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STATE OF NEW HAMPSHIRE



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NHPUC 31JUL15AM9:34

July 31, 2015

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

RE: DW 12-254, Forest Edge Water Company
Rate Case Step Adjustment
Staff Recommendation Regarding Second Request to Extend Time

Dear Ms. Howland:

On July 24, 2015 the Commission received a letter from Forest Edge Water Company, requesting a second extension of time for the filing of a step increase to its rates. In this docket the Commission approved a rate case settlement agreement which provided for the filing of a step adjustment no later than June 30, 2014. This step adjustment would be related to the costs of a system mapping project. In September of 2014 the company requested an extension of time to June 30, 2015 to file the step adjustment, and that request was granted. At this time, citing a continued lack of cash to complete the mapping project, Forest Edge seeks a second extension of time, to June 30, 2016, for the step adjustment filing.

Staff does not believe an additional extension of time is appropriate. It has been nearly two years since the company's rate case concluded. That rate case was based on a 2011 test year. Another extension of time to file a step adjustment in 2016 would result in more than four years passing since the related rate case test year concluded. The Commission has approved step adjustments in the past for recovery of significant costs that are incurred shortly after the conclusion of a rate case. The reason has been cited as to avoid an immediate earnings deficiency after a rate case has concluded. By now permitting Forest Edge to file a step adjustment to rates more than four years after its test year, it would amount to nothing more than single issue ratemaking. Additionally, if the company has not been able to raise the cash to complete its mapping project in since an increase in rates was granted in this docket, Staff questions whether the company will be able to do so prior to June of 2016.

For these reasons, Staff believes the company's request for an additional extension of time to file a step increase request should be denied.

Thank you in advance for your assistance.

Sincerely,

A handwritten signature in blue ink that reads "Mark A. Naylor". The signature is written in a cursive style with a prominent initial "M".

Mark A. Naylor
Director, Gas & Water Division

cc: Docket Related Service List (via electronic mail)
Intervenors via first class mail

SERVICE LIST - EMAIL ADDRESSES - DOCKET RELATED

Pursuant to N.H. Admin Rule Puc 203.11 (a) (1): Serve an electronic copy on each person identified on the service list.

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Docket #: 12-254-1 Printed: July 31, 2015

FILING INSTRUCTIONS:

- a) Pursuant to N.H. Admin Rule Puc 203.02 (a), with the exception of Discovery, file 7 copies, as well as an electronic copy, of all documents including cover letter with:**

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EXECUTIVE DIRECTOR
NHPUC
21 S. FRUIT ST, SUITE 10
CONCORD NH 03301-2429

- b) Serve an electronic copy with each person identified on the Commission's service list and with the Office of Consumer Advocate.**
- c) Serve a written copy on each person on the service list not able to receive electronic mail.**