

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

Docket No. DW 22-005

Pennichuck East Utility, Inc.  
2022 Qualified Capital Project Adjustment Charge (“QCPAC”)

**SETTLEMENT AGREEMENT**

**December 2022**

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**SETTLEMENT AGREEMENT**

This Settlement Agreement is entered into this 12th day of December 2022 (the “Agreement”), by and among Pennichuck East Utility, Inc. (“PEU or Company”) (a subsidiary of Pennichuck Corporation) and the New Hampshire Department of Energy (“the DOE”) with the intent of resolving all issues in the above-captioned docket. (PEU and the DOE are referred to collectively in this Agreement as the “Settling Parties.”)

**I. PROCEDURAL BACKGROUND**

1. On February 10, 2022, PEU filed its initial petition for a 2022 Qualified Capital Project Adjustment Charge (“QCPAC”) with the New Hampshire Public Utilities Commission (“Commission”) in Docket No. DW 22-005. A copy of updated Exhibit DLW-1 of the Petition is attached hereto as Attachment A<sup>1</sup>. The purpose of the petition was three-fold. First, the petition sought final approval of a 2022 QCPAC based on eligible projects and amounts expended for capital projects that were used and useful in 2021. Second, the petition sought preliminary approval of the capital budget for eligible capital project expenditures set to occur in 2022. Third, the petition provided the Commission with

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<sup>1</sup> Attachment A has been updated as of November 17, 2022, in response to discovery requests by the DOE.

information regarding the Company's forecast of capital project expenditures slated for completion in 2023 and 2024.

2. Overall, the original petition sought a 2022 QCPAC estimated at 0.84%, recouped on a service rendered basis from the date of closing on a loan with CoBank originally contemplated to occur on July 31, 2022<sup>2</sup>, for the approved capital projects completed, used and useful by December 31, 2021. This would be on top of the 4.02% 2021 QCPAC approved by the Commission in Order No. 26,608, amounting to a cumulative QCPAC of 4.86 percent<sup>3</sup>. The Company would add the QCPAC to the rates approved by the Commission in the Company's latest rate case<sup>4</sup> by Order No. 26,586 (February 21, 2022). As a result of Order No. 26,586, the average monthly bill for a single-family residential customer of PEU is \$84.31. With the addition of the previously approved 4.02% QCPAC, the average monthly bill for a single-family residential customer totaled \$87.70. The additional estimated 2022 QCPAC of 0.84%, originally sought in this petition, would have increased the average residential monthly bills from \$87.70 to \$88.41, representing a monthly bill increase of \$0.71 cents.

3. On February 16, 2022, the Commission issued a Letter of Acknowledgment in receipt of the Company's petition. The Company filed a notice of service list change on February 17, 2022, and the DOE filed a notice of appearance on March 25, 2022. The DOE filed a petition or assented-to motion for approval of a proposed procedural schedule on April 6, 2022. On April 25, 2022, the Commission issued a procedural order indicating that the DOE's motion would be addressed during the prehearing conference scheduled in this proceeding.

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<sup>2</sup> The actual closing date of the 2022 CoBank Loan was October 18, 2022. (See Attachment D, Company's response to DOE 3-2.)

<sup>3</sup> See, Order No. 26,608 (April 8, 2022) in Docket No. DW 21-022.

<sup>4</sup> See, Order No. 26,586 (February 21, 2022) in Docket No. DW 20-156



4. On April 8, 2022, the Commission issued an Order of Notice for a prehearing conference to be held on May 19, 2022. On April 8, 2022, the Company filed a Motion to Reschedule the Prehearing Conference due to scheduling conflicts with the established May 19, 2022, hearing date. On April 12, 2022, the Commission granted the Company's motion and rescheduled the prehearing conference for June 14, 2022. On April 15, 2022, the Company published the notice of prehearing conference and procedural order that rescheduled the hearing on its website and filed an affidavit of publication on April 18, 2022.

5. A prehearing conference was held by the Commission on June 14, 2022, and attended by the Company and the DOE, at which time the Commission granted the DOE's motion for approval of a procedural schedule previously filed on April 6, 2022. The Commission also issued a procedural order to that affect dated June 16, 2022.

6. The approved procedural schedule anticipated two sets of discovery requests to be completed by September 28, 2022, a technical session on October 12, 2022, and responses to technical session data requests submitted by the Company by October 19, 2022, and ultimately a proposed Settlement Agreement that would be filed with the Commission by November 16, 2022.

