

THE STATE OF NEW HAMPSHIRE

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PUBLIC UTILITIES COMMISSION

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

TDD Access: Relay NH  
1-800-735-2964

Tel. (603) 271-2431

FAX (603) 271-3878

Website:  
www.puc.nh.gov

NHPUC 18APR'18AM11:59

April 18, 2018

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

Re: DW 17-103, West Swanzey Water Company, Inc.  
Petition for Change in Rates  
Rate Case Expenditures and Proposed Surcharge  
Staff Recommendation for Approval

Dear Ms. Howland:

On March 2, 2018, West Swanzey Water Company, Inc. (West Swanzey, Company) submitted to the Commission Staff (Staff) its proposal for recovery of rate case expenses relative to the above-referenced docket. Recovery of rate case expenses is authorized pursuant to NH Code Admin Rules Puc 1900 *et seq.* West Swanzey's submission was made in accordance with a settlement agreement which was approved by the Commission in Order No. 26,105 on February 23, 2018. Staff is recommending that the Commission approve a total recovery amount for West Swanzey of \$10,061 via a customer surcharge of \$124.21, to be assessed over 8 billing quarters at \$15.53 per quarter to each of its 81 current water customers. A discussion relative to the basis for Staff's recommendation follows.

West Swanzey's filing requested recovery of \$10,007. In order to recover this amount, the Company proposed a quarterly surcharge for its 81 ratepayers of \$30.89 for 4 billing quarters. West Swanzey's calculation with Staff's adjustments and recommendation is attached.

Submitted with West Swanzey's proposal for recovery of rate expenses were spreadsheets detailing the Company's calculation of the proposed recovery rates and copies of the supporting invoices in which Staff thoroughly reviewed. Also reviewed by Staff was St. Cyr and Associates March 10, 2018 invoice (submitted to Staff on March 14, 2018, by Stephen P. St. Cyr) detailing actual hours incurred during February 2018 which replaced the estimated February invoice in the amount of the \$500 estimate submitted previously. Staff also propounded discovery to West Swanzey relative to its filing, to which the Company responded. A copy of St. Cyr and Associates March 10, 2018 invoice and West Swanzey's discovery responses are attached to this correspondence.

With regard to West Swanzey's request to recover \$10,007 in rate case expenses, Staff recommends two adjustments, which net to \$54, be added to this amount in order to arrive at a recovery amount of \$10,061. Staff's adjustment is partially based upon the fact that a portion of West Swanzey's rate request and, thereby, a small portion of the rate proceeding was devoted to the Company's request for approval of a State Revolving Fund (SRF) loan within its proposed

DW 17-103 West Swanzey Water Company, Inc.  
Petition for Change in Rates  
Staff Recommendation for Approval of Rate Case Expenses

Step Adjustment. Ultimately, West Swanzey found that the SRF funding was not appropriate for the funding required and filed a request for an owner-financed loan<sup>1</sup>. These amounts should be included in the financing costs of the owner-financed loan, not the rate case. A total of (\$188.75) was removed in relation to the financing. Staff's adjustment is also based upon the fact that the original rate case recovery amount submitted on March 2 included estimates for February and March 2018. Actual February costs incurred by St. Cyr and Associates were submitted to Staff on March 14, 2018 for consideration. Staff's acceptance of these costs increased the estimated amount by an additional \$242.77. Therefore, the Staff's recommended adjustments of (\$188.75) and \$242.77 net out to a positive \$54 recommended increase for recovery.

A comparison of the proposed adjusted rate case expense amount of \$10,061 to approved rate case expense amounts in other recent small water company cases, see attached schedule, shows that the adjusted surcharge of \$124.21 per customer ( $\$10,061 \div 81$ ) is reasonable.

In conclusion, Staff recommends that West Swanzey be authorized to recover rate case expenses of \$10,061 through a surcharge of \$124.21 per ratepayer due in 8 quarterly installments of \$15.53 at the same time water rates are due.

