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January 15, 2009

Debra A. Howland
Executive Director and Secretary
New Hampshire Public Utilities Commission
21 S. Fruit Street, Suite 10
Concord, New Hampshire 03301-7319



**RE: DW 08-073 Pennichuck Water Works
Response to Order No. 24,926**

Dear Ms. Howland:

The Commission issued Order No. 24,926 (“Order”) on December 30, 2008. In pertinent part, the Commission states, “OCA stated the non-signatory parties did not receive [PWW’s revised cost of service study] until less than a week before hearing; OCA has not had an opportunity for discovery related to it[,]” Order at p. 4, but “we note the approved procedural schedule for this proceeding afforded parties an opportunity to perform discovery on PWW’s filing, including the initial and revised cost of service studies, prior to the hearing on temporary rates.” Order at p. 8.

The revised cost of service study referred to by the parties at the hearing on November 12 was attached to the settlement agreement filed by Staff and the Company on November 10.¹ See Transcript of Temporary Rate Hearing (“Transcript”), at p. 20, lines 6-12 (Bonalyn Hartley testified, “we instructed AUS, which is our consultant that performs these cost of service studies for us, **as a result of the settlement with Staff**, we went back to AUS and we requested that they share the fire protection allocated costs equally between the two fire protection classes, and that was the only change made. And, as a result of that, **attached to the Settlement Agreement is that revised Cost of Service Study** to show the implementation of that effect.”) (emphasis added); see also Transcript at p. 32, line 23, through p. 38, line 12 (cross examination by OCA of Ms. Hartley concerning the revised cost of service study for temporary rate purposes); Transcript at p. 53, lines 1-4 (redirect by Ms. Knowlton of Ms. Hartley concerning the revised cost of service

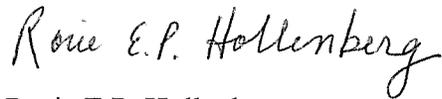
1. The Company also filed a revised cost of service study in September 2008, but those revisions concerned the step increase requested in this case, not the temporary rate request.



service study); and Exhibit 3 (Settlement Agreement between Staff and the Company with revised cost of service study schedules attached). The Company distributed these revisions to the parties on November 6, six days before the hearing on temporary rates. At this time, the period for discovery on temporary rate issues had concluded. *See* Letter of Debra A. Howland to Parties dated October 16, 2008 (procedural schedule set September 24 as deadline for propounding temporary rate data requests); *see also* Transcript at p. 38, lines 4-8 (Ms. Hartley testified that this “revised Cost of Service Study was circulated after discovery occurred for temporary rate purposes in this case”). Consequently, and contrary to the finding in Order No. 24,926, “the parties [did not have] a chance to ask any questions about this revised Cost of Service Study” before the hearing on temporary rates. Transcript at p. 38, lines 9-12 (testimony of Ms. Hartley).

The OCA asks that the Commission keep this response on file. Thank you.

Respectfully,

A handwritten signature in cursive script that reads "Rorie E.P. Hollenberg".

Rorie E.P. Hollenberg
Staff Attorney

Cc: service list via email