

**STATE OF NEW HAMPSHIRE  
PUBLIC UTILITIES COMMISSION**

**DW 07-032**

**PENNICHUCK EAST UTILITY, INC.**

**Petition for Temporary and Permanent Rate Increases**

**Order Approving Temporary Rate Recoupment**

**ORDER NO. 24,855**

**May 19, 2008**

**I. BACKGROUND**

On April 11, 2008, Pennichuck East Utility, Inc. (PEU) filed its calculation of proposed recoupments for temporary and permanent rates by customer class. PEU states these calculations were submitted in accordance with Order No. 24,840 (April 4, 2008). That order approved a settlement agreement entered into by Staff and PEU, including an overall permanent rate increase of 17.19 percent. Previously an 11.99 percent temporary rate increase was approved in Order No. 24,784 (August 24, 2007), effective May 29, 2007, which applied to all customer classes equally pending the outcome of PEU's cost-of-service study.

PEU requests recoupment of \$118,104.36, which represents the difference between what it collected under temporary rates and what it would have collected under permanent rates from May 29, 2007 to April 4, 2008. Specifically, PEU seeks to recover the following amounts by customer class: Residential General Metered, \$35,664.75; Commercial General Metered, \$5,047.35; Municipal General Metered, \$548.50; Londonderry Public Fire Protection, \$40,468.01; Pelham Public Fire Protection, \$8,194.88; and Litchfield Public Fire Protection, \$42,853.10. PEU will reimburse Private Fire Protection customers a total of \$14,672.23.

PEU proposes to recover, or in the case of private fire protection customers, refund these amounts, as specified in the settlement agreement, through a one-time surcharge to all General Metered customers and Private Fire Protection customers. Recovery of amounts from Public Fire Protection customers will be done over a twelve month period.

On April 16, 2008, Staff filed a letter indicating that it had reviewed PEU's calculations of its temporary rate recoupment amounts by customer class and concurred with them. Staff agreed that PEU should be authorized to recover \$118,104.36 in additional revenue resulting from the difference in temporary and permanent rates, in accordance with the provisions of the approved settlement agreement.

## **II. COMMISSION ANALYSIS**

Upon the disposition of a rate proceeding, if the rates as finally determined are in excess of the temporary rates, RSA 378:29 requires us to allow the utility to amortize and recover the difference between temporary rates and permanent rates over the effective period of the temporary rates. RSA 378:7 requires us to establish rates for utilities that are lawful, just, and reasonable and thus in the event reconciliation of temporary and permanent rates yields an overcollection, a refund to customers is due.

As stated earlier, the Commission previously approved a temporary rate increase of 11.99 percent, applied equally to all customer classes, as well as a permanent rate increase which varied according to customer class. The difference between the temporary rates and permanent rates, as recommended by PEU and Staff, is \$118,104.36, and was incurred during the period temporary rates were in effect. While PEU's overall increase for permanent rates averages 17.19 percent, the allocation of PEU's total revenues among customer classes pursuant to the cost of

service study yields rate increases ranging from 2.32 percent to 69.48 percent. This variation causes the recoupment amounts to vary between customer classes.

We have reviewed the temporary rate recoupment recommendations from PEU and Staff. In Order No. 24,840, we accepted the proposal to apply the surcharge for public fire protection customers over a 12-month period, and to apply a one-time surcharge to general metered and private fire customers. Since fire protection rates for the towns of Bow, Windham and Raymond had not yet been set, temporary rates did not apply to them, and thus no recoupment will occur and no surcharge will be imposed upon these customers.

Upon review of the filings, we find that the proposed surcharges and refunds are reasonable and consistent with RSA 378:29 and RSA 378:7. Based on the above, we will approve the rate recoupment in the amount of \$118,104.36 through the proposed surcharges as described above. Consistent with the settlement agreement approved in order No. 24,840, PEU may combine the temporary rate surcharges with the rate case expense surcharge previously approved.

**Based upon the foregoing, it is hereby**

**ORDERED**, that Pennichuck East Utility, Inc. is authorized to recover the difference between its temporary rates approved in Order No. 24,784 and the permanent rates approved in Order No. 24,840 through a surcharge or refund to customer bills for the periods as noted above beginning with the next billing cycle following the date of this order; and it is

**FURTHER ORDERED**, that Pennichuck East Utility, Inc. is authorized to combine its temporary rate recoupment surcharge with its rate case expense surcharge; and it is

**FURTHER ORDERED**, that PEU 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  
May, 2008.

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Thomas B. Getz  
Chairman

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Graham J. Morrison  
Commissioner

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Clifton C. Below  
Commissioner

Attested by:

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Debra A. Howland  
Executive Director & Secretary