West Swanzey has reviewed and concurs 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

Attachments: Rate Case Expense Staff Recommendation Schedule  
Company responses to Staff Data Requests – Rate Case Expenses  
St Cyr and Associates March 10, 2018 invoice for February services  
Rate Case Expense Analysis, Small Water Companies

Cc: Service List

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<sup>1</sup> DW17-194 West Swanzey Water Company, Inc., Request for Authority to Issue Long Term Debt

West Swanze Water Company, Inc.  
Proposed Surcharge for Recovery of Rate Case Expenditures  
Staff Recommendation

Date of Invoice	Period	Vendor	Original Amount per Company	Staff Adjustment	Recovery Amount per Staff
5/19/2017	4/17	St. Cyr & Associates (1)	\$ 15.63	\$ (1.25)	\$ 14.38
6/9/2017	5/17	St. Cyr & Associates	593.75		593.75
7/7/2017	6/17	St. Cyr & Associates (2)	1,695.28	(125.00)	1,570.28
8/12/2017	7/17	St. Cyr & Associates (3)	1,317.66	(31.25)	1,286.41
8/13/2017		Staples	34.02		34.02
9/9/2017	8/17	St. Cyr & Associates	78.13		78.13
10/8/2017	9/17	St. Cyr & Associates (4)	875.00	(31.25)	843.75
11/5/2017	10/17	St. Cyr & Associates	1,437.50		1,437.50
12/10/2017	11/17	St. Cyr & Associates	1,687.50		1,687.50
1/3/2018		Steven E Patnaude, LCR	460.15		460.15
1/7/2017	12/17	St. Cyr & Associates	921.88		921.88
2/10/2018	1/17	St. Cyr & Associates	109.38		109.38
3/10/2018	2/17	St. Cyr & Associates (5)	500.00	242.77	742.77
Estimated	3/17	St. Cyr & Associates	281.25		281.25
Total to be recovered			\$ 10,007.13		\$ 10,061.15
Number of customers			81		81
Total proposed surcharge per customer			\$ 123.54		\$ 124.21
Recovery period (in quarters)			4	Quarters	8
Total proposed surcharge per customer per quarter			\$ 30.89		\$ 15.53

- (1) Adjustment due to miscalculated rate at \$125 instead of \$115.
- (2) Adjustment due to SRF pre-application. 1 hour removed: .25 from 6/22, .75 from 6/28.  
This amount relates to the financing docket (DW17-194).
- (3) Adjustment due to SRF pre-application: .25 hour removed from 7/6.  
This amount relates to the financing docket (DW17-194).
- (4) Adjustment due to SRF: .25 hour removed from 9/25.  
This amount relates to the financing docket (DW17-194).
- (5) Adjustment trues up estimated February 2018 costs: 1.875 hrs 2/27 plus copies/postage.

**DW 17-103**  
**WEST SWANZEY WATER COMPANY, INC.**  
**COMPANY RESPONSES TO STAFF DATA REQUESTS – RATE CASE EXPENSES**

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Date Request Received: 3/19/18

Date of Response: 4/4/18

Staff RCE-1

Witness: Stephen P. St. Cyr

Referencing Stephen P. St. Cyr May 19, 2017 invoice, expenses for April totaling .0125 hours were submitted at \$125.00 per hour totaling \$15.63. The invoice dated May 19, 2017 was billed at an hourly rate of \$115.00. Please confirm that the amount submitted for April should be calculated at a rate of \$115.00 per hour.

Response: Yes, the amount submitted for April should be calculated at a rate of \$115.00 per hour.

**DW 17-103**  
**WEST SWANZEY WATER COMPANY, INC.**  
**COMPANY RESPONSES TO STAFF DATA REQUESTS – RATE CASE EXPENSES**

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Date Request Received: 3/19/18

Date of Response: 4/4/18

Staff RCE-2

Witness: Stephen P. St. Cyr

Referencing Stephen P. St. Cyr July 7, 2017 invoice, please provide justification for the following rate case expenses submitted for recovery:

- a) June 19: Review/Reply to email re: san sur; Review san sur; Draft Test; Review PUC acknowledge letter – 2.50 hours
- b) June 22: Review DES 3/18/16 letter; Review DES 3/25/16 letter; Review email re: DES letters; Mtbe grant & pre-app for SRF loan; Review/Reply to email re: address/email address - 0.75 hours
- c) June 28: Review DES 3/18/17 letter; Review Houghton's est; Review pre-app for SRF loan; Prepare step sch; Prepare email re: same; Update test for est., pre-app, fin & step inc – 3.00 hours

Response: Review of the sanitary survey was necessary to understand and draft related testimony (See page 7 of my testimony). Review of DES letters and Mtbe grant & pre-app for SRF loan were necessary to understand, to draft testimony and to develop step increase schedules. Review of Houghton's estimate and the pre-app for SRF loan were necessary to prepare / update step increase schedules.

