

**PENNICHUCK WATER WORKS, INC.
WHOLESALE WATER SERVICE SPECIAL CONTRACT
TYNGSBOROUGH WATER DISTRICT**

**STATEMENT DESCRIBING SPECIAL CIRCUMSTANCES
THAT JUSTIFY DEPARTING FROM EXISTING TARIFF
PURSUANT TO PUC 1606.2 (b)**

1. Pennichuck Water Works, Inc. (PWW or the Company) provides wholesale water services pursuant to special contracts to two municipalities, the Towns of Hudson and Milford. The Company proposes to provide wholesale water service to a third municipal entity, the Tyngsborough Water District (TWD or the District). These wholesale water customers are distinct from retail customers, each has very different service requirements, and they do not comprise a class of sufficient size or comparable characteristics to merit a tariff rate schedule of their own.
2. In the absence of special contract pricing, the District would continue to take service from PWW under retail rates, effectively as back-up service, because the District can purchase water service from the City of Lowell at volumetric prices significantly lower than PWW's retail rate schedule. Permitting departure from tariffed rates in favor of a rate above PWW's cost of service, plus a contribution to fixed costs, and below TWD's alternative source of supply, will result in increased sales to the benefit of PWW's customers as well as TWD's customers.
3. Pursuant to the proposed special contract, TWD would be one of the Company's three largest customers, and the other two, Anheuser-Busch and the Town of Hudson, are served under special contracts. Departure from tariffed rate schedules in favor of special contracts with significant minimum usage requirements, but lower volumetric rates, facilitates increased stability in usage and revenues for PWW, which in turn benefits customers.



John L. Patenaude
Chief Executive Officer
Pennichuck Water Works, Inc.
May 1, 2015