in Order No. 25,017 issued on September 23, 2009.

Forest Edge calculated a total of \$2,502 as the revenue differential between temporary and permanent rates as well as submitted \$5,792 in rate case expenses. Forest Edge proposed a combined recovery of both components totaling \$8,294 from its 38 customers over 8 billing quarters at a rate of \$27.28 per customer per quarter. A copy of Forest Edge's proposal with supporting schedules has been attached to this correspondence.

To assist Staff in its review of this proposal, Forest Edge submitted copies of various schedules and invoices in support of the amounts indicated above. In making its recommendations, Staff thoroughly examined all of the documentation provided by Forest Edge.

In Order No. 24,971 issued on May 22, 2009, the Commission approved the establishment of temporary rates at the then current rate level effective on April 1, 2009. Forest Edge sent each of its customers a flat rate bill of \$100 for the first six months of 2009, thereby establishing the temporary rate billing for the quarter ended June 30, 2009

October 26, 2009

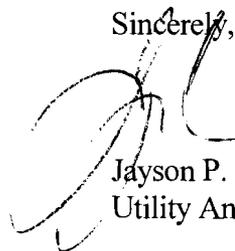
at \$50 per customer. In Order No. 25,017, the Commission approved a new permanent rate of \$115.84 per customer per quarter. The revenue differential between the temporary rates already billed by Forest Edge for the quarter ended June 30, 2009 and the newly established permanent rates is \$65.84 per customer or \$2,502 in total ($\$65.84 \times 38$ customers). Staff concurs with Forest Edge's computation for the revenue recovery of this differential and recommends that the Commission approve the amount proposed of \$2,502.

With regard to rate case expenses, the \$5,792 proposal by Forest Edge represents only 60% of the total expense it incurred in this case. Invoices totaling \$9,654 were actually submitted but since a portion of this case was also devoted to obtaining financing approval, Forest Edge thought it appropriate to reclassify 40%, or \$3,862, of the total cost of the case as financing costs. Forest Edge further proposes that this reclassified amount should be deferred until such time that it files for the step adjustment contemplated in the Settlement Agreement. At such time, these deferred costs would be incorporated into the determination of the total cost of financing upon which the step increase will be based. Staff supports the expense reclassification proposal by Forest Edge.

With regard to its review of the actual invoices submitted by Forest Edge, Staff is recommending a reduction in the total amount submitted by \$787 to a revised amount of \$8,867. This reduction represents various charges pertaining to the NHPUC audit of Forest Edge. Such costs have historically been disallowed by the Commission from rate case expense recovery. Thus, the revised amount of rate case expenses eligible for surcharge recovery becomes \$5,320 ($\$8,867 \times 60\%$).

Staff agrees with Forest Edge's proposal that the revenue recovery surcharge and the rate case expense surcharge should be combined and collected from customers over eight billing quarters. The revised amount subject to surcharge recovery being proposed by Staff is \$7,822 ($\$2,502 + \$5,320$). This results in a total surcharge per customer of \$205.84 ($\$7,822 / 38$ customers) or \$25.73 per customer per quarter ($\$205.84 / 8$ quarters). If you have any questions regarding this matter, please do not hesitate to contact me.

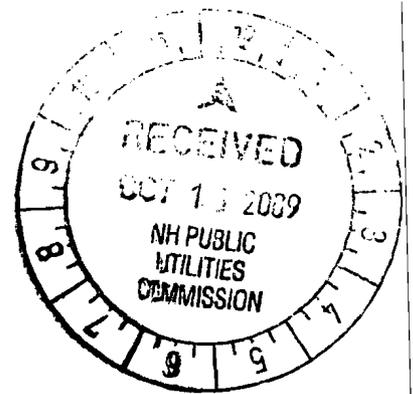
Sincerely,



Jayson P. Laflamme
Utility Analyst, Gas & Water Division

Attachments: Forest Edge's Proposal and Supporting Schedules

cc: Service List



October 8, 2009

Mark Naylor, Director
Gas and Water Division
Public Utilities Commission
21 S. Fruit Street, Suite 10
Concord, N. H. 03301-2429

Re: DW 08-160 Forest Edge Water Company
Temporary Rate Recoupment and Rate Case Expenditures Surcharge

Dear Mr. Naylor:

In PUC Order #25,017 dated September 23, 2009 approving permanent rates, the Commission ordered that the Company "is authorized to recover from all customers the difference between its temporary and permanent rates, subject to the submission of documentation ... and ... shall file an accounting of its rate case expenses for the temporary and permanent rate phases of this proceeding..."

Attached are temporary rate recoupment, rate case expenditures and proposed surcharge schedules. The temporary rate recoupment schedule shows the temporary rate, permanent rate and the difference. The temporary rate was utilized for one quarter. The difference between one quarter under the temporary rate and one quarter under the permanent rate is \$65.84. The difference of \$65.84 times the number of customers represents the total temporary / permanent amount. The total temporary / permanent amount is \$2,501.92.

