

DW 04-196

HAMPSTEAD AREA WATER COMPANY, INC.

**Permanent Rate Filing for Camelot Court, Cornerstone Estates,
Lamplighter Estates, and Cricket Hill/Maplevale**

Order Authorizing Recovery of Rate Case Expenses

ORDER NO. 24,490

July 19, 2005

I. BACKGROUND

On May 27, 2005, by Order No. 24,470, the New Hampshire Public Utilities Commission (Commission) approved a Stipulation and permanent rates for four water systems operated by Hampstead Area Water Company, Inc. (HAWC). The four water systems considered in this docket are Camelot Court located in Nottingham, New Hampshire; Cornerstone Estates located in Sandown, New Hampshire; Lamplighter Estates located in Kingston, New Hampshire; and, Cricket Hill/Maplevale located in East Kingston, New Hampshire. The Commission ordered HAWC to submit within 30 days a total of its rate case expenses incurred in DW 04-196, a proposed recovery period, and an estimate of a proposed surcharge for Camelot Court, Cornerstone Estates, Lamplighter Estates and Cricket Hill/Maplevale.

On June 27, 2005, HAWC filed with the Commission Staff (Staff) a letter and supporting documentation requesting recovery of its rate case expenses in the amount of \$7,393.95. HAWC also proposed recovery of this amount from the combined 262 customers of Camelot Court, Cornerstone Estates, Lamplighter Estates and Cricket Hill/Maplevale over four billing quarters commencing on or about August 15, 2005, through a surcharge of \$7.06 per customer per quarter.

On July 14, 2005, Staff forwarded HAWC's letter to the Commission and filed a recommendation letter concurring with HAWC's filing. Staff stated that it had reviewed invoices verifying the amount proposed to be recovered and believed the expenses were reasonable for the rate case. Staff also believed the proposed surcharge and recovery period were comparable to other surcharges the Commission has approved and that the amount would not be onerous for customers. Staff recommended the Commission approve the recovery of the expenses in accordance with the methodology proposed by HAWC.

II. COMMISSION ANALYSIS

Prudently incurred rate case expenses are legitimate costs of service of a utility that should be included in rates. Consistent with that policy, we have reviewed HAWC's rate case expense summary, proposed surcharge of \$7.06 per customer per quarter for four quarters, as well as Staff's recommendation in support of the proposal. We note no objections have been filed with the Commission. We find HAWC's rate case expenses of \$7,393.95 to have been prudently incurred and are reasonable. We find the proposed surcharge over four quarters, commencing on or about August 15, 2005, to be reasonable and will result in just and reasonable rates.

Based upon the foregoing, it is hereby

ORDERED, that Hampstead Area Water Company, Inc. is authorized to recover \$7,393.95 in rate case expenses over four billing quarters commencing on or about August 15, 2005 through a surcharge to the customers of Camelot Court, Cornerstone Estates, Lamplighter Estates and Cricket Hill/Maplevale in the amount of \$7.06 per customer per quarter; and it is

FURTHER ORDERED, that Hampstead Area Water Company, 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 nineteenth day of July, 2005.

Thomas B. Getz
Chairman

Graham J. Morrison
Commissioner

Michael D. Harrington
Commissioner

Attested by:

Debra A. Howland
Executive Director & Secretary