

THE STATE OF NEW HAMPSHIRE

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May 24, 2019

Debra A. Howland  
Executive Director  
New Hampshire Public Utilities Commission  
21 South Fruit Street, Suite 10  
Concord, New Hampshire 03301-2429

Re: DW 19-084 – Pennichuck Water Works, Inc.  
Motion for Waiver of Certain Rate Case Filing Requirements  
Staff Recommendation

Dear Ms. Howland:

On April 26, 2019, Pennichuck Water Works, Inc. (PWW or Company), filed a motion, assented to by the Commission Staff (Staff), seeking waiver of a number of rate case disclosure requirements contained in N.H. Code Admin. Rules Puc 1600. The Company requested a waiver of these requirements pursuant to Puc 201.05. On April 30, the Office of the Consumer Advocate (OCA) filed an objection to PWW's motion. On May 1, PWW filed a reply to the OCA's objection and proposed modifications to its original waiver request to address certain issues raised in the OCA's objection. Staff recommends the Commission approve PWW's motion for waiver as modified in the Company's May 1 reply.

PWW's April 26 filing included a request to waive the following disclosures as the Company no longer produces the information required:

- a. Puc 1604.04(a)(2) relative to Annual Reports to stockholders;
- b. Puc 1604.04(a)(6) relative to a list of advertising charged in the test year;
- c. Puc 1604.04(a)(9) relative to a Chart of Accounts, if different;
- d. Puc 1604.04(a)(10) relative to a utility's Securities and Exchange Commission 10K forms and 10Q forms;
- e. Puc 1604.04(a)(12) relative to a utility's most recent depreciation study;
- f. Puc 1604.04(a)(15) relative to officer and executive incentive plans; and
- g. Puc 1604.04(a)(16) relative to voting stock of Officers and Directors of a utility.

The OCA objected, stating that the Company should indicate it no longer produces that information in its forthcoming rate case filing. PWW now intends to insert sheets in its rate filing where this information would otherwise appear indicating that the material does not exist.

Staff concurs with PWW, as it will effectively facilitate and inform the reader of the Company's rate filing regarding these particular matters. Furthermore, if relevant information pertaining to the above becomes known during Staff's review of PWW's rate filing, it will pursue these issues through discovery.

PWW's April 26 filing also included a request to waive the following additional disclosures as the information has been previously provided to the Commission:

- a. Puc 1604.01(a)(1) relative to internal financial reports;
- b. Puc 1604.01(a)(18) relative to the amount of assets and costs allocated to non-utility operations;
- c. Puc 1604.01(a)(19) relative to balance sheets and income statements for the previous two years if they have not previously been filed with the Commission; and
- d. Puc 1604.01(a)(20) relative to quarterly income statements for the previous two years if they have not previously been filed with the Commission.

PWW now withdraws its waiver request regarding these and will now include this information in its rate case filing. Staff concurs with the Company that inclusion of this information in its rate filing will further facilitate potential intervenors access to these materials.

Finally, PWW requested waiver of the following required schedules, as these are no longer applicable to PWW's modified revenue requirement structure approved by the Commission in Order No. 26,070 (November 7, 2017):

- a. 1604.07(a)(11) "Schedule 3 – Rate Base";
- b. 1604.07(a)(12) "Schedule 3A – Working Capital"; and
- c. 1604.07(a)(13) "Schedule 3 Attachment – Pro Forma Adjustment Rate Base".

The OCA objected to the waiver of these schedules because it contends these schedules may provide "useful benchmarks" for the Commission in its determination of just and reasonable rates. In its reply, PWW re-affirmed its request for waiver of these schedules in its rate filing.

Puc 201.05 allows for waiver of any Commission rule if it serves the public interest and will not disrupt the orderly and efficient resolution of matters before the Commission. Puc 201.05(a)(1-2). In determining the public interest, the Commission shall waive a rule if compliance with the rule would be onerous or inapplicable given the

May 24, 2019

Page 3

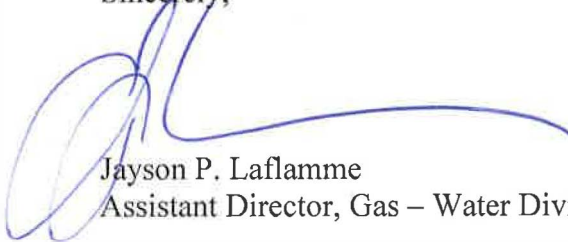
circumstances of the affected person. Puc 201.05(b)(1). Staff concurs with PWW's request for waiver of the Puc 1604.07 schedules indicated, as the requirement of those schedules would be inapplicable, or at the very least, onerous.

Under PWW's current ratemaking methodology, a debt service component has effectively replaced return on rate base and depreciation expense. The components of return on rate base and depreciation are no longer pertinent to PWW. As such, those filings are not necessary. Staff, furthermore, contends that the potential benefits derived by requiring PWW to continue to produce comprehensive schedules relative to rate base and working capital would be marginal, at best. Staff anticipates that PWW will include the individual components comprising rate base in the balance sheet and income statement reports. Furthermore, as part of its overall examination of PWW, the Commission's Audit Staff intends to review the accounts that comprise traditional rate base to ensure that they are in conformity with Commission rules and procedures.

In conclusion, Staff supports and recommends the Commission approve PWW's motion for waiver of 1604.07(a)(11-12-13). Staff believes that granting PWW's waiver request serves the public interest and will not disrupt the orderly and efficient resolution of the Company's impending rate proceeding.

Thank you for your assistance and attention to this matter. If you have any further questions, please feel free to contact me.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jayson P. Laflamme", with a long horizontal flourish extending to the right.

Jayson P. Laflamme  
Assistant Director, Gas – Water Division

cc: Service List

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