The financing and rate case expenditures schedule shows the date of invoice, period, vendor/supplier and the amount. In those instances where only a portion of the invoice pertains to the financing/rate case, the hour, rate/hour and amount are shown. The total financing/rate case expenditures are \$9,654.27. Approximately 40% and 60% of the expenditures pertain to the financing and rate case, respectively. As such, 60% or \$5,792.56 of the expenditures has been attributed to rate case expenditures.

With respect to the 40% of the expenditures pertaining to the financing, the settlement agreement did not specifically address such costs. The Company proposes to reclassify 40% or \$3,861.71 and defer such amount until such time as it files for the step increase as agreed to in the Settlement Agreement. At such time, these deferred costs should be incorporated into the determination of the total cost of financing.

The proposed surcharge schedule shows the total temp/perm rate recoupment, the total rate case expenditures and the total subject to the proposed surcharge. The Company has 38 customers. The total proposed surcharge per customer is \$218.28. The Company proposes to recover the proposed surcharge over eight quarters at a rate of \$27.28 per quarter.

The Company respectfully requests that the Staff review the schedules, the supporting documentation and the proposed surcharge. Please note that the supporting documentation, i.e., invoices, is being mailed separately. Once reviewed, please offer Staff's recommendation for review and consideration by the Company.

If you, the Staff and/or the Commissioners have any questions or comments, please contact me at 207-282-5222 or email me at stephenpstcyr@yahoo.com.

Sincerely,



Stephen P. St. Cyr

cc: Nate Sullivan

Forest Edge Water Company

Temporary Rate Recoupment

	<u>April 1 - June 30, 2009</u>			<u># of Customers</u>	<u>Total Temp/Perm Amount</u>
	<u>TempRates*</u>	<u>PermRates</u>	<u>Difference</u>		
Residential Customers	\$50.00	\$115.84	\$65.84	38	<u>\$2,501.92</u>
Total					<u>\$2,501.92</u>

* On April 1, 2009 the Company billed its customers \$100 for the six months Jan. 2009 - June 2009. The temporary rate (meaning the existing rate of \$100 every six months) was effective April 1, 2009. Therefore, one quarter, April - June 2009, was billed at the temporary rate. The temporary rate for one quarter is \$50.00 (\$100 / 2 quarters).

SPSt. Cyr
10/7/2009

Forest Edge Water Company

Financing and Rate Case Expenditures

<u>Date of Invoice</u>	<u>Period</u>	<u>Vendor / Supplier</u>	<u>Hours</u>	<u>Rate/Hour</u>	<u>Amount</u>
12/31/2008		St. Cyr & Associates			1,250.00
2/9/2009		St. Cyr & Associates			1,250.00
3/6/2009	2/09	St. Cyr & Associates	0.25	105.00	26.25
4/10/2009	3/09	St. Cyr & Associates	4.375	105.00	459.38
5/11/2009	4/09	St. Cyr & Associates	3.5	105.00	367.50
6/10/2009	5/09	St. Cyr & Associates	1.5	105.00	157.50
7/8/2009	6/09	St. Cyr & Associates	7	105.00	735.00
7/30/2009		Steven E. Patnaude, LCR			353.00
8/14/2009	7/09	St. Cyr & Associates			2,003.68
9/11/2009	8/09	St. Cyr & Associates			1,223.46
9/17/2009		Susan J. Robidas, CSR			279.75
10/5/2009	9/09	St. Cyr & Associates			1,076.25
Act/Est	10/09	St. Cyr & Associates			<u>472.50</u>

Total \$9,654.27

Portion of Expenditures attributed to Financing (40%) 3,861.71

Portion of Expenditures attributed to Rate Case (60%) \$5,792.56

SPSt. Cyr
10/7/2009

Forest Edge Water Company

Proposed Surcharge for Recovery of Temp/Perm Rate Recoupment and Rate Case Expenditures

Total Temp/Perm Rate Recoupment				\$2,501.92
Total Rate Case Expenditures				<u>5,792.56</u>
Total subject to Proposed Surcharge				\$8,294.48
Number of Customers				<u>38</u>
Total Proposed Surcharge per Customer				<u>\$218.28</u>
Total Proposed Surcharge per Customer per Quarter	\$218.28	8 qtrs.		<u>\$27.28</u>

SPSt. Cyr
10/7/2009

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LEDGE TOP CO INC
122 NAYATT RD
BARRINGTON RI 02806

ROBERT L DEFEYTER
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NORTH CONWAY NH 03860

E FRED HATCH III
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MARTHA & RALPH PEDERSEN
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Docket #: 08-160 Printed: October 26, 2009

**FILING INSTRUCTIONS: PURSUANT TO N.H. ADMIN RULE PUC 203.02(a),
WITH THE EXCEPTION OF DISCOVERY, FILE 7 COPIES (INCLUDING COVER LETTER) TO:**
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CONCORD NH 03301-2429

PURSUANT TO N.H. ADMIN RULE 203.09 (d), FILE DISCOVERY

DIRECTLY WITH THE FOLLOWING STAFF

RATHER THAN WITH THE EXECUTIVE DIRECTOR

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21 SOUTH FRUIT ST, SUITE 10
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BULK MATERIALS:

Upon request, Staff may waive receipt of some of its multiple copies of bulk materials filed as data responses. Staff cannot waive other parties' right to receive bulk materials.

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