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PUBLIC UTILITIES COMMISSION

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April 5, 2019

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

Re: DW 17-118, Hampstead Area Water Company, Inc.  
Petition for Change in Rates  
Recovery of Rate Case Expenditures – Return on Equity  
Staff Recommendation for Approval

Dear Ms. Howland:

On December 28, 2018, Hampstead Area Water Company, Inc. ("Hampstead") submitted to the Commission Staff ("Staff") its proposal for recovery of rate case expenses relative to the above-referenced docket. Recovery of rate case expense is authorized pursuant to NH Code Admin. Rules Puc 1900 *et seq.* Hampstead's submission was made in accordance with Order No. 26,195 (November 28, 2018). On March 27, 2019, Hampstead filed an updated proposal for its recovery of rate case expenses. Staff is recommending that the Commission approve a recovery amount of \$29,833 for Hampstead via a customer surcharge of \$8.12 for each of its 3,676 water customers, to be assessed through a one-month surcharge to be billed after the five monthly surcharges associated with Order No. 26,185 (October 30, 2018)<sup>1</sup> have been billed. A discussion relative to the basis for Staff's recommendation follows.

Hampstead's original filing requested approval for a recovery amount of \$20,581. In order to recover this amount, the Company proposed a total surcharge for each of its 3,676 customers of \$5.60 over a one-month billing period. This one-month surcharge would be billed to its customers after the five monthly surcharges associated with Commission Order No. 26,185 (October 30, 2018) have been billed.

Submitted with Hampstead's proposal for recovery of rate case expenses were spreadsheets detailing the Company's calculation of the proposed recovery rates and copies of supporting invoices which Staff thoroughly reviewed. Staff also propounded discovery to Hampstead relative to its filing, to which the Company responded.

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<sup>1</sup> Order No. 26,185 (October 30, 2018), allows for the recovery of rate case expenses and rate reconciliation recoupment charges associated with the permanent rate adjustment from each of its non-Bow Lake customers of \$8.42 per month over five monthly billing periods.

Staff's review revealed that charges related to an outside consultant hired by Staff and subsequently billed to Hampstead had not been included in Hampstead's initial request. Hampstead submitted an updated filing on March 27, 2019, which included the outside consultant's charges totaling \$9,367, and also reconciles two estimated charges to actual charges. The updated filing reconciles to the original filing as follows:

December 28, 2018 filing:	\$20,581
(December estimate)	(401)
(December estimate)	(270)
PUC Consultant costs	9,367
LBD costs January	184
St. Cyr costs January	280
LBD costs January	<u>92</u>
	\$29,833

The Commission has historically treated prudently-incurred rate case expenses as a legitimate cost of service appropriate for recovery through rates. *Pennichuck East Utility, Inc.*, Order No. 26,222 at 5 (February 26, 2019). After reviewing Hampstead's rate case expense submission, and in light of Puc 1900 *et seq*, Staff recommends that Hampstead be authorized to recover \$29,833 as Staff has found the expenses are allowable, prudently-incurred, and properly recoverable. Such recovery will be achieved through a total surcharge of \$8.12 per customer to be collected from each of its 3,676 non-Bow Lake water customers through a one-month surcharge billed at the same time water rates are billed. Staff recommends that the Commission find this surcharge just, reasonable, and in the public interest, pursuant to RSA 378:7 and Puc 1904.02(a)(3).

Recovery should occur after the monthly surcharges associated with Order No. 26,185 have been billed. Pursuant to Staff discussions with the Company, the surcharges associated with Order No. 26,185 terminate in May 2019, thus the surcharges in the instant docket are anticipated to occur during the June 2019 billing.

Before filing its recommendation, Staff inquired of Hampstead and the Office of the Consumer Advocate ("OCA") regarding its positions relative to Staff's recommendation. In response, both Hampstead and the OCA stated they concur with Staff's recommendation.

If there are any questions regarding this recommendation, please let me know.

Sincerely,



Robyn J. Descoteau  
Utility Analyst, Gas & Water Division

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