

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DW 08-070

LAKES REGION WATER COMPANY, INC.

Petition for Financing and Step Increase to Rates

Order Authorizing Recovery of Rate Case Expenses

ORDER NO. 25,226

May 27, 2011

I. BACKGROUND

On February 18, 2011, by Order No. 25,197 the Commission approved a stipulation agreement establishing a step increase in revenues for Lakes Region Water Company, Inc. (LRWC). This was the third and final step increase granted by the Commission for improvements made by LRWC which were the subject of this docket.¹ In Order No. 25,197, the Commission also accepted the recommendation of the settling parties for LRWC to recover rate case expenses incurred in obtaining approval of this third step increase and directed LRWC to file its request for such recovery.

On April 15, 2011, LRWC submitted to Staff its proposal to recover \$17,616.46 in rate case expenses through a surcharge of \$10.77 per customer to be assessed during one billing quarter. LRWC provided Staff with copies of the underlying invoices supporting its request. On May 16, 2011, Staff filed its recommendation on LRWC's request and recommended approval for recovery of the full amount requested by LRWC via a one-billing-quarter surcharge of \$10.77. Staff indicated that while the Office of Consumer Advocate (OCA) took no position with regard to either the amount of the rate case expenses related to the third step, or the

¹ On December 30, 2008, the Commission issued Order No. 24,925 granting approval for the first two step increases.

recovery of these expenses, it did have reservations regarding the timing of the assessment of the surcharge to recover these costs. Staff stated OCA was concerned that the assessment of the surcharge would coincide with the assessment of the temporary rate surcharge from LRWC's general rate proceeding, Docket No. DW 10-141² and might be onerous to customers. The combination of the two surcharges during one billing quarter would range anywhere between \$27.95 and \$49.62 per customer. In response to the OCA's concerns, Staff proposed that the rate case expense surcharge be assessed during the billing quarter following the billing quarter customers will be assessed the temporary rate surcharge. Staff stated that while the OCA agreed with this proposal, LRWC did not. LRWC instead indicated that it would be amenable to working out payment arrangements with individual customers who might find they are having difficulty paying the combined surcharges in a timely manner.

II. COMMISSION ANALYSIS

Prudently incurred rate case expenses are recognized as a legitimate cost of business appropriate for recovery through rates. *Lakes Region Water Company, Inc.*, Order No. 24,708, 91 N.H. PUC 586, 587 (2006). We have reviewed LRWC's rate case expense summary as well as Staff's recommendations. In Order No. 25,197, we authorized LRWC to request recovery of reasonable rate case expenses but not expenses relating to Staff's audit or costs relating to routine bookkeeping or accounting associated with the assets. Staff reviewed the expenses, confirmed the accuracy of the costs, and found no exceptions. OCA does not oppose the amount LRWC seeks to recover, but only the timing of recovery. Accordingly, we find LRWC's proposed rate case expenses, totaling \$17,616.46, are reasonable and we will allow LRWC to recover these expenses from customers.

² On April 25, 2011, the Commission issued a secretarial letter in Docket No. DW 10-141 granting approval of various surcharges to recover revenue from temporary rates approved by Commission Order No. 25,196 (February 18, 2011). The surcharges, ranging from \$17.18 to \$38.85, are to be assessed during one billing quarter.

LRWC calculates the rate case expense surcharge will be \$10.77 per customer for one billing quarter and we find this amount to be just and reasonable. While we find that this surcharge alone is just and reasonable, we agree with the OCA and Staff that in this instance the collection of this surcharge over the same time period as the temporary rate surcharge approved in Docket No. DW 10-141 would be burdensome to LRWC's customers. We, therefore, find delaying LRWC's collection of the rate case expense surcharge from customers to be just and reasonable and we will approve the recovery of the rate case expenses through a one-time surcharge of \$10.77 per customer effective for bills issued on or after August 1, 2011.

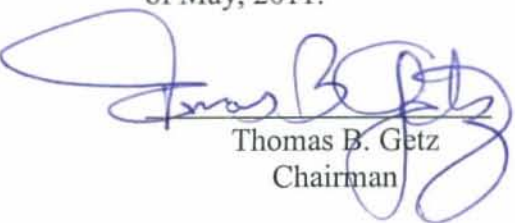
Based upon the foregoing, it is hereby

ORDERED, that Lakes Region Water Company, Inc. is authorized to recover \$17,616.46 in rate case expenses; and it is

FURTHER ORDERED, that Lakes Region Water Company, Inc. is authorized to recover the total of its rate case expenses through a surcharge of \$10.77 per customer for bills issued on or after August 1, 2011; and it is

FURTHER ORDERED, that Lakes Region Water Company, Inc. shall file a compliance tariff within fourteen calendar days of the date of this order.

By order of the Public Utilities Commission of New Hampshire this twenty-seventh day of May, 2011.



Thomas B. Getz
Chairman



Clifton C. Below
Commissioner



Amy U. Ignatius
Commissioner

Attested by:



Lori A. Davis
Assistant Secretary