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VIA ELECTRONIC AND MAIL DELIVERY

Daniel C. Goldner, Chairman  
N.H. Public Utilities Commission  
21 South Fruit Street, Suite 10  
Concord, NH 03301

Re: Docket No. DW 19-084  
Pennichuck Water Works, Inc. – Permanent Rate Proceeding  
Annual Rate Adjustment

Dear Chairman Goldner:

In Order No. 26,425, dated November 24, 2020, the Commission approved a revenue requirement for Pennichuck Water Works, Inc. (PWW). In that order, with respect to how PWW recovers that revenue requirement, the Commission also approved a settlement agreement whereby rate design changes recommended by PWW's Cost of Service Study would be phased-in such that certain customer rate classes would change annually:

“The calculations provided include the approved phase-in of Municipal Fire Protection rates and concurrent impact on Other G-M Charges. *See Pennichuck Water Works, Inc., Settlement Agreement, June 24, 2020, at 42-44.*<sup>2</sup> Order at 3.

<sup>2</sup> The settlement agreement set the initial increases of Municipal Fire Protection and Other G-M Charges at the same percentage, 10.17 percent, which subsequently adjusted each year thereafter for six years. The Municipal Fire Protection Service rate will increase by 3.00 percent over the prior year's rate, while the Other G-M Charges rate will decrease by a corresponding percentage designed to equalize the previously approved revenue requirement. Order at 3.”

During each subsequent year following initial implementation of the new rates and ending with year 6, the Municipal Fire Protection Service rates will increase by 3.00% over the prior year's rate. Concurrently, all Other G-M Charges<sup>17</sup> will decrease by a corresponding percentage designed to equalize the previously approved revenue requirement. For example, during the first subsequent year, Other G-M Charges will decrease by approximately 0.53%. Exh. 9, Settlement Agreement at 43.

<sup>17</sup> This specifically excludes G-M Residential Fixed Charges, Private Fire Protection Service Charges, and Special Contract Fixed Charges. Exh. 9, Settlement Agreement at 43.

In anticipation of the annual rate change set to occur on November 24, 2023, and to comply with the thirty days' notice requirement of RSA 378:3 and N.H. Code Admin. R. Puc 1603.07(a)(1), PWW files the attached tariff pages: Page 43, Page 44, and Page 47. These tariffs are being filed electronically pursuant to the Commission's temporary electronic filing requirements. The compliance tariffs are in the format prescribed by N.H. Code Admin. R. Puc 1603.02(u) and Puc 1603.05. The revisions noted in the track-change version of these tariff pages reflect the pass-through of rate reductions (see tariff pages 43 and 47) caused by the Municipal Fire Protection customer class bearing 3% more (see tariff page 44) of the overall revenue requirement. This 3% increase results in a 0.52% reduction in the affected rates. The attached tariff rates incorporate the Commission's approved rates from PWW's permanent rate case, Docket No. DW 22-032. So as to avoid confusion, the footnote to the tariff pages cites to both the recent rate case order as well as the 2020 order approving this 3% phase-in.

Per Order No. 26,425, the rates unaffected by this phase-in of the Cost of Service Study recommendations are: G-M Monthly Customer charge for a 5/8" meter and the Monthly Customer Charge for a 1" meter with private residential fire service, Private Fire Protection Service Charges, and Special Contract Fixed Charges. For that reason, no tariff revisions were made to those customer classes.

PWW appreciates the Commission's review of these required compliance tariffs.

PWW contacted the Department of Energy, Office of the Consumer Advocate, and City of Nashua to allow the parties to review the calculation and provide a position on this year's adjustment. The Department of Energy states that it takes no position. The Office of the Consumer Advocate and City of Nashua did not respond by the date of this filing.

Very Truly Yours,



Marcia A. Brown

Enclosures: PWW Tariff Pages 43, 44, and 47

Calculation Schedule

cc: Docket-Related Service List