7. On June 23, 2022, a Final Audit Report of PEU's proposed 2022 Qualified Capital Project Adjustment Charge was issued by the DOE's Audit Staff. A copy is attached hereto as Attachment B. On October 17, 2022, the Company with the DOE's assent, filed a Motion to Amend the Procedural Schedule to provide for PEU to file its QCPAC budget update by November 1, 2022, a third set of discovery requests based thereon by the DOE submitted to the Company by November 8, 2022 with responses due by November 18, 2022, and to extend the deadline for filing the proposed Settlement Agreement from November 16, 2022 to December 14, 2022, to allow for additional time to complete

discovery and prepare the necessary updates and documents for the settlement. That motion was approved by the Commission via a procedural order on October 18, 2022<sup>5</sup>.

8. The Company filed its QCPAC budget update to the 2022 QCPAC Budget tab of Exhibit DLW-1, pursuant to Order No. 26,608 (April 8, 2022) in DW 21-022, on November 1, 2022, for the period ending September 30, 2022, and will file an additional budget update on January 15, 2023, for the period ending November 30, 2022. These adjustments increased the proposed 2022 QCPAC from .84% to .94%, resulting in a cumulative QCPAC of 4.96 percent.

## **II. BACKGROUND ON QCPAC PROCESS AND PURPOSE:**

9. On September 9, 2017, PEU filed a Request for Change in Rates and a Petition for Specific Modifications to Ratemaking Structure, Docket No. DW 17-128. Among the requests made in that Petition was to establish a QCPAC enhanced step increase program similar to the one approved for Pennichuck Water Works in Docket No. DW 16-806.

10. On October 4, 2018, the Commission issued Order No. 26,179 (“Order No. 26,179”) which authorized the QCPAC program as part of the overall ratemaking structure of PEU. See *Pennichuck East Utility, Inc.*, Order No. 26,179, (October 4, 2018) at 16.

11. Order No. 26,179 confirms that the underlying purpose of the QCPAC process is to allow the Company to establish a revenue requirement and associated customer rates sufficient to recover debt service and expenses associated with the Company’s capital improvements (debt service x 1.1 and property taxes) on an annual basis, rather than to wait for recovery of such costs as part of a general rate case conducted every three years. See Order No. 26,179 at 12.

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<sup>5</sup> The complete set of DOE discovery requests and the Company’s responses are attached and incorporated as Attachment D.

This purpose acknowledges that PEU, like PWW, is a unique public utility because it is ultimately owned by the City of Nashua and must rely entirely on debt financing for its operations and capital expenditures. In contrast to PEU (and PWW), other traditional investor-owned utilities have significant equity financing. That equity position allows those utilities to carry the additional direct financial impact of capital expenses until their next general rate cases. However, because PEU, which is ultimately owned entirely by a municipality, does not have access to such equity capital in any manner, the Company must borrow all funds needed to finance necessary annual capital investments. The approved QCPAC mechanism allows PEU to establish a surcharge on its permanent rates on an annual basis sufficient to support the additional debt service obligations arising from its annual capital expenditures, incurred, funded and requiring the initiation of repayment each year as well as the associated property tax expenses resulting from its capital expenditures. See *Id.* at 2 and 16.

12. PEU and its lenders rely on this regular, consistent and annual QCPAC process, approved by the Commission as part of its ratemaking structure, to provide the loan financing necessary to support the annual capital investments required by a water utility, to meet its core, prudent and fundamental service as a regulated water utility. While such a process is unique, PEU and its management team have been able to explain the QCPAC mechanism to its lenders and have been successful in accessing new borrowings on an annual and ongoing basis. Without the clear and consistent application of the QCPAC process, however, lenders may have uncertainty as to whether PEU would ultimately obtain, through the general ratemaking process, the rates necessary to repay new loans. Because PEU does not have access to equity, these lenders may determine that such a loan may be too great a risk, and, therefore, decide against extending the required credit to finance PEU's regular and recurring capital expenditures. The

QCPAC process was intentionally designed to address these potential concerns by lenders and to enable PEU to access debt capital between general rate cases.

13. Pursuant to Order No. 26,179, in order to include the costs associated with PEU's capital projects in the calculation of the QCPAC, capital projects must meet the following criteria: (1) the capital project proposed by PEU must be completed, in service, and used and useful as utility infrastructure within the previous fiscal year for which the QCPAC filing is made; (2) the capital project must have been financed by debt that has been approved by the Commission in accordance with RSA 369; and (3) the capital projects must correspond with a capital budget which has been previously submitted by PEU and preliminarily approved by the Commission, and updated on November 15 of the filing year and January 15 of the year following the filing.

