

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DW 07-131

ATKINSON AREA WASTEWATER RECYCLING, INC.

Permanent Rate Proceeding

Order Authorizing Recovery of Rate Case Expenses

ORDER NO. 24,917

December 5, 2008

I. BACKGROUND

On September 25, 2008, by Order No. 24,899, the Commission approved a settlement agreement concerning permanent rates for Atkinson Area Wastewater Recycling, Inc. (AAWW). The settlement agreement also requested Commission approval for AAWW to recover rate case expenses and the Commission deferred ruling on the issue until AAWW and Staff filed specific proposals on the amount to be recovered.

On October 24, 2008, AAWW submitted to Staff a detailed documentation of rate case expenses and requested reimbursement of \$20,574.75. On November 13, 2008, Staff filed its recommendation on AAWW's request. Staff stated that it had performed a thorough review of AAWW's documentation and that it had conducted discovery, which it attached to its letter. Staff recommended that the \$20,574.75 be reduced by \$3,228.29 to remove costs which Staff considered not relevant to the rate proceeding. Staff further recommended disallowance of \$8,673.23 based upon AAWW's response to Staff Data Request 4-2, wherein it indicated that one-half of the rate case expenses actually related to the costs of obtaining Commission approval for its financings. Staff stated that it believed that these types of charges were beyond the scope of the rate proceeding and should not be recovered through a rate case expense surcharge. Staff,

therefore, recommended AAWW be allowed to recover rate case expenses in the amount of \$8,673.23 from its 129 anticipated customers over a period of time not to exceed four billing quarters per customer. Staff recommended that customers be assessed a surcharge of \$16.81 per quarter per customer for four billing quarters. Staff stated that it had apprised AAWW of its recommended disallowances and proposed recovery surcharge and that AAWW concurred with Staff's recommendation.

II. COMMISSION ANALYSIS

The Commission has historically viewed prudently incurred rate case expenses as a legitimate cost of business and thus appropriate for recovery through rates. *Lakes Region Water Company, Inc.*, Order No. 24,708, 91 N.H. PUC 586, 587 (2006). Consistent with that policy, we have reviewed AAWW's rate case expense summary and Staff's recommendations. We agree with Staff that recovery of non-rate case costs and costs associated with obtaining Commission approval for financing is inappropriate and that \$11,901.52 ought to be disallowed. Accordingly, we find the remaining portion of AAWW's rate case expenses, \$8,673.23, are prudent and reasonable, and we will allow AAWW to recover these expenses from customers. Based on the maximum four billing cycle recovery period proposed, Staff calculates the rate case expense surcharge will be \$16.81 per customer, per quarter. We find this surcharge will not unduly burden customers and that it will result in just and reasonable rates and we will approve it.

Based upon the foregoing, it is hereby

ORDERED, that Atkinson Area Wastewater Recycling, Inc. is authorized to recover \$8,673.23 in rate case expenses; and it is

FURTHER ORDERED, that Atkinson Area Wastewater Recycling, Inc. is authorized to collect the \$8,673.23 from customers through a surcharge of \$16.81 per quarter per customer for a maximum of four billing quarters until the \$8,673.23 is fully recovered; and it is

FURTHER ORDERED, that Atkinson Area Wastewater Recycling, Inc. shall file a compliance tariff within five business days of the date of this order.

By order of the Public Utilities Commission of New Hampshire this fifth day of December, 2008.

Thomas B. Getz
Chairman

Graham J. Morrison
Commissioner

Clifton C. Below
Commissioner

Attested by:

ChristiAne G. Mason
Assistant Executive Director