

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DW 07-115

FRYEBURG WATER COMPANY, INC.

Petition for Rate Increase

Order Authorizing Recovery of Rate Case Expenses

ORDER NO. 24,890

August 29, 2008

I. BACKGROUND

On July 9, 2008, by Order No. 24,873, the Commission approved a settlement agreement establishing new permanent rates for Fryeburg Water Company, Inc. (FWC). The Commission authorized FWC to recover rate case expenses incurred in the instant docket from its 64 New Hampshire customers.

On July 18, 2008, FWC filed detailed documentation of rate case expenses and requested reimbursement of \$20,444.59. Subsequently, FWC filed further documentation in support of an additional \$531.21 in rate case expenses, increasing the total to \$20,975.80. Staff conducted a thorough review of this documentation and submitted its recommendation to the Commission on August 12, 2008. Staff recommended that the total amount being sought for recovery by FWC be reduced to \$20,921.85. The \$53.95 reduction reflects a meal charge that was tangential to the conduct of the rate proceeding and should not be recovered through a rate case expense surcharge. Staff concluded that the remaining amount of rate case expense was reasonable and recommended it be recovered over a 30-month period, consistent with the settlement agreement. As a result, Staff recommended that customers who are billed quarterly be assessed a surcharge

of \$32.69 per quarter; customers who are billed monthly be assessed a surcharge of \$10.90 per month; and customers who are billed seasonally be assessed a surcharge of \$130.76 per season.

II. COMMISSION ANALYSIS

The Commission has historically treated prudently incurred rate case expenses as a legitimate cost of service appropriate for recovery through rates. *Lakes Region Water Company, Inc.*, 91 N.H. PUC 586 (2006). Consistent with that policy, we have reviewed FWC's rate case expense summary and Staff's recommendations and we find FWC's rate case expenses, in the amount of \$20,921.85, to be reasonable. Therefore, we will allow FWC to recover those expenses from customers. Based on the 30-month recovery period proposed in the settlement agreement, Staff calculates the rate case expense surcharge will be \$32.69 for quarterly billed customers, \$10.90 for monthly billed customers and \$130.76 for seasonally billed customers. We find that these surcharges, commencing on or about September 1, 2008, are reasonable and that they will result in just and reasonable rates.

Based upon the foregoing, it is hereby

ORDERED, that Fryeburg Water Company, Inc. is authorized to recover \$20,921.85 in rate case expenses over 30 months, or until the \$20,921.85 is fully recovered, commencing on or about September 1, 2008 through surcharges to customers in the amounts of \$32.69 for quarterly billed customers, \$10.90 for monthly billed customers and \$130.76 for seasonally billed customers; and it is

FURTHER ORDERED, that Fryeburg 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 twenty-ninth day of August, 2008.

Thomas B. Getz
Chairman

Graham J. Morrison
Commissioner

Clifton C. Below
Commissioner

Attested by:

ChristiAne G. Mason
Assistant Executive Director & Secretary