

**STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITIES COMMISSION**

**PENNICHUCK WATER WORKS, INC.
DOCKET NO. DW 15-__**

**PETITION FOR APPROVAL OF SPECIAL CONTRACT
WITH TYNGSBOROUGH WATER DISTRICT**

Pennichuck Water Works, Inc. (PWW or the Company) seeks authority from the New Hampshire Public Utilities Commission (Commission) pursuant to RSA 378:18 to make a contract for wholesale service with the Tyngsborough Water District (TWD or the District). The Company asserts that special circumstances exist that render departure from its general schedules just and consistent with the public interest.

As a consequence of Docket No. DE 98-191, PWW acquired certain property interests at the Pheasant Lane Mall (Mall) in Nashua, which is located in both Nashua, New Hampshire and Tyngsborough, Massachusetts. The Mall buildings and PWW's retail customers are located in New Hampshire. PWW is interconnected to the Mall through a meter pit located adjacent to the Mall premises in Nashua. Mains encircle the Mall in a hydraulic loop that crosses from New Hampshire to Massachusetts and back to New Hampshire. Service connections are made to customers at various locations from the loop and customers are metered individually. Pursuant to Order No. 23,212 (May 10, 1999) PWW acquired the easements and appurtenant mains that form the New Hampshire portion of the loop. See Attachment A. The District owns the mains that form the Massachusetts portion of the loop.

Another consequence of Docket No. 98-191 is the Water Supply Agreement between PWW and TWD. See Attachment B. PWW provides wholesale service to TWD at retail rates pursuant to PWW Tariff No. 6 under General Service-Metered, Schedule G-M. The Water Supply Agreement, consistent with Order No. 23,212, grants the Company the right to repair and maintain the Massachusetts portion of the loop owned by TWD in order to ensure safe and adequate service to PWW's customers in the Pheasant Lane Mall. This provision is retained in the proposed special contract.

As explained in the testimony of Donald L. Ware, PWW's Chief Operating Officer, TWD has been taking service from PWW as a back-up to its main water supply from the City of Lowell. The proposed special contract is intended by the parties to substantially increase the water sales to TWD. To accomplish that result, the parties have negotiated an arrangement that includes a base monthly fixed fee substantially above the charges in Schedule G-M and a volumetric fee substantially below Schedule G-M. As noted by Mr. Ware, the pricing is supported by a cost of service study conducted for the Company by Woodcock & Associates, Inc. and is below the cost of TWD's alternative water supply.

Included with this petition is a statement of special circumstances as required by Puc 1606.02 (b). Mr. Ware also addresses the special circumstances in his testimony. Furthermore, Mr. Ware discusses the financial advantages provided to PWW customers, as well as TWD, by the special contract.

RSA 378:10 prohibits public utilities from giving "any undue or unreasonable preference or advantage to any person or corporation, or to any locality." At the same time, RSA 378:11 provides that "absolute uniformity in the charges made and demanded by public utilities" is not required "when the circumstances render any lack of uniformity reasonable." RSA 378:18 states

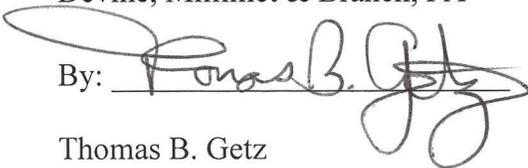
that a public utility is not prevented from “making a contract for service at rates other than those fixed by its schedules of general application, if special circumstances exist which render such departure...just and consistent with the public interest.”

The Commission approved special contracts pursuant to RSA 378:18 for wholesale service by PWW to the Towns of Milford and Hudson in Dockets DW 02-157 and DW 05-143, respectively. In the more recent of the two proceedings, the Commission, by Order *Nisi*, found in Order No. 24,611 (March 31, 2006) that “service to Hudson constitutes a special circumstance because of its increased level of consumption and the low level of cost associated with providing that service. We recognize PWW’s need for stability in usage and revenues and believe the provisions of the Proposed Contract regarding minimum payment obligations and maximum water use address those needs.” PWW avers that the circumstances of the TWD wholesale special contract are entirely consistent with the circumstances of the Town of Hudson wholesale special contract.

WHEREFORE, the Company respectfully requests that the Commission:

- A. Approve the special contract by Order *Nisi*, and
- B. Grant such other relief as is just and reasonable.

Respectfully submitted,
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By its Attorneys,
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