**DW 17-103**  
**WEST SWANZEY WATER COMPANY, INC.**  
**COMPANY RESPONSES TO STAFF DATA REQUESTS – RATE CASE EXPENSES**

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Date Request Received: 3/19/18

Date of Response: 4/4/18

Staff RCE-3

Witness: Stephen P. St. Cyr

Referencing Stephen P. St. Cyr August 12, 2017 invoice, please provide justification for the following rate case expenses submitted for recovery:

- a) July 06: F/U on email re: cost/file of drives/SCADA & SRF loan; Review/Reply to email re: same; Review test re: same – 0.50 hours

Response: My recollection is that the SRF pre-application forms were due 6/30/17. I was following up to make sure that the pre-application was filed. I was also assuring myself that the testimony and step increase schedules were consistent with the SRF pre-application.

**DW 17-103**  
**WEST SWANZEY WATER COMPANY, INC.**  
**COMPANY RESPONSES TO STAFF DATA REQUESTS – RATE CASE EXPENSES**

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Date Request Received: 3/19/18

Date of Response: 4/4/18

Staff RCE-4

Witness: Stephen P. St. Cyr

Referencing Stephen P. St. Cyr October 8, 2017 invoice, please provide justification for the following rate case expenses submitted for recovery:

- a) September 25: Review/Reply to email re: VFDs/SCADA; Review/Reply to email re: fin; Review prel stat; Review prop proc sch; Review email re: SRF – 0.875 hours

Response: The Sept. 25 tasks were all part of my preparation for the prehearing conference / technical session. I was getting an update on the status of the VFDs/SCADA project, an update on the status of the SRF financing and preparing for the prehearing conference / technical session.

**DW 17-103**  
**WEST SWANZEY WATER COMPANY, INC.**  
**COMPANY RESPONSES TO STAFF DATA REQUESTS – RATE CASE EXPENSES**

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Date Request Received: 3/19/18

Date of Response: 4/4/18

Staff RCE-5

Witness: Stephen P. St. Cyr

For the following invoices, please provide support for Reimbursable Expenses: Copies:

- a) July 7, 2017; \$4.80
- b) August 12, 2017; \$58.66
- c) January 7, 2018; \$39.88
- d) March 10, 2018; \$4.05

Response: I no longer have the actual receipts. I keep such receipts until I bill for their reimbursement.

The 7/7/17 charges for the Company's notice of intent and request for waiver consist of 8 copies of 4 pages at .15 per page ( $4 \times 8 \times .15 = \$4.80$ ) plus postage for the original and six copies to the PUC and one copy to the Company.

The 8/12/17 charges for the Company rate filing consist of 10 copies of 39 pages at .15 per page ( $10 \times 39 \times .15 = \$58.50$ ) plus postage for the original and six copies to the PUC, one copy to the OCA and one copy to the Company.

The 1/7/18 charges for the Company financing petition are related to the Company's request for PUC approval of its owner financing. As such, it should be added to the cost of the financing and not the rate case.

The 3/10/18 charges for the Company's rate case expenditures consist of 1 copies of 30 pages at .15 per page ( $1 \times 30 \times .15 = \$4.50$ ) plus postage for one copy (27 pages) to the PUC and one copy of summary (3 pages) to the Company.

Please note that I do not charge for travel time to and from the PUC and I do not charge for mileage.

Stephen P. St. Cyr & Associates

17 Sky Oaks Drive  
Biddeford, Me. 04005  
207-423-0215  
stephenpstcyr@yahoo.com

March 10, 2018

Sally Brown  
West Swanzey Water Company  
P. O. Box 10  
West Swanzey, N. H. 03469

Fee for professional services rendered during February 2018 (see attached details).

Billable Hours (8.625 hours @ \$125.00 / hour)	\$1,078.13
Reimbursable Expenses:	
Copies	4.05
Postage	<u>4.34</u>
Total Billing	<u>\$1,086.52</u>

Payment due upon receipt.

If you have any questions or comments, please call me at 207-423-0215.

Sincerely,

Stephen P. St. Cyr

## Stephen P. St. Cyr & Associates

17 Sky Oaks Drive  
Biddeford, Me. 04005  
207-423-0215  
stephenpstcyr@yahoo.com

<u>Date</u>	<u>Description of Service</u>	<u>Hours</u>
<u>Year End</u>		
02/16	Review email re: Mtg w/AWC re: Adm Serv; Review email re: YE rep req	0.25
02/22	Review / Reply to email re: B/S & P&L; Review B/S & P&L; Talk w/Sally re: NBV; Review Set Agr; Prepare sum of rev, exp & NOI; Talk w/Nick re: Co.; Review rate filing; Review rev, exp & NOI	1.25
02/26	Review email re: AWC prop; Review email re: water billed	0.25
02/27	Review email re: ins bill; Review email re: prop tax bill	<u>0.25</u>
Total		<u>2.00</u>

Note: Please charge year end and related expenses to Outside Services (PUC Account 923).

### Rate Case

02/01	Review / Reply to email re: 186; Prepare email re: same	0.25
02/02	Review var emails re: RC exp; Verify charges to 186; Prepare email re: CR; Prepare email re: PUC order / eff date / RC exp; Review / Reply to email re: CR / 186	0.75
02/13	Review email re: Motion to reopen; Review Motion	0.25
02/23	Review email re: PUC order; Review PUC order	0.25
02/26	Review PUC order; Verify amts., etc.; Prepare email re: same; Prepare RC sch / Surcharge; Prepare cover letter; Prepare email re: same; Talk w/Sally re: same	2.50
02/27	Review emails re: comp tariff & RC exp; Talk w/PUC Staff re: RC exp; Update cover ltr; Update surcharge for # of cust; Conduct final review	<u>1.875</u>
Total		<u>5.875</u>

Note: Please charge rate case expenditures to Miscellaneous Deferred Debits (PUC Acct 186).

### PUC Audit

Total		<u>0.00</u>
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Note: Please charge audit costs to separate Miscellaneous Deferred Debits (PUC Acct 186).

### PUC approval of Owner Financing

02/01	Review / Reply to email re: 181; Prepare loan amort sch; Prepare email re: same	0.25
02/02	Prepare email re: lawyer; Prepare email re: loan; Review / Reply to email re: lawyer / 181	<u>0.50</u>
Total		<u>0.75</u>

Note: Please financing costs to Unamortized Debt Costs (PUC Acct 181).

Grand Total		<u>8.625</u>
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SPSt. Cyr  
3/10/18

Rate Case Expense Analysis  
 Small Water Companies

Company	Docket	Order	# of Customers	Total Rate Case Expense Allowed	Recovery Period	Recovery per Customer per Qtr/Mo *	Total Rate Case Expense Per Customer
Dockham Shores	DW12-355	25,616	60	\$ 7,486	8	\$ 15.60	\$ 124.77
Forest Edge	DW12-254	25,612	42	\$ 15,083	16	\$ 22.44	\$ 359.12
Tioga River	DW10-217	25,359	110	\$ 15,830	12	\$ 11.99	\$ 143.91
Rosebrook **	DW12-306	25,635	404	\$ 1,178	1	\$ 2.92	\$ 2.92
Hampstead ***	DW12-170	25,564	3175	\$ 38,143	6	\$ 2.00	\$ 12.01
Abenaki ****	DW15-199	25,945	466	\$ 75,389	30	\$ 5.39	\$ 161.78
Lakes Region	DW15-209	26,028	1690	\$ 120,000	8	\$ 8.88	\$ 71.01

\* Recovery per Customer may differ from rate in order: temp/perm differential excluded.

\*\* Rosebrook would have been \$15.42 for 4 quarters (\$141.68/cust) if St. Cyr charges had not been disallowed. The St. Cyr charges were disallowed because they were paid by a third party, not Rosebrook.

\*\*\* Hampstead has in-house accounting and in-house legal departments.

\*\*\*\* Abenaki residential customers paid \$5.77/month for 30 months. % of revenue allocation was used.

**SERVICE LIST - EMAIL ADDRESSES - DOCKET RELATED**

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

Executive.Director@puc.nh.gov  
alexander.speidel@puc.nh.gov  
amanda.noonan@puc.nh.gov  
dbrown1@ne.rr.com  
jayson.laflamme@puc.nh.gov  
ocalitigation@oca.nh.gov  
robyn.descoteau@puc.nh.gov  
stephenpstcyr@yahoo.com  
steve.frink@puc.nh.gov

Docket #: 17-103-1      Printed: April 18, 2018

**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:

DEBRA A HOWLAND  
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.