

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DW 08-086

EASTMAN SEWER COMPANY, INC.

**Petition for Financing Authority and Temporary and Permanent Rate Proceeding
Order Authorizing Recovery of Rate Case Expenses**

ORDER NO. 25,271

September 27, 2011

I. BACKGROUND

Eastman Sewer Company, Inc. (ESC) is a regulated public utility pursuant to RSA 362:2 and RSA 362:4 and provides service to a total of 535 customers in the Eastman Community of Grantham. On August 4, 2011, by Order No. 25,259, the Commission approved a step increase in revenues for ESC. The Commission also ordered that within thirty days of the effective date of the Order, September 2, 2011, ESC submit a filing for recovery of its prudently incurred rate case expenses associated with the step increase. The step increase had been contemplated in a settlement agreement on permanent rates approved by Order No. 24,989 (July 24, 2009), which authorized ESC to seek recovery of rate case expenses associated with the step increase in that order as well. *Eastman Sewer Company, Inc.*, Order No. 24,989, 94 NH PUC 366 (2009).

On September 7, 2011, ESC submitted to Staff its proposal to recover \$4,190.13 in rate case expenses through a surcharge of \$7.83 per customer to be assessed during one billing quarter. ESC provided Staff with copies of the underlying invoices supporting its request. On September 15, 2011, Staff recommended that ESC's request be approved. Inasmuch as ESC had provided its rate request to Staff rather than filing it with the Commission, Staff enclosed a complete copy of ESC's rate expense request with its recommendation letter.

Staff stated that it had reviewed ESC's submission and recommended approval for recovery of the full amount requested by ESC via a one-billing-quarter surcharge of \$7.83. The invoices contained within the filing comprise charges from ESC's consultant, Stephen P. St. Cyr & Associates, and contain detailed descriptions of the work performed and associated costs. There are no intervenors in this docket and the Commission has received no additional recommendations.

II. COMMISSION ANALYSIS

The Commission has historically treated prudently incurred rate case expenses 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). Consistent with that policy, we have reviewed ESC's rate case expense summary as well as Staff's recommendation. In Order No. 25,259, we authorized ESC to request recovery of prudently incurred rate case expenses associated with its filing for a step increase. Even though ESC filed its request with Staff, we will accept the filing as having complied with the 30-day time requirement contained in Order No. 25,259 since it was ultimately filed with the Commission on September 15, 2011, within the 30-day time period. Staff reviewed the expenses, confirmed the accuracy of the costs for the filing, and found no exceptions. We accept Staff's review and having reviewed the expenses, agree that they are reasonable. Accordingly, we find that ESC's proposed rate case expenses, totaling \$4,190.13, are just and reasonable and we will allow ESC to recover these expenses from customers.

ESC calculates the surcharge for recovering these expenses to be \$7.83 per customer for one billing quarter. ESC does not bill monthly, but because many utilities do, to put this surcharge in perspective, it would translate into \$2.61 per month for three months for each

customer. We find this surcharge to be just and reasonable. We, therefore, will approve the recovery of the rate case expenses through a one-time surcharge of \$7.83 per customer effective for bills issued subsequent to the date of this order.

Based upon the foregoing, it is hereby

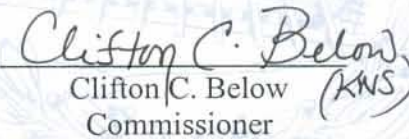
ORDERED, that Eastman Sewer Company, Inc. is authorized to recover \$4,190.13 in rate case expenses; and it is

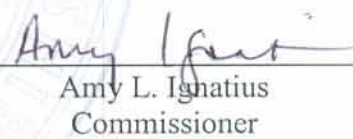
FURTHER ORDERED, that Eastman Sewer Company, Inc. is authorized to recover the total of its rate case expenses through a surcharge of \$7.83 per customer for bills issued on or after the date of this order; and it is

FURTHER ORDERED, that Eastman Sewer 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 September, 2011.


Thomas B. Geiz
Chairman


Clifton C. Below (KNS)
Commissioner


Amy L. Ignatius
Commissioner

Attested by:


Debra A. Howland
Executive Director