14. Order No. 26,179 describes what should be contained in PEU's annual QCPAC petition as follows:

Within its annual filing, PEU will provide: (1) its calculation of the QCPAC surcharge associated with capital investments from the previous year; (2) budget information regarding proposed capital projects for the current year; and (3) a detailed forecast of anticipated capital project expenditures for the subsequent two years, for informational purposes only. Customers will receive notice of the proposed surcharge within 30 days of the annual QCPAC filing.

15. The QCPAC consists of: (1) the annual principal and interest payments with respect to the applicable capital project debt, multiplied by 1.1; and (2) incremental property taxes associated with the specific capital projects, as determined in the year of the granting of the QCPAC for such projects.

### III. TERMS OF THIS SETTLEMENT AGREEMENT

The Settling Parties agree and recommend the Commission approve the following:

#### A. Approval of the 2021 Completed Projects and 2022 QCPAC

16. The Settling Parties agree that the amount of the Company's 2021 Qualified Capital Projects ("QCP") was \$984,249, the list of which is included in Attachment A, Page 3 to this Agreement. The Settling Parties agree that these projects are associated with a capital budget that was previously approved by the Commission in Order No. 26,608 (April 8, 2022). The Settling Parties also agree that these projects were audited by the DOE's Audit Staff with all noted exceptions ultimately resolved.<sup>6</sup> (See Attachment B) These projects were also reviewed by the DOE's Staff, including its Engineering Consultant, Douglas W. Brogan (Attachment C). The Settling Parties further agree that each project was completed, in service, and used and useful in 2021; and, where applicable, a Commission order was previously issued approving the debt financing associated with each financed project.<sup>7</sup>

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<sup>6</sup> The Audit Report contained eight Audit Issues regarding the following: **1) Union Overhead Rate**: Audit agreed with the Company's response regarding its applied overhead rates; **2) Reclassified 2021 Capital Expense**: the Company agreed with Audit's recommendation that \$15,097, originally recorded as an expense, should be capitalized and included in the 2021 QCPAC; **3) Property Taxes**: the Company and the DOE Staff agreed on a methodology for calculating the "various" tax rate for projects that impact multiple towns; **4) Depreciation/Amortization**: Audit concluded that the \$529.28 amortization expense in question was ultimately immaterial to the filing; **5) Contractor/Bidder Discrepancy**: the Company clarified the name of a sub-contractor on the Locke Lake project; **6) Budget vs. Actual**: the Company provided an explanation for the variance in expenditures for the Pelham Main Replacement/Additions projects where the final costs were significantly greater than budget; **7) Delayed 2020 Work Clarification**: the Company provided specific reasons for the cost overrun related to the Airstrip Station Decommissioning project where actual expenditures exceeded the stated budget; and **8) Lack of Consistent Dates Continuing Property Records and General Ledger**: Audit concurred with the Company's explanation regarding details for booked radios/meter assets, which were due to assets being reclassified from PAC to PEU. (See Schedule B, Pages 21-32)

<sup>7</sup> A total of \$888,789 of PEU's capital projects were financed through previously approved debt financings. This consists of a 2022 CoBank loan of \$655,936 approved in Commission Order No. 26,640 (June 10, 2022) in Docket No. DW 22-025, and \$232,853 funded through an NHDES State Revolving Fund (SRF) loan that was previously approved in Commission Order No. 26,189 (November 16, 2018) in Docket No. DW 18-132. The Petition initially estimated the CoBank loan to have a 5.0% interest rate with a term of 25 years. However, the loan closed on October 18, 2022, with a term of 25 years and an interest

17. The Settling Parties recommend that the Commission approve these 2021 projects for recovery under the Company's QCPAC mechanism for 2022. The Settling Parties recommend that the Commission find that these projects were prudent, used, and useful as of December 31, 2021, and that the Commission should approve those projects as eligible for recovery through the QCPAC surcharge.

18. The Company's QCPAC is calculated to recover 1.1 times the principal and interest payments for the long-term debt incurred to fund the capital expenditures on projects that were used and useful on or before December 31, 2021, as well as recover the projected property taxes on the completed slate of 2021 qualified capital projects.

19. The Settling Parties agree that the calculation of the debt service component of the 2022 QCPAC is as follows:

- A. CoBank Loan: PEU utilized proceeds of \$655,936 from a 25-year loan from CoBank at an interest rate of 7.16%, resulting in annual debt service of \$57,100 (See Attachment A, Page 3, Cell K60).
- B. NHDES SRF Loan: PEU utilized \$232,853 of the total loan proceeds of \$4,240,000 from a 30-year SRF loan at an interest rate of 2.704%, resulting in annual debt service of \$11,430 (See Attachment A, Page 3, Cell K61).

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rate of 7.16% that was set by the lender based upon prevailing market interest rates as of that date. The total amount of the SRF loan is \$4,240,000 with a 2.704% interest rate and a term of 30 years. The closing on the loan occurred on January 9, 2019 with the Company initially borrowing money from this loan on a short-term basis during the construction phase of the projects. The SRF loan converted from a short-term loan to a long-term loan in June 2021. Of the final loan amount of \$4,240,000, \$4,007,147 financed assets that were used and useful prior to December 31, 2020. The remaining \$232,853 of the loan financed assets that became used and useful between January 1 - May 31, 2021. The remaining balance of the Company's 2021 capital projects of \$95,460 were funded by proceeds from PEU's 0.1 Debt Service Revenue Requirement (0.1-DSRR) account. This includes \$86,313 indicated on Attachment A, Page 3, Cell P52 plus a \$9,147 difference between the original projected loan amount of \$665,083 (Attachment A, Page 3, Cell P54) and the actual loan amount of \$655,936 (Attachment A, Page 3, Cell Q54). (See also Attachment D, Supplemental Response to DOE 3-2).

C. The total annual debt service associated with the two financings is \$68,530 (\$57,100 + \$11,430) (See Attachment A, Page 3, Cell K62 and Attachment A, Page 1, Cell G17). After application of the 1.1 Principal and Interest Coverage Requirement, the resulting Debt Service Component of the 2022 QCPAC becomes \$75,383 (\$68,530 x 1.1).

20. The Settling Parties agree that the property tax expense component of PEU's 2022 QCPAC is calculated as \$20,174 (See Attachment A, Page 3, Cell T51 and Attachment A, Page 1, Cell G12).

21. The Settling Parties further agree that the inclusion of the calculated debt service component of \$75,383 and property tax expense component of \$20,174 to PEU's QCPAC calculation results in a 2022 QCPAC of 0.94% (See Attachment A, Page 1, Cell I24)<sup>8</sup>, which when added to the Company's previously approved permanent rates in DW 20-156 and approved 2021 QCPAC of 4.02% in DW 21-022, results in a cumulative QCPAC of 4.96% (See Attachment A, Page 1, Cell I25).

22. Based on the above-described calculations that are depicted in Attachment A, Pages 1 and 3, the Settling Parties agree and recommend that the Commission approve a 2022 QCPAC of 0.94%, which when added to the previously approved permanent rates in DW 20-156 and 2021 QCPAC of 4.02% in DW 21-022 results in a cumulative QCPAC of 4.96%.

23. The Settling Parties agree that for an average single-family residential customer, the calculated 4.96% cumulative QCPAC translates to a \$4.18 per month surcharge (Attachment A, Page 1, Cell I26), which, when added to a present average base rate charge of \$84.31 (Attachment A, Page 1,

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<sup>8</sup> As noted above, the 2022 QCPAC amount reflects the capital project costs, debt service, and property taxes in Attachment A updated as of November 17, 2022, in response to discovery from the DOE.

Cell B48), results in a monthly bill of \$88.49 (Attachment A, Page 1, Cell I27). Thus, the additional QCPAC of 0.94% sought in this docket will result in an increase of \$0.79 per month over the current average single family residential bill of \$87.70 (Attachment A, Page 1, Cell F27) which is inclusive of the 4.02% QCPAC approved in DW 21-022.

24. The Settling Parties agree and recommend that the Commission approve recoupment of the 2022 QCPAC effective for service rendered from the date of the 2022 CoBank Loan closing of October 18, 2022, until the date of the Commission's order approving the 2022 QCPAC. The Settling Parties agree that this recoupment is necessary because absent the ability to recoup all of the cash necessary to pay the accrued interest, as well as the first principal payments on the CoBank and SRF loans, there will be a shortage of the cash required to make these first monthly interest and principal payments. Therefore, it is essential that the Company begin to collect the 2022 QCPAC coincident with the time interest begins to accrue on the loans, and the payment obligation starts to run for principal repayments on these loans. The Settling Parties further agree and recommend that, based on an anticipated order issuance date in this proceeding of January 18, 2023, the Commission approve a recoupment period of three (3) months that will result in a monthly recoupment charge for the average single-family residential home of \$0.79 per month ( $\$0.79 \times 3.0 \text{ months} = \$2.37 \div 3 \text{ months} = \$0.79$ ).

26. The Settling Parties agree that this represents a reasonable compromise of all issues relating to the revenue requirement pending before the Commission for the purpose of assessing the 2022 QCPAC. As the sums expressed above are the result of compromise and settlement, they are liquidations of all revenue requirement issues and do not constitute precedent regarding any particular principle or issue. The Settling Parties agree that the 2022 QCPAC recommended to the Commission results in an adjustment for PEU's customers that is just and reasonable.



**B. Preliminary Approval of the 2022 Capital Projects Budget**

27. The Settling Parties agree and recommend that the Commission approve, on a preliminary basis, PEU's proposed 2022 projects as being appropriate for recovery through the QCPAC mechanism, subject to further refinement through scheduled updates filed with the Commission for the purpose of keeping the Commission apprised of the Company's progress with regard to its 2022 projects, and finally subject to the Commission's audit and prudence review of the final costs associated with those projects as part of PEU's 2023 QCPAC proceeding.

28. The Settling Parties agree that PEU's 2022 capital projects budget is contained in Attachment A, Page 4 to this Settlement Agreement and totals \$2,151,928 (See Cell M50).<sup>9</sup> The individual capital projects contained in Attachment A, Page 4 were thoroughly reviewed by the DOE's Staff, including its Engineering Consultant, Douglas W. Brogan (see Attachment C). The Settling Parties agree that the proposed 2022 capital project budget of \$2,151,928 is currently anticipated to result in a 2.04 percentage point increase (Attachment A, Page 1, Cell L24) in PEU's cumulative QCPAC to 7.00% (Attachment A, Page 1, Cell L25). The Settling Parties further agree that for an average single-family residential customer, the projected 7.00% cumulative QCPAC translates to a \$5.90 per month surcharge (Attachment A, Page 1, Cell L26), which, when added to a present single-family residential average base rate charge of \$84.31 (Attachment A, Page 1, Cell B48), results in a monthly bill of \$90.21 (Attachment A, Page 1, Cell L27).

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<sup>9</sup> This amount includes PEU's projected 2022 QCPAC Capital Investment of \$1,930,140 (Attachment A, Page 4, Cell M48) and the Company's 2021 W&E – Town of Salem Interconnection Project of \$221,788 (Attachment A, Page 4, Cell M49) financed by a Drinking Water and Groundwater Trust Fund (DWGTF) Loan and Grant approved by Commission Order No. 26,641 (June 15, 2022) in DW 22-013.

29. The Settling Parties therefore agree and recommend that the Commission preliminarily find that PEU's 2022 capital expense budget contained in Attachment A, Page 4 and totaling \$2,151,928 (Cell M50) is appropriate, subject to further refinement through updates filed with the Commission, and finally subject to the Commission's subsequent audit and prudence review of the final costs associated with those projects as part of PEU's 2023 QCPAC proceeding. Preliminary approval will allow for recovery of capital budget expenditures, debt service, and property tax expense for those projects that are prudent, used, and useful by December 31, 2022, as consistent with the QCPAC process set forth in Commission Order No. 26,179.

**C. Informational Review of 2023-2024 Capital Project Budgets**

30. The Company provided the details regarding its 2023-2024 project budgets in accordance with Order No. 26,179 for informational purposes only. The 2023-2024 capital projects have been updated as of November 17, 2022, in response to discovery between the Settling Parties. Updated lists of PEU's 2023-2024 capital project budgets are contained in Attachment A, Pages 5 and 6 to this Settlement Agreement. PEU's 2023 capital projects budget is currently anticipated to be \$1,213,510 (Attachment A, Page 5, Cell L32) and its 2024 capital projects budget is currently anticipated to be \$1,493,200 (Attachment A, Page 6, Cell L31).

31. The Settling Parties, for the reasons set forth above, agree and recommend that the Commission accept, for informational purposes, the proposed 2023-2024 capital expense budget projects, as consistent with the QCPAC process approved in Commission Order No. 26,179.

**IV. SETTLEMENT CONDITIONS**

32. PEU