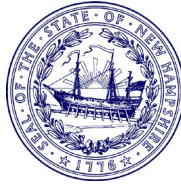


STATE OF NEW HAMPSHIRE

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May 8, 2023

Daniel C. Goldner, Chairman
New Hampshire Public Utilities Commission
21 South Fruit Street, Suite 10
Concord, NH 03301

RE: DW 21-134 Pennichuck Water Works, Inc.
Emergency Special Contract with Merrimack Village District
Reconciliation of Emergency Period Bulk Water Supply

Dear Chairman Goldner:

Pursuant to RSA 12-P:2, IV, the Department of Energy (DOE) hereby submits its report and recommendation regarding Pennichuck Water Works, Inc.'s (PWW's or the Company's) reconciliation of the difference between amounts invoiced to date (Invoiced) and the actual cost (Final Due) for water service provided to Merrimack Village District (MVD) from October 20, 2021 to December 31, 2022 (Emergency Period). The DOE's recommendation was informed by (1) the DOE Audit Staff's audit report, dated March 22, 2022 (Final Audit Report), (2) PWW's responses to discovery from the DOE (PWW's Responses to Discovery), and (3) a technical session between PWW and the DOE held on May 1, 2023. The Final Audit Report and PWW's Responses to Discovery are attached to this report and recommendation and are marked as Attachment A and Attachment B, respectively.

On January 31, 2023, PWW filed a reconciliation (Initial Reconciliation) which indicated MVD was owed a credit in the amount of \$18,506.06 for the difference between Invoiced and Final Due amounts. However, revisions recommended by the DOE Audit Staff prompted PWW to file an updated reconciliation on April 4, 2023 (Updated Reconciliation). The Updated Reconciliation shows that a credit is due to MVD in the amount of \$46,881.63. Note that the Final Due amount is based on rates in the emergency special contract approved by Commission Order No. 26,597 (March 25, 2022) and effective during the Emergency Period.

Due to the significant level of cost data and metrics required to prepare it, the DOE Audit Staff was requested to audit the Initial Reconciliation and prepare a report. The Audit Issue #1 section, at pages 18-22 of the Final Audit Report, summarizes variances identified by the DOE Audit Staff that were rectified by the Company. In the Recommendation section, at page 21 of the report, is a list of the supporting schedules that DOE Audit Staff stated should be revised. And, in the Company Response section, also at page 21, the DOE Audit Staff states the Company agreed with its recommendations and findings and that PWW adjusted its reconciliation workbook to reflect the corrections identified in the audit. Finally, in the Audit Conclusion section, at page 22, the DOE Audit Staff states it agrees with the Company's response. Please note that the DOE has confirmed with the DOE Audit Staff that the Updated Reconciliation is similar to and has the same results as the reconciliation workbook referenced in the Final Audit Report.

On April 11, 2023, the DOE issued data requests regarding the Updated Reconciliation. On April 18, 2023, and on May 1, 2023, PWW provided responses to those requests. (See Attachment B.) Included with those responses are copies of all invoices issued to MVD for service provided during the Emergency Period.

Based on its review of the Final Audit Report, PWW's Responses to Discovery, and the technical session held on May 1, 2023, the DOE believes that PWW's Updated Reconciliation is accurately calculated and recommends that the Commission accept the results computed therein, a credit due to MVD in the amount of \$46,881.63.

Thank you for your consideration.

Sincerely,

/s/ *David Goyette*

David Goyette
Utility Analyst III, Water Group
Regulatory Support Division

Attachments: Attachment A, Final Audit Report
Attachment B, PWW's Responses to Discovery

cc: Service List (electronic only)

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