

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DW 12-254

FOREST EDGE WATER COMPANY

Notice of Intent to File a Change in Rate Schedules

Order Approving Temporary Rates

O R D E R N O. 25,464

February 19, 2013

APPEARANCES: Forest Edge Water Company, by Stephen P. St. Cyr; Richard Lake, Intervener; Robert L. deFeyter, Intervener; and Staff of the Public Utilities Commission by Marcia A. Brown, Esq.

I. PROCEDURAL HISTORY

Forest Edge Water Company (Forest Edge) is a regulated water utility and provides water service to approximately 42 customers in the Town of North Conway. On August 20, 2012, Forest Edge filed a Notice of Intent to file rate schedules and, on September 25, 2012, Forest Edge filed those schedules. On October 9, 2012, Forest Edge filed a request for temporary rates which included the pre-filed testimony of Mr. Stephen P. St. Cyr as well as supporting schedules.

On October 23, 2012, the Commission suspended the rate schedules by way of Order No. 25,427 and scheduled a prehearing conference and technical session for November 20, 2012. Mr. Richard Lake, Mr. Robert L. deFeyter, Ms. Renee Arakelian, and Ledge Top Co., Inc. filed petitions to intervene and the Commission granted the intervention requests at the prehearing conference. Following the technical session, Staff filed a proposed procedural schedule, which the Commission approved on December 13, 2012. On December 21, 2012, Staff filed a stipulation agreement with Forest Edge regarding temporary rates.

II. POSITIONS OF THE PARTIES

A. Staff and Forest Edge Water Company, Inc.

Staff and Forest Edge propose that existing rates be approved as temporary rates; that temporary rates be effective November 1, 2012; and that temporary rates be subject to reconciliation pursuant to RSA 378:29.

Mr. St. Cyr testified that Forest Edge reported a net loss for its 2011 test year of \$5,043 with an actual revenue deficiency for the test period of \$5,201. Exh. 2 at 8 and 9. It anticipated another net loss in 2012. Forest Edge attributed the loss to normal and reoccurring expense and additional expense related to legal, engineering, and mapping expenses required by the Department of Environmental Services in 2012. *Id.* at 8.

Staff and Forest Edge testified that setting current rates as temporary rates was appropriate because Forest Edge is a small company and the issues in the case are fairly limited. As a result, both Staff and Forest Edge believed it was more appropriate to focus attention on the permanent rate phase of the proceeding so as to expedite the schedule and get permanent rates in place as soon as possible. Hearing Transcript of January 3, 2013 (1/3/13 Tr.) at 13, lines 6 - 24. With respect to the effective date, Staff and Forest Edge testified that November 1st was chosen because all customers were notified of the proceeding by that date. 1/3/13 Tr. at 16. The Order of Notice was provided to customers as well as the Town Clerk for the Town of North Conway on October 29, 2012. *Id.* Forest Edge testified that there will be no immediate rate impact by setting existing rates as temporary rates. 1/3/13 Tr. at 14.

B. Mr. Richard Lake and Mr. Robert L. deFeyter

Mr. Lake and Mr. deFeyter took no position on the stipulation agreement.

III. COMMISSION ANALYSIS

Pursuant to RSA 378:27, the Commission may approve temporary rates for the duration of the proceeding if, in its opinion, the public interest so requires and the reports of the public utility filed with the Commission indicate it is not earning a reasonable return on its property used and useful in the public service. The standard for approval of temporary rates is less stringent than that for permanent rates. *Appeal of Office of Consumer Advocate*, 134 N.H. 651, 660 (1991), *citing New Eng. Tel. & Tel. Co. v. State*, 95 N.H. 515, 518 (1949). RSA 378:27 also contemplates that, in fixing temporary rates, the necessary allocation of costs among customer classes shall be made by reasonably practical and expeditious means, without such investigation as might be deemed necessary to a determination of permanent rates. *New England Telephone & Telegraph Co. v. State*, 95 N.H. 515, 518 (1949). Neither the method of allocation nor its result needs to be adopted in the final establishment of permanent rates. *Id.*

We have reviewed the evidence presented regarding temporary rates and we find it reasonable to approve Forest Edge's current rates as temporary rates for the duration of this proceeding. Forest Edge's test year demonstrates that it did not earn its authorized rate of return on its property used and useful in the public service; in fact it experienced a net loss in 2011 and expects to experience another net loss in 2012. The recoupment mechanism in RSA 378:29 will benefit Forest Edge with revenues, albeit at the end of the proceeding rather than throughout the proceeding, as if the filed tariffs had not been suspended. We find this approach to the rate proceeding to be reasonable and accordingly, we find setting current rates as temporary rates to be just and reasonable and we will approve them pursuant to RSA 378:27.

We next consider the proposed effective date of November 1, 2012. We acknowledge that this proposed effective date precedes the date of the temporary rate hearing; however, RSA


378:27 allows the Commission to authorize effective dates as early as the date on which the petition for a permanent rate change is filed. *See Appeal of Pennichuck Water Works, 120 NH 562, 567 (1980).* In this case, Forest Edge filed its notice of intent to file rate schedules on August 20, 2012, and mailed copies of the order to the clerk of the Town of Conway. The order notified the public of Forest Edge's rate case filing, proposed tariffs, date of the Commission's prehearing conference, and of the ability to intervene in this proceeding. In light of this notice, we find that setting current rates as temporary rates for service on or after November 1, 2012, is just and reasonable.

Based upon the foregoing, it is hereby

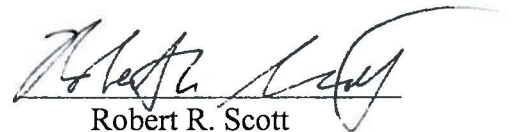
ORDERED, that Forest Edge Water Company's request for temporary rates at the level of its currently authorized rates on a service rendered basis effective November 1, 2012, as detailed above is hereby GRANTED; and it is

FURTHER ORDERED, that Forest Edge Water Company shall submit tariff pages in compliance with this order within 15 days of the date of this order.

By order of the Public Utilities Commission of New Hampshire this nineteenth day of February, 2013.



Michael D. Harrington
Commissioner



Robert R. Scott
Commissioner

Attested by:



Debra A. Howland
Executive Director

SERVICE LIST - EMAIL ADDRESSES - DOCKET RELATED

Pursuant to N.H. Admin Rule Puc 203.11 (a) (1): Serve an electronic copy on each person identified on the service list.

Executive.Director@puc.nh.gov

amanda.noonan@puc.nh.gov

Christina.Martin@oca.nh.gov

jayson.laflamme@puc.nh.gov

jim.lenihan@puc.nh.gov

marcia.brown@puc.nh.gov

mark.naylor@puc.nh.gov

nathaniel1970@gmail.com

Rorie.E.P.Hollenberg@oca.nh.gov

stephenpsteyr@yahoo.com

steve.frink@puc.nh.gov

susan.chamberlin@oca.nh.gov