

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

**Pennichuck Water Works, Inc.
Petition for Fifth Special Contract for Service to Anheuser-Busch, Inc.**

DW 21-115

Second Supplemental Testimony of Donald L. Ware

February 24, 2022

1 **Q. What is the purpose of your second supplemental testimony?**

2 A. The purpose is to describe additional changes to Pennichuck Water Works, Inc.'s
3 (PWW or Company) wholesale customer mix that have occurred that effect the
4 fifth contract with Anheuser-Busch, LLC (AB) that is pending before the
5 Commission.

6 **Q. Please explain these changes and how they affect the AB contract.**

7 A. As stated in my prior supplemental testimony, PWW and the Town of Hudson
8 (Hudson) have recently agreed to the terms of a long term, take-or-pay contract
9 with a minimum take of 1.07 Million Gallons per Day (MGD) and a peak day rate
10 of up to 2.0 MGD to replace the current contract that was approved by the
11 Commission in DW 05-143, Order No. 24,611. The need for the new contract
12 and in particular the changes in Hudson's required purchased water volumes was
13 driven by the fact that two of Hudson's three wells have levels of PFOA that
14 exceed the NHDES Drinking Water Standard that went into effect in 2021. As a
15 result of these two wells being contaminated with PFOA they were taken off-line
16 on June 30, 2021. These two wells produced an average of 790,000 gallons of
17 water per day. That lost volume was replaced with purchased water from PWW.
18 As a result, Pennichuck East Utility (PEU) which has access to 15% of the water
19 produced from the contaminated wells had to replace the 118,500 gpd of lost
20 capacity from these wells with additional purchased water from PWW. As a
21 result PEU has negotiated the terms of a new long term wholesale water supply
22 contract with PWW to replace the existing wholesale water contract that was
23 approved by the Commission in DW 17-071, Order No. 26,049. Finally, and also
24 recently, PWW has agreed to the terms new a long-term wholesale supply

1 contract with the Town of Milford (Milford). The new contract will replace the
2 existing PWW-Town of Milford wholesale water contract that was approved by
3 the Commission in DW 02-157, Order No. 24,122, and that will expire on
4 February 6, 2023. These three proposed contracts will be filed with the
5 Commission for consideration and approval in the coming months. It is unique
6 that multiple supply contracts are being reopened at the same time, however, this
7 reopening presents a benefit in that the Company can update the costs and
8 revenues associated with each contract such that AB, Hudson, PEU, and Milford
9 will each pay a charge that better equates to the cost to provide that water supply.
10 When these changes in usage by Hudson, PEU, and Milford are programmed into
11 AB's COSS, it changes the relative share of costs that PWW should recover from
12 AB.

13 **Q. Are there any other factors that have changed which necessitate other**
14 **changes to AB's COSS?**

15 A. No.

16 **Q. Has a revised COSS been prepared for AB reflecting the usage change by**
17 **Hudson noted above?**

18 A. Yes. I have attached a revised COSS which reflects the above-described known
19 and measurable change in usage by Hudson, Milford, and PEU. See, Second
20 Revised Attachment DLW-1.

21 **Q. Has the form of the proposed Fifth AB Special Contract changed due to the**
22 **mix of wholesale customer usage noted above?**

23 A. No. The basic form of the proposed Fifth Special Contract has not changed
24 except for the proposed rates. These rate changes appear on page 3, paragraphs

1 4.b. and 4.c. of the proposed special contract which is attached as Second Revised
2 Attachment DLW-2. These changes are summarized in the following
3 comparative table:

Proposed Special Contract Rate	Initial COSS	November Revised COSS	February Revised COSS
Volumetric Rate/CCF	\$1,2604	\$0.9690	\$0.9743
Monthly Fixed Charge	\$30,435.13	\$28,283.61	\$28,351.90

5
6 **Q. Does the remainder of your testimony as initially submitted remain the**
7 **same?**

8 A. Yes.

9 **Q. Do you believe it is in the public interest to depart from PWW's general rates**
10 **and for the Commission to approve the AB special contract?**

11 A. Yes. I have attached an updated Statement of Special Circumstances attesting
12 that service to AB is unique and that retaining AB as a customer is beneficial to
13 PWW and its customers. See, Attachment DLW-3.

14 **Q. Does this complete your second supplemental testimony?**

15 A. Yes.