

THE STATE OF NEW HAMPSHIRE

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PUBLIC UTILITIES COMMISSION

21 S. Fruit Street, Suite 10
Concord, N.H. 03301-2429

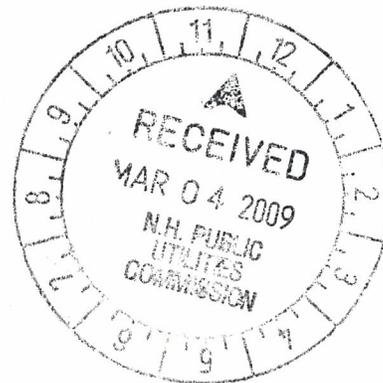
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March 4, 2009



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

Re: DW 08-070 Lakes Region Water Company, Inc.
Staff Recommendation Regarding Recovery of Rate Case Expenses

Dear Ms. Howland:

On February 26, 2009, Lakes Region Water Company, Inc. (LRWC or the Company) submitted to Staff its proposal for recovery of rate case expenses incurred relative to docket DW 08-070. A copy of LRWC's cover letter and lead schedules are attached to this correspondence. The Company's submission was made in accordance with Commission Order No. 24,925 issued on December 30, 2008 which among other items, ordered LRWC to submit its request for rate case expense recovery within 30 days from the date of the order. In its cover letter, LRWC apologized for the delay in filing its request, explaining that it has been in the process of closing its books for 2008 and therefore wanted to make sure that the amounts submitted for rate case expense recovery were accurately reflected and properly presented to the Commission.

In its submission, LRWC requested recovery of an amount of \$17,770.77. This represents 50% of the total amount expended by the Company on this case, or \$35,541.53. In support of these costs, LRWC submitted copies of the underlying invoices relative to its expenditures in this case. To recover this amount, the Company proposed to assess a one billing quarter surcharge in the amount of \$11.02 per customer. This surcharge was determined based upon 1,612 LRWC customers as of December 31, 2008.

Staff has reviewed LRWC's submission including the copies of supporting invoices provided by the Company. It is Staff's recommendation to the Commission that the Company should be allowed to recover a total amount of \$17,967.64 in rate case expenses over one billing quarter via a surcharge of \$11.15 per customer.

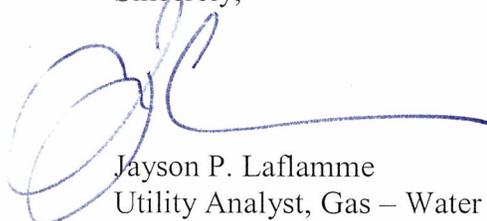
March 4, 2009

The \$196.87 increase in Staff's overall recovery recommendation as compared to that which was requested by LRWC is explained relative to the following invoices:

- **08/03/07 Invoice from St. Cyr & Associates:** This invoice contained charges relative to 6.50 hours of services provided at an hourly rate of \$105.00. The total charges should have been \$656.25 (6.50 hours x \$105/hour). However, the amount that was actually charged was \$682.50. Therefore, Staff is recommending a reduction of \$13.13 [$\$682.50 - \$656.25 = \$26.25 \times 50\%$].
- **10/02/07 Invoice from St. Cyr & Associates:** This invoice contained 2.50 hours of services which Staff deemed as being more relevant to the Investigation into Quality of Service docket for LRWC (DW 07-105). Therefore, Staff is recommending a reduction of \$131.25 [2.50 hours x \$105/hour = \$262.50 x 50%].
- **11/06/07 Invoice from St. Cyr & Associates:** This invoice contained 3.75 hours of services which Staff deemed as being more relevant to the Investigation into Quality of Service docket for LRWC (DW 07-105). Therefore, Staff is recommending a reduction of \$196.88 [3.75 hours x \$105/hour = \$393.75 x 50%].
- **12/01/07 Invoice from St. Cyr & Associates:** This invoice contained charges related to both the instant docket as well as docket DW 07-105. In its submission, LRWC mistakenly included the \$682.50 in charges relative to docket DW 07-105 rather than the \$1,758.75 in charges relative to DW 08-070. Therefore, Staff is recommending an increase of \$538.13 [$\$1,758.75 - \$682.50 = \$1,076.25 \times 50\%$].
- **Net Change:** \$196.87 [$\$538.13 - \$13.13 - \$131.25 - \196.88]

