

THE STATE OF NEW HAMPSHIRE

CHAIRMAN
Amy L. Ignatius

COMMISSIONERS
Michael D. Harrington
Robert R. Scott

EXECUTIVE DIRECTOR
Debra A. Howland



PUBLIC UTILITIES COMMISSION
21 S. Fruit Street, Suite 10
Concord, N.H. 03301-2429

TDD Access: Relay NH
1-800-735-2964

Tel. (603) 271-2431

FAX (603) 271-3878

Website:
www.puc.nh.gov

July 2, 2013

Debra A. Howland
Executive Director
N.H. Public Utilities Commission
21 South Fruit St., Suite 10
Concord, NH 03301

NHPUC JUL02'13 AM11:08

Re: DW 13-125 Pennichuck East Utility, Inc.
Petition for Authority to Issue up to \$850,000 in Long Term Debt

Dear Ms. Howland:

As a follow up to the Staff recommendation filed in this docket on July 1, I wanted to supplement the information provided with estimates of the rate impact of the requested financing and the associated capital investments proposed. This estimate of rate impact by necessity carries certain assumptions, among them the possibility of a slight change in the SRF loan rate, and the chance that the onsite rebuild option takes the place of the proposed interconnection for service at Avery Estates. The calculation of a potential rate impact also depends on the revenue base used to measure that impact; PEU is currently seeking a rate increase in DW 13-126, and the outcome of that request is of course currently unknown. With that, Staff can estimate the revenue and subsequent approximate rate impact.

Assuming new capital investment of \$850,000 and using the currently estimated SRF rate of 2.7% as a rate of return, and adding depreciation expense, estimates of new property taxes, and an amount for purchased water under the interconnection option, the two projects would require new revenues of \$49,880. Measured against PEU's 2012 test year revenue of \$5,934,818, the approximate rate impact would be about 0.84%.

I hope that this information is helpful. Please let me know if there are questions regarding this.

Sincerely,

A handwritten signature in blue ink that reads "Mark A. Naylor".

Mark A. Naylor
Director, Gas & Water Division

Cc: service list