

STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITIES COMMISSION

RE: PITTSFIELD AQUEDUCT COMPANY, INC.

DOCKET NO. DW 08-052

**PITTSFIELD AQUEDUCT COMPANY, INC.'S MOTION TO MODIFY RATE CASE
FILING**

Pittsfield Aqueduct Company, Inc. ("PAC" or the "Company") hereby moves the New Hampshire Public Utilities Commission to modify its May 2, 2008 rate case filing. In support of its motion, PAC states as follows:

1. On May 2, 2008, PAC filed a request for a permanent rate increase and a petition for temporary rates. In that filing, PAC requested that the Commission establish separate rates for customers in the Town of Pittsfield and for those customers in its three systems in the North Country, Sunrise Estates, Locke Lake, and Birch Hill (the "North Country Systems"). Specifically, PAC sought an increase of 44.01% for its Pittsfield customers and a 311.91% increase for its North Country customers. On December 31, 2008, the Commission approved temporary rates for PAC. Order No. 24,929.

2. As described in the Company's Motion to Modify Procedural Schedule, the Company seeks to transfer the assets associated with the North Country systems and the franchise right to serve those customers to its sister utility, Pennichuck East Utility, Inc. ("PEU"). Contemporaneous with this motion, the Company is filing a Petition to Transfer Assets and Franchise Rights. If approved, the North Country customers would become PEU customers, and the assets associated with each of the three North Country systems would be

recovered as a one time Capital Recovery Surcharge while future capital improvements would become part of the PEU rate base.

3. In this Motion, the Company is requesting to modify its May 2, 2008 rate filing to allow for the recovery of the costs associated with the capital improvements to the North Country systems from those customers only. Originally, the Company proposed to separate the North Country systems from the Pittsfield customers; the Company has determined a more cost effective approach to recover these costs and seeks to modify its rate filing to propose this new methodology.

4. As described in the Joint Prefiled Direct Testimony Regarding Permanent Rates of Donald L. Ware and Bonalyn J. Hartley, which is being filed contemporaneous with this Motion, the Company is proposing to assess a capital recovery surcharge for each of the three North Country systems assuming the North Country assets are transferred to PEU. This surcharge would be based on the system-specific capital improvement costs associated with each of the North Country systems. This charge would be a fixed tariffed amount, charged monthly and calculated over 30 years and bearing an interest rate of 4.68%. The proposed monthly surcharge for Locke Lake would be \$17.00., \$47.21 for Birch Hill and \$11.01 for Sunrise Estates. New customers would be assessed a one-time connection fee.

5. Because the North Country customers would become customers of PEU, the Company has modified the meter and volumetric charges such that they are based on PEU's current rates, with some modifications. The revised filing also proposes that North Country customers be charged for a minimum of 4 ccf, regardless of actual usage levels. Customers using over 4 ccf would pay an additional volumetric charge. Based on this proposal (including the capital recovery surcharge), customers in Locke Lake would experience a 170.57% increase,

291.45% for Birch Hill customers, and 128.85 % for Sunrise Estates, compared to the proposed 311.91% increase for the North Country customers in the Company's original rate filing. All customers will pay the customer meter charge, 4 ccf minimum, and capital recovery surcharge unless they disconnect their service line from the system. (Removing the meter for a period of time does not eliminate the basic charges.)

6. Temporary rates, established by Order 24,929, would remain in effect for both the Pittsfield and North Country Systems until permanent rates are approved by the Commission. Permanent rates would be fully reconcilable with temporary rates, as provided for in Order 24,929.

7. Granting this motion and allowing the modification of the Company's proposed rate request is in the public interest because it would result in lower rates for the North Country customers than originally proposed.

8. Staff, Sunrise Lake Estates Association, Locke Lake Colony Association, Birch Hill Water District, and the Town of Pittsfield assent to the relief sought in this motion. The Office of Consumer Advocate assents to the request to modify the rate filing but takes no position at this time on the substance of the proposed modifications.

WHEREFORE, PAC respectfully requests that the Commission:

- A. Grant this Motion to Modify Rate Filing; and
- B. Such other relief as is just and equitable.

Respectfully submitted,

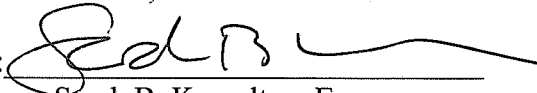
Pittsfield Aqueduct Company, Inc.

By Its Attorneys

MCLANE, GRAF, RAULERSON &
MIDDLETON, P.A.

Dated: March 13, 2009

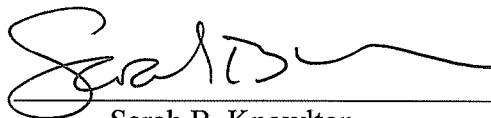
By:



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Certificate of Service

I hereby certify that a copy of this Motion has been forwarded to the parties by electronic mail on March 13, 2009.



Sarah B. Knowlton