Staff has communicated its recommendations to LRWC and, in turn, the Company has indicated its concurrence. The Company has respectfully requested that the Commission issue an order on this recommendation by no later than March 31, 2009 so that it can incorporate the rate case surcharge in its April 1, 2009 billings. If you have any questions with regard to this matter, please do not hesitate to contact me.

Sincerely,



Jayson P. Laflamme
Utility Analyst, Gas – Water Division

Attachments
cc: Service List

February 25, 2009

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

Re: Lakes Region Water Company
DW 08-070 Rate Case Surcharge

Dear Mr. Naylor:

As part of the Stipulation Agreement in DW 08-070 the Staff ("Staff") of the Public Utilities Commission ("PUC" or "Commission") and Lakes Region Water Company ("LRWC") recommended the Commission allow LRWC to recover rate case expenses relating to its request for new rates in this proceeding. Further, Staff and LRWC also recommended LRWC be allowed to submit its request for recovery of rate case expense to Staff, with supporting documentation, and that Staff review that documentation and make a joint recommendation with LRWC to the Commission. The Commission, in its order (Order No. 24,925), dated December 30, 2008, ordered LRWC to file with the Commission within thirty (30) days a total of its rate case expenses for this docket, a proposed recovery period, and a proposed surcharge amount for its customers.

LRWC apologizes for the delay in filing this request. It is in the process of closing its book for 2008 and wanted to make sure that its rate case expenses were accurately reflected and properly presented for recovery. As such, the total financing and step increase expenses were \$35,541.53 as shown on Schedule 1 with 50% of the expenses being proposed as recoverable rate case expense for an amount to \$17,770.77. The Company proposes to recover the amount over 1 quarter. The proposed surcharge is \$11.02 per customer based on 1,612 customers at December 31, 2008. See Schedule 2 for Calculation of Rate Case Surcharge.

In support of the total rate case expenses and the surcharge, LRWC has provided a summary of its financing and step increase expenditures (Sch. 1) and a calculation of the rate case surcharge (Sch 2). Also, LRWC has provided a PDF file of all the invoices and applicable hours/costs. For ease of review, LRWC has identified each invoice with a reference (in the lower right corner) that ties to the summary.

With respect to the 1 quarter recovery period, LRWC believes that it is appropriate because (1) it is not a burdensome amount, (2) it would be collected during a low consumption period, (3) due to the staggered billing process, it would be collected over three months (rather than one month), and (4) it is within an acceptable range (\$10 - \$15) that Staff has generally recommended and the Commission has approved in other proceedings.

LRWC respectfully requests that the Staff review the summary of financing and rate case expenditures, the calculation of the surcharge and the supporting documentation. LRWC looks forward to Staff's joint recommendation. LRWC anticipates being able to agree with Staff and joining Staff in the joint recommendation. LRWC would further appreciate the Commission review and approval of the joint recommendation and issuance of its order on the rate case expenses and the related surcharge. Finally, LRWC plans to issue bills to customers on April 1, 2009 as per its normal billing schedule and hopes to incorporate the surcharge in the April 1, 2009 billings.

If you have any questions or comments, please call me at 207-282-5222 or email me at stephenpstcyr@yahoo.com.

Sincerely,

Stephen P. St. Cyr

Cc: Norman Roberge
Tom Mason, Jr.

