

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

RE: PENNICHUCK WATER WORKS, INC.

DOCKET NO. DW 16-__

**PETITION FOR APPROVAL OF WATER INFRASTRUCTURE AND
CONSERVATION ADJUSTMENT (WICA) PROPOSED PROJECTS**

Pennichuck Water Works, Inc. ("PWW" or the "Company") petitions the New Hampshire Public Utilities Commission (the "Commission") to: (1) approve the Company's Water Infrastructure and Conservation Adjustment ("WICA") surcharge effective June 1, 2016, on a bills-rendered basis; (2) approve the Company's proposed 2016 WICA projects; and, (3) preliminarily approve the Company's proposed 2017 WICA projects. In support thereof, the Company states as follows:

1. The Commission authorized the WICA pilot program on June 9, 2011, in Docket No. DW 10-091, by Order No. 25,230 (the "Order"). In Docket No. DW 13-130, the Commission authorized PWW to continue the WICA pilot. See Order No. 25,694 (July 15, 2014).

2. The WICA mechanism enables the Company to recover the fixed costs of certain pre-approved infrastructure improvements that are completed and placed in service between rate filings, in particular, capital projects, including mains, valves, services, and hydrants in the Company's core system. The WICA cycle is initiated by the Company filing a three-year capital budget for proposed projects for the annual replacement program, broken down as follows. Year 1 projects are proposed to be constructed in the succeeding twelve-month period and are provided for final review. Year 2 projects are proposed to be

constructed in the next twelve-month period and are provided for preliminary approval. Year 3 projects are proposed to be constructed in the twelve months following Year 2 and are provided for advisory purposes and discussion.

3. The Company filed its first proposed list of WICA projects in Docket No. DW 12-359, which was approved by Order No. 25,510 (May 15, 2013). The Company's second proposed list of WICA projects was approved by Order No. 25,661 (May 15, 2014) in Docket No. DW 13-358. In that docket, the Commission approved the initial WICA surcharge of 0.67%, for projects constructed in 2013 and extended the Company's filing deadline from December 31 to January 31, to accommodate the collection of more accurate year-end cost figures, which resulted in a change to the surcharge effective date from April 1 to May 1, on a service-rendered basis. In Docket No. DW 15-043, by Order No. 25,784 (April 30, 2015) the Commission approved the Company's 2015 projects, and preliminarily approved the 2016 projects.

4. In this petition, the Company requests that the Commission approve a WICA surcharge of 1.23% for the 2015 projects, which, when combined with the surcharges for the 2013 and 2014, yields a cumulative surcharge of 3.04%. The Company asks, consistent with the Commission's approval in Docket No. DW 15-043, that the surcharge be effective on a bills-rendered basis, effective June 1, 2016. The June 1 bills-rendered basis is less confusing for customers and more administratively efficient for the Company because it eliminates the prorating of the surcharge on certain bills, depending on their respective read dates. Moreover, customers are held harmless inasmuch as the Company would not include service prior to May 1 on any bill issued on or after June 1.

5. The additional 1.23% WICA surcharge sought here allows for the recovery of the costs associated with the Commission-approved 2015 WICA projects that were constructed and placed in service during the period January 1, 2015 through December 31, 2015, and which are therefore used and useful. These costs incorporate depreciation, property tax expense, and return on investment associated with the completed projects, and are described in the Direct Testimony of Donald L. Ware, which is being filed with this Petition.

6. The Company is also submitting with this Petition its: (1) proposed projects for 2016 for final approval with regard to eligibility for the WICA mechanism; (2) proposed projects for 2017 for preliminary approval; and, (3) proposed projects for 2018 for informational purposes. The projects are set forth in the Direct Testimony of Donald L. Ware. The Company thus seeks Commission approval of the proposed 2016 WICA projects and preliminary approval of the proposed 2017 WICA projects.

WHEREFORE, the Company respectfully requests that the Commission:

- A. Approve a WICA surcharge increase of 1.23%, that is, a cumulative surcharge of 3.04%, to be implemented on a bills-rendered basis effective June 1, 2016;
- B. Approve the Company's proposed 2016 WICA projects for recovery through the WICA mechanism;
- C. Preliminarily approve the Company's proposed 2017 WICA projects;
- D. Grant such approvals on an Order *Nisi* basis consistent with past practice; and,
- E. Grant such other relief as is just and equitable.

Respectfully submitted,

PENNICHUCK WATER WORKS, INC.

By Its Attorneys

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Dated: February 1, 2016

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