

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DW 21-115

PENNICHUCK WATER WORKS, INC.

Petition for Approval of Special Contract with Anheuser-Busch, LLC

**Order *Nisi* Approving Settlement Agreement and
Fifth Special Contract, as Amended**

O R D E R N O. 26,647

July 1, 2022

In this order the Commission approves a settlement agreement (Settlement) reached between Pennichuck Water Works, Inc. (PWW or the “Company”) and the NH Department of Energy (DOE), with the assent of Anheuser-Busch, LLC (AB), authorizing a fifth special contract (Fifth Contract) between PWW and AB, as amended in the Settlement.

PWW’s initial petition requesting approval of a new special contract with AB was filed in this proceeding on June 4, 2021. The initial petition and all subsequent filings in this docket, including the Settlement and Fifth Contract approved herein, other than information for which confidential treatment is requested of or granted by the Commission, are posted to the Commission’s website at www.puc.nh.gov/Regulatory/Docketbk/2021/21-115.html.

I. BACKGROUND AND PROCESS

On June 4, 2021, PWW filed a petition for approval of a fifth special contract with AB. On July 7, 2021, the Commission issued Order No. 26,496 approving a temporary extension of its fourth special contract with AB, executed on January 18, 2011, and approved on June 9, 2011, in Docket DW 11-018 with an expiration date of June 30, 2021.

On February 24, 2022, PWW filed a supplemental petition for approval of certain changes in fees and charges in the proposed fifth special contract. On March 11, 2022, PWW filed an assented-to-motion to approve a procedural schedule for review of the fifth special contract. On March 16, 2022, PWW filed a modification of its proposed schedule to include opportunity for discovery and a technical session to be held on May 10, 2022. The Commission approved the procedural schedule on March 30, 2022. On June 14, 2022, PWW filed the Settlement between the Company and DOE along with the final, amended Fifth Contract proposed for approval by the Commission.

II. SETTLEMENT

Under the Settlement filed on June 14, 2022, PWW and DOE jointly recommend approval of the amended Fifth Contract between PWW and AB. The Settlement and recommendation for approval were based, in part, on an updated cost of service study (COSS), which PWW filed on November 10, 2021, supported by supplemental testimony of the Company's Chief Operating Officer Donald L. Ware.

Pursuant to the Settlement, PWW will maintain facilities capable of delivering water to AB continuously and pursuant to pressure, flow, and volume parameters set forth in the Settlement, under normal operating conditions of approximately 70 psi at the meter installed on AB's premises. The Settlement further establishes certain minimum daily usage and caps on volume taken during any 24-hour period.

The Fifth Contract establishes amended rates applicable to service provided to AB, based on the updated COSS and the approved revenue requirements established in the Company's last rate case in Docket No. DW 19-084. The COSS calculations included certain capital investments completed by PWW in 2019 and 2020 within its system. Under the Fifth Contract, AB will pay a monthly bill, in arrears, consisting of a monthly

meter charge, a base monthly fixed fee, and a monthly volumetric charge that will be based on the actual volume of water used during the billing month.

DOE noted in the Settlement that the Fifth Contract, as amended, would have no effect on other ratepayers. DOE further noted that PWW's reconciliation between the fourth special contract and the Fifth Contract for the term July 1, 2021 to the date of Commission approval will be audited, and that any over or under collection will be either recovered from or refunded to AB.

The amended Fifth Contract has a 10-year term with an effective date of July 1, 2021 and will not extend beyond June 30, 2031. AB maintains an ongoing right to terminate the contract, for any reason or for no reason, with advance notice of at least 24 months.

As supported by DOE in the Settlement, PWW will file its reconciliation of the difference between the rates of the temporarily extended fourth special contract charged to AB and the Fifth Contract for the billing period July 1, 2021 to the effective date of this order approving the contract.

III. COMMISSION ANALYSIS

The Commission may, by order, allow utilities to charge rates which depart from their standard tariffs when special circumstances exist "which render such departure from the general schedules just and consistent with the public interest." RSA 378:18. We find that approval of the Settlement by and between PWW and DOE, with the assent of AB, is supported by the record as just and reasonable and consistent with the public interest.

As noted in the Company's June 14, 2022 filing, interested parties have been afforded an opportunity to intervene in this proceeding through multiple postings on the Company's website in this proceeding. Neither the Office of the Consumer Advocate nor

any other interested party filed to participate in the proceeding. The DOE stated that it “does not take exception” to the Fifth Contract, and jointly recommended approval through the Settlement.

According to the Company’s testimony, AB is PWW’s largest customer in terms of demand and has on-site storage that results in its water usage being relatively steady. AB paid for the cost of construction of the water main through which its service is provided directly from PWW’s Nashua water treatment plant. Minimum payment obligations and early termination provisions in the Fifth Contract protect PWW’s financial integrity while allowing AB flexibility to reduce its costs. In exchange for the continuation of a special contract rate, AB agrees to accept certain minimum payment provisions included in the contract. Finally, the two-year notice period for termination permits PWW time to file a rate case to recover an appropriate portion of AB revenues to cover fixed expenses associated with the water supply facilities that serve it.

The Commission finds that the Fifth Contract, as amended, is adequately supported by the thorough analysis and joint support for the contract included in the Settlement and in the supplemental and second supplemental testimony provided by PWW’s Chief Operating Officer in the Company’s June 14, 2022 filing. Accordingly, we approve the Fifth Contract as amended and supported by the June 14, 2022 Settlement.

Based upon the foregoing, it is hereby

ORDERED *NISI*, the Fifth Contract between Pennichuck Water Works, Inc. and AB, with attachments and as amended in accordance with the Settlement between Pennichuck Water Works, Inc. and the NH Department of Energy filed on June 14, 2022, is hereby **APPROVED** for effect on July 1, 2021, as set forth herein above; and it is

FURTHER ORDERED, that PWW shall file for the Commission and DOE’s review its reconciliation of the difference between the rates of the temporarily extended fourth

special contract charged to AB and the Fifth Contract, as amended, for the billing period July 1, 2021 to the effective date of this order; and it is

FURTHER ORDERED, that Pennichuck Water Works, Inc. shall cause a copy of this order to be published on its website within one business day of the issuance of this order, such publication to be documented by an affidavit filed with this office on or before July 11, 2022; and it is

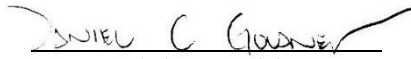
FURTHER ORDERED, that the clerk shall cause a copy of this order to be published on the Commission website within two business days of the issuance of this order; and it is

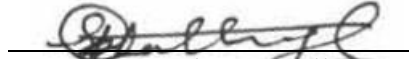
FURTHER ORDERED, that all persons interested in responding to this order be notified that they may submit their comments or file a written request for a hearing which states the reason and basis for a hearing no later than July 18, 2022, for the Commission's consideration; and it is


FURTHER ORDERED, that any party interested in responding to such comments or request for hearing shall do so no later than July 25, 2022; and it is

FURTHER ORDERED, that this order shall be effective August 1, 2022, unless PWW fails to satisfy the publication obligation set forth above or the Commission provides otherwise in a supplemental order issued prior to the effective date.

By order of the Public Utilities Commission of New Hampshire this first day of July, 2022.


Daniel C. Goldner
Chairman


Pradip K. Chattopadhyay
Commissioner


Carleton B. Simpson
Commissioner

Service List - Docket Related

Docket# : 21-115

Printed: 7/1/2022

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