Lakes Region Water Company
 DW 08-070 Financing and Step Increase Expenditures

Schedule 1

<u>Date</u>	<u>Service Provider</u>	<u>Attachment Reference Lower Right</u>	<u>Total Invoice</u>	<u>Financing & Step Increase Expenditures</u>
6/30/2007	St. Cyr & Associates	A-1	\$ 642.19	\$ 642.19
8/3/2007	St. Cyr & Associates	A-2	682.50	682.50
9/7/2007	St. Cyr & Associates	A-3	708.75	708.75
10/2/2007	St. Cyr & Associates	A-4	446.25	446.25
11/6/2007	St. Cyr & Associates	A-5	1,207.50	1,207.50
12/1/2007	St. Cyr & Associates	A-6	2,441.25	682.50
1/1/2008	St. Cyr & Associates	A-7	1,260.00	1,181.25
2/4/2008	St. Cyr & Associates	A-8	630.00	131.25
3/1/2008	St. Cyr & Associates	A-9	1,575.00	236.25
5/4/2008	St. Cyr & Associates	A-10	1,916.25	1,338.75
6/7/2008	St. Cyr & Associates	A-11	7,166.25	4,501.71
7/7/2008	St. Cyr & Associates	A-12	2,336.25	2,170.38
8/3/2008	St. Cyr & Associates	A-13	2,546.25	2,205.00
9/5/2008	St. Cyr & Associates	A-14	2,730.00	2,520.00
10/10/2008	St. Cyr & Associates	A-15	4,987.50	4,462.50
11/5/2008	St. Cyr & Associates	A-16	525.00	498.75
12/6/2008	St. Cyr & Associates	A-17	26.25	26.25
1/2/2009	St. Cyr & Associates	A-18	1,023.75	393.75
2/6/2009	St. Cyr & Associates	A-19	420.00	262.50
6/6/2008	Ransmeier & Spellman	A-20	3,629.23	580.00
7/8/2008	Ransmeier & Spellman	A-21	345.22	285.22
8/6/2008	Ransmeier & Spellman	A-22	960.00	120.00
10/7/2008	Ransmeier & Spellman	A-23	1,886.60	1,846.60
11/11/2008	Ransmeier & Spellman	A-24	2,180.00	2,180.00
12/8/2008	Ransmeier & Spellman	A-25	471.80	391.80
1/9/2009	Ransmeier & Spellman	A-26	340.00	40.00
2/1/2008	Norman Roberge, CPA	A-27	40.00	40.00
3/1/2008	Norman Roberge, CPA	A-28	20.00	20.00
5/1/2008	Norman Roberge, CPA	A-29	120.00	120.00
6/1/2008	Norman Roberge, CPA	A-30	520.00	520.00
7/1/2008	Norman Roberge, CPA	A-31	260.00	260.00
8/1/2008	Norman Roberge, CPA	A-32	1,160.00	1,160.00
9/1/2008	Norman Roberge, CPA	A-33	200.00	200.00
10/1/2008	Norman Roberge, CPA	A-34	1,040.00	1,040.00
11/1/2008	Norman Roberge, CPA	A-35	180.00	180.00
1/1/2009	Norman Roberge, CPA	A-36	80.00	80.00
6/5/2008	Union Leader	A-37	428.19	428.19
7/22/2008	S. Patnaude	A-38	354.50	354.50
10/31/2008	S. Patnaude	A-39	655.10	655.10
12/31/2008	LRWC office	A-40	<u>742.09</u>	<u>742.09</u>
	Total		<u>\$ 48,883.67</u>	<u>\$ 35,541.53</u>

SPSt. Cyr
 2/24/2009

Lakes Region Water Company
DW 08-070 Financing and Step Increase Expenditures

Schedule 2

Calculation of Rate Case Surcharge

Total Financing and Step Increase Expenditures	\$35,541.53
Total Expenditures attributed to Financing	<u>17,770.77</u>
Total Expenditures attributed to Step Increase	\$17,770.77
Total Number of Customers at December 31, 2008	<u>1,612</u>
Total Expenditures attributed to Step Increase per Customer	<u>\$11.02</u>

SPSt. Cyr
2/24/2009

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Docket #: 08-070 Printed: March 04, 2009

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