

STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

DW 20-156

PENNICHUCK EAST UTILITY, INC.

Request for Change in Rates

**PETITION TO INTERVENE OF THE TOWNS OF LONDONDERRY, LITCHFIELD,
PELHAM AND HOOKSETT, NEW HAMPSHIRE**

The Town of Londonderry (“Londonderry”), the Town of Litchfield (“Litchfield”), the Town of Pelham (“Pelham”), and the Town of Hooksett (“Hooksett”) (and collectively, “the Towns” or “Intervenors”) respectfully petition to intervene in the above-captioned proceeding, pursuant to the Public Utilities Commission’s Order No. 26,436 dated December 17, 2020, and N.H. Admin. Rules Puc 203.17, and in accordance with the standards set forth at RSA 541-A:32. The Commission has opened this Docket and proceeding for the purpose of evaluating a request for change in rates – and a substantial increase in those rates as they impact the Towns – requested by Pennichuck East Utility, Inc. (“PEU”).

In support of this Petition, the Towns state as follows:

Proposed Intervenor, the Town of Londonderry, is a municipal corporation with a principal place of business at 268b Mammoth Road, Londonderry, NH 03053. PEU is a supplier of water resources to Londonderry pursuant to contract.

Proposed Intervenor, the Town of Litchfield, is a municipal corporation with a principal place of business at 2 Liberty Way, Litchfield, NH 03052. PEU is a supplier of water resources to Litchfield pursuant to contract.

Proposed Intervenor, the Town of Pelham, is a municipal corporation with a principal place of business at 6 Village Green, Pelham, NH 03076. PEU is a supplier of water resources to

Pelham pursuant to contract.

Proposed Intervenor, the Town of Hooksett, is a municipal corporation with a principal place of business at 35 Main Street, Hooksett, NH 03106. PEU is a supplier of water resources to Hooksett pursuant to contract.

As noted in Order No. 26,436, PEU is a water utility that supplies thousands of customers in nineteen (19) towns, including the proposed Intervenor Towns. In this proceeding, PEU seeks permission from the Commission to charge new rates “designed to yield an overall increase of 21.05% in its annual revenues to an amount of approximately \$10,715,419....” Order No. 26,436 at 1.

New Hampshire Code of Administrative Rules Puc 203.17 provides that the Commission shall grant petitions to intervene in accordance with the standards set forth in RSA 541-A:32. RSA 541-A:32 provides that a petition to intervene shall be granted when a petitioner demonstrates that it has “rights, duties, privileges, immunities or other substantial interests” that may be affected by the proceeding, and “the interests of justice and the orderly and prompt conduct of the proceedings would not be impaired by allowing the intervention.” As described below, the Towns have substantial interests that will be affected by the proceeding and the request for a substantial increase in rates charged to the Towns and the citizens of the Towns.

The Towns’ water supplies for various uses are supplied by PEU pursuant to contract. On November 24, 2020, PEU’s Chief Executive Officer sent letters to the affected towns, including Londonderry, in which he described the present proceeding, and the basis and reasons that PEU was seeking both the temporary and permanent rate increases. See Exhibit 1, annexed hereto (Letter from Larry D. Goodhue, CEO, to Kevin H. Smith, Londonderry Town Manager, dated November 24, 2020). The letter from PEU provided “an illustration of the impact on an

average residential customer.” Based on an “average monthly residential bill” (based on using 4,862 gallons per month) of \$69.52 under current rates, PEU’s letter anticipated a monthly bill (for the same usage) under the new rate as “\$85.40,” an increase of \$15.88 per month to the “average” customer based on the hypothetical usage.

As the Commission’s Order No. 26,436 explicitly acknowledges, PEU’s filing and request for increased rates raises issues concerning modifications to the ratemaking methodology previously approved for PEU in Docket No. DW-17-128 and Order No. 26,179, and raises substantial questions, including, inter alia: (i) whether the proposed ratemaking modifications are consistent with Order No. 26, 179; (ii) what standards will apply to the proposed modifications; (iii) the “prudence of the relevant investments” on which PEU bases at least some of its need for a rate increase; and (iv) whether the rates to be imposed and authorized are just and reasonable pursuant to RSA 374:2 and RSA 378.

The Proposed Intervenor Towns have a substantial and real interest in the proceeding generally, on behalf of both themselves as entities supplied and charged by PEU, and on behalf of the citizen customers within each of the Towns. The Towns have a real and substantial interest in evaluating and commenting upon each of the questions posed by the Commission in its Order No. 26,436, and in participating as parties in this proceeding.

WHEREFORE, the Towns respectfully request that the Commission:

- A. Grant this Petition to Intervene in Docket No. 20-156;
- B. Add the Towns to the Service List, and treat them as full parties and participants in the docketed proceedings; and
- C. Grant such other and further relief as the Commission deems just.

Respectfully submitted,

**TOWN OF LONDONDERRY,
TOWN OF LITCHFIELD, TOWN OF
PELHAM and TOWN OF HOOKSETT**

By Their Attorneys,

SHEEHAN PHINNEY, BASS & GREEN
P.A.

Date: January 22, 2021

By: /s/ Christopher Cole
Michael D. Ramsdell, NHBA No. 2096
Christopher Cole NHBA No. 8725
1000 Elm Street, PO Box 3701
Manchester, NH 03101
(603) 627-8223
mramsdell@sheehan.com
ccole@sheehan.com

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing was electronically filed with the Commission and was sent to the persons set forth in the service list for this Docket.

/s/ Christopher Cole

EXHIBIT 1



PENNICHUCK™

25 MANCHESTER STREET
PO BOX 1947
MERRIMACK, NH 03054-1947

(603) 882-5191
FAX (603) 913-2305

November 24, 2020

WWW.PENNICHUCK.COM

Mr. Kevin H. Smith
Town Manager
Town of Londonderry
268B Mammoth Road
Londonderry, NH 03053

Re: Pennichuck East Utility, Inc. – Estimated Water Rate Increase

Dear Mr. Smith:

On behalf of Pennichuck Corporation and its water utility companies, I wanted to make you aware that Pennichuck East Utility (“PEU”) has filed a Rate Case with the New Hampshire Public Utilities Commission (“PUC”) on November 23, 2020. This Rate Case requests the PUC approve an increase in PEU’s rates, to allow PEU to collect sufficient revenues to pay for the costs of the Company’s current operating expenses and investment in infrastructure over the past several years. PEU last had a full rate increase in its base (or permanent) rates in 2018, which was based upon 2016 test year operating costs. Since that last rate increase, PEU has invested approximately \$6.8 million in capital improvements to its water utility assets and has experienced material increases in its operating expenses, some at well above inflationary rates.

The PUC’s Rate Case process involves the following steps:

- Notice of Intent to File Rate Schedules (“NOI”), which states an estimate of the projected increase in rates. This was filed with the PUC on September 23, 2020, as the first step in the regulatory process for a Rate Case.
- A complete Rate Case filing, which includes the final proposed change in rates and all testimony, exhibits and schedules required under PUC rules and regulations. This must be filed no earlier than 30 days, and no later than 60 days, from the date of the NOI. The Rate Case was filed on November 23, 2020, in compliance with the time requirements.
- The PUC has opened a docket (DW 20-156) for the Rate Case and will be issuing an Order of Notice scheduling a prehearing conference to address timing and other procedural aspects. We expect this prehearing conference to occur sometime in December 2020 or January 2021.
- PEU’s Rate Case will include a request that the PUC allow a “temporary” rate increase, which will allow PEU to charge higher rates during the pendency of the Rate Case. We expect hearings on PEU’s temporary rate request will be held in early 2021. These temporary rates will be tempered slightly by the amounts already authorized or collected via the Qualified Capital Project Adjustment Charge (QCPAC) for capital projects completed in 2018 and 2019.

- The PUC will approve a detailed procedural schedule for the docket, which will include discovery and testimony by PUC Staff, the Office of Consumer Advocate, and any other parties approved by the Commission as intervenors. A hearing on permanent rates is likely to be held in the Summer of 2021.

It is anticipated that new permanent rates, based upon the 2019 test year, will be approved and go into effect at the very end of 2021 or early 2022.

PEU's NOI stated its best maximum current estimate as of the date of that filing as to the amount of the base rate increase that PEU could ultimately seek final approval upon. This noticed requested increase is included in the full Rate Case filing which PEU filed with the PUC on November 23, 2020.

In the Rate Case filing on November 23, 2020, PEU is requesting an increase in its base annual revenues by approximately \$1.83 million, which represents an increase in base rates of 21.05%. As is carefully documented by PEU's full Rate Case filing, this increase is appropriate and reasonable for the following reasons: PEU has not had an increase in base rates since 2018 (based upon a 2016 test year); PEU's operating expenses have increased annually during that period, in some cases at higher than the rate of inflation; and PEU has borrowed and invested over \$6.8 million in new capital assets since the beginning of 2018 to serve its customers, and a rate increase is necessary so that it can pay the debt service attributable to these new capital investments.

The following table provides an illustration of the impact on an average residential customer:

Average Monthly Residential Bill

Current	Under New Rate
\$69.52	\$85.40

Please note that the average monthly bill amount noted above is based on using 6.50 CCF (4,862 gallons) of water per month. Each customer's actual bill will depend upon how much water they actually use each month.

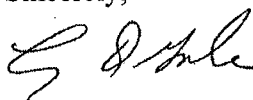
The NOI, the Rate Case filing, as well as all subsequent filings, will be available via a link on the Company's website (www.Pennichuck.com). In addition, you may follow the proceeding on the PUC website: <http://www.puc.state.nh.us>.

It is the intent of the Company to keep the communities we serve informed as we proceed through the regulatory process. I would appreciate your sharing the information provided with your community's governing Board. If possible, we would also appreciate your posting this letter on your Town website in order to inform customers being served by the Company.

Members of the Company's staff are available to meet with you or the community's governing body to discuss the rate filing process and the estimated rate increases, in a manner allowed and consistent with current COVID-19 emergency protocols for the Company and the State of NH.

Please feel free to call me at 603-913-2312 if you need any further information or clarification.

Sincerely,



Larry D. Goodhue
Chief Executive Officer