

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DW 12-306

ROSEBROOK WATER COMPANY, INC.

Permanent Rate Case

Order Authorizing Recovery of Rate Case Expenses

ORDER NO. 25,635

March 12, 2014

I. BACKGROUND

On December 23, 2013, the Commission issued Order No. 25,613 approving a stipulation agreement on permanent rates for Rosebrook Water Company, Inc. (Rosebrook). In approving the stipulation, the Commission also authorized Rosebrook to file for recovery of its rate case expenses within fifteen days from the date of the Commission's final order. On January 8, 2014, Rosebrook submitted its proposal to Staff along with supporting documentation for recovery of \$24,917.53 in rate case expenses. Rosebrook proposed that this amount be collected from its 404 customers via four quarterly surcharges of \$15.42 per customer for a total of \$61.68 per customer. Rosebrook proposed collecting each surcharge at the same time as the water rates are due.

On February 12, 2014, the Staff filed a recommendation on Rosebrook's rate case expense proposal. Staff stated that it had conducted a thorough review, including discovery, of Rosebrook's information. Staff attached Rosebrook's summary of its rate case expenses to its recommendation letter as well as Rosebrook's responses to Staff's discovery. Staff recommended that the Commission disallow \$23,739.54 in expenses and approve a total rate case expense amount of \$1,177.99. Staff's disallowance pertained to expenses related to services

provided by St. Cyr & Associates under contract by the McLane law firm. The contract for the services was attached to Staff discovery request Staff 3-1. Staff noted that the McLane law firm does not represent Rosebrook in this rate proceeding and that expenses for St. Cyr & Associates, Inc. were paid by a third party, Wells Fargo, which the McLane law firm represents. Staff noted that Rosebrook and Wells Fargo are seeking Commission approval for the transfer of Rosebrook's stock to Wells Fargo in Docket No. DW 12-299. Staff cited the Commission's rule, PART Puc 1903 that states that rate case expenses can only be recovered by regulated utilities.

Staff recommended the Commission authorize Rosebrook to recover the \$1,177.99 in rate case expenses through a surcharge apportioned among all ratepayers equally in one installment of \$2.92 at the same time that water rates are due.

II. COMMISSION ANALYSIS

The Commission has consistently held that prudently incurred rate case expenses are legitimate service costs of a utility that should be recoverable in rates. *See EnergyNorth Natural Gas, Inc., d/b/a National Grid NH*, Order No. 25,064 at 6 (January 15, 2010). Consistent with that policy, we have reviewed Rosebrook's rate case expense summary and Staff's recommendation. We find that the costs amounting to \$23,739.54 for expenses related to services provided by St. Cyr & Associates were incurred and paid for by a non-utility, and we hold that these costs do not qualify as rate case expenses. It is Wells Fargo, not Rosebrook, that contracted with St. Cyr and Associates to provide accounting services. Staff Recommendation at 5. In response to Staff 3-2, Rosebrook stated that St. Cyr & Associates submitted its invoices to the McLane law Firm for payment by Wells Fargo, and Well Fargo paid for services rendered through June 30, 2013. Staff Recommendation at 9.

Rosebrook was not a party to the contract for accounting services and thus it does not follow that Rosebrook or its ratepayers would be obligated to pay for the services. Because Rosebrook does not have an outstanding obligation to pay St. Cyr & Associates, it cannot recover such costs from its ratepayers. To allow a regulated utility to recover from ratepayers costs that the utility was not obligated to pay would not be just and reasonable pursuant to RSA 378:7. Accordingly, we disallow recovery of \$23,739.54 and approve recovery of \$1,177.99 of rate case expense.

We find that collecting the surcharge in one quarterly billing period will result in just and reasonable rates for both Rosebrook and its ratepayers; therefore, we authorize Rosebrook to collect \$1,177.99 from its customers through a one-time surcharge in the amount of \$2.92 per ratepayer in the next water bill.

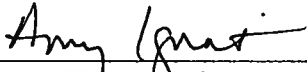
Based upon the foregoing, it is hereby

ORDERED, that Rosebrook Water Company, Inc. is authorized to recover \$1,177.99, representing its prudently incurred rate case expenses; and it is

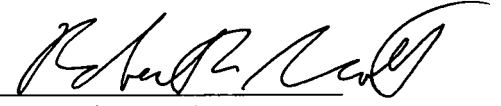
FURTHER ORDERED, that Rosebrook Water Company, Inc. is authorized to charge a one-time surcharge in the amount of \$2.92 per ratepayer for one billing quarter; and it is

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

By order of the Public Utilities Commission of New Hampshire this twelfth day of
March, 2014.

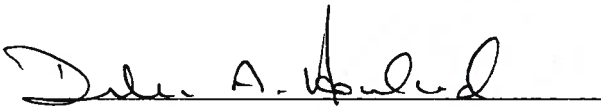


Amy L. Ignatius
Chairman



Robert R. Scott
Commissioner

Attested by:



Debra A. Howland
Executive Director