

DW 99-113

HANOVER WATER WORKS COMPANY

Petition for Step Adjustment

Order Approving Recovery of Rate Case Expenses

O R D E R N O. 23,932

March 8, 2002

On February 8, 2002, Hanover Water Works Company (Hanover or the Company) filed with the New Hampshire Public Utilities Commission (Commission) a letter and supporting documentation requesting recovery of its direct rate case expenses of \$4,316.08 incurred for the implementation of the rate case (approved in Order No. 23,435, issued March 28, 2000) and step adjustment filing (approved in Order No. 23,889, issued on January 3, 2002). The Company requests that these expenses be recovered in the April 1 quarterly bill to customers. The proposed surcharge would be \$2.17 for each of Hanover's approximately 1909 customers.

On March 4, 2002, the Commission received a memorandum from Mark A. Naylor, Director of the Commission's Gas & Water Division, detailing the Staff's recommendation for the amount of rate case expenses that Hanover should be authorized to recover. The Staff recommends recovery of \$3,294.83. The Staff recommends a reduction of \$1,021.25 in expenses, itemized as follows: (1) costs of \$356.25 related to

a Staff audit of Hanover's step adjustment filing; and (2) \$665.00 of costs related to Hanover's efforts to comply with the Commission's requirement to establish and maintain Continuing Property Records (CPR's). Staff cites the Commission's long standing practice not to provide for rate case expense recovery for audit-related costs. Staff also points out that Hanover's non-compliance with the requirement to establish and maintain CPR's has been on-going over a number of years, but that in any event such costs are not appropriate costs to be recovered as rate case expenses.

Staff has also recommended that Hanover's recovery of approved rate case expenses be accomplished over three billing quarters as opposed to one. Staff's recommendation would result in a billing surcharge of \$0.57 per customer per quarter.

We have reviewed the Staff's recommendation and find it to be reasonable. We, therefore, will approve the total dollar amount of \$3,294.83 and the three quarter recovery period recommended by Staff.

Based upon the foregoing, it is hereby

ORDERED, that Hanover Water Works Company is hereby authorized to recover \$3,294.83 in rate case expenses via a quarterly rate case expense surcharge of \$0.57 per customer

for three quarters, commencing with bills issued on or after April 1, 2002; and it is

FURTHER ORDERED, that Hanover shall file a properly annotated tariff with the Commission, within 14 days of the date of this order, in accordance with N.H. Admin. Rules, Puc 1603.06(o).

By order of the Public Utilities Commission of New Hampshire this eighth day of March, 2002.

Thomas B. Getz
Chairman

Susan S. Geiger
Commissioner

Nancy Brockway
Commissioner

Attested by:

Debra A. Howland
Executive Director & Secretary