

DW 99-057

HAMPTON WATER WORKS COMPANY

Petition for Rate Increase

Order Approving Rate Case Expenses

O R D E R N O. 23,425

March 13, 2000

On February 28, 2000, the Commission issued Order No. 23,412 approving the Settlement Agreement entered into by Staff and the parties to this docket, resolving all outstanding issues in connection with the petition by Hampton Water Works Company (Company) for a rate increase. As we noted at that time, the Settlement Agreement provides for the Company to recover its rate case expenses over a two-year period commencing with the effective date of the Company's new rates. However, as was also noted, Staff had not yet completed its review of the Company's rate case expense filing, initially submitted on February 4, 2000, seeking recovery of \$183,140.93.

Staff has now completed its review, having obtained additional documentation from the Company, and recommends approval of \$173,123 in expenses associated with the case. The Company had proposed recovery of \$73,484.93 in legal expenses. Of that, Staff proposes to disallow a total of \$7,660 in connection with (1) legal fees associated with

Staff's audit of the Company, which Staff believes is not properly considered part of the rate case, (2) proceedings at which the Company had more than one attorney present, (3) charges for an attorney's background reading on principles of utility regulation and (4) certain other minor items for which Staff contends the ratepayers should not be responsible. Staff also proposes to disallow \$2,357.62 in Company expenses associated with (1) advertising and materials for the Company's open house, (2) certain hourly charges for a consultant to whom the Company had paid a retainer and (3) certain other minor charges.

The Company's request includes \$11,000 in estimated expenses that remain to be incurred and/or billed. Staff indicated that the Company has agreed to provide a full accounting of these expenses once billed and to permit the reconciliation of the rate case surcharge in the event the actual expenses fall below the requested \$11,000. Accordingly, Staff recommends that the Commission order the Company to submit such a reconciliation.

According to Staff, its proposed disallowances would reduce the two-year monthly rate case expense surcharge by 5.47%, to \$0.55 for residential customers, \$2.32 for commercial customers, \$5.60 for industrial customers, \$1.82

for public authorities, \$0.62 for seasonal residential customers, \$2.21 for seasonal commercial customers, \$2.96 for seasonal public authority customers and \$1.32 for private fire protection customers. Public fire protection customers would pay rate case surcharges ranging from \$407.37 for Hampton to \$38.49 for Rye.

We conclude that Staff's recommendations, based on its examination of the documentation of the Company's rate case expenses, are consistent with the public interest and therefore adopt them.

Based upon the foregoing, it is hereby

ORDERED, that the rate case expenses for the Hampton Water Works Company Inc. of \$173,123 be and hereby are approved effective the date of this order; and it is

FURTHER ORDERED, that the Company submit a revised tariff page reflecting the rate case recoupment amount, annotated with this Commission order number effective the date of this order; and it is

FURTHER ORDERED, that the Company submit a full reconciliation of all estimated rate case expenses as soon as the final billing for these expenses becomes available, at which time the Commission will make further adjustments to the rate case surcharge as necessary.

By order of the Public Utilities Commission of New
Hampshire this thirteenth day of March, 2000.

Douglas L. Patch
Chairman

Susan S. Geiger
Commissioner

Nancy Brockway
Commissioner

Attested by:

Thomas B. Getz
Executive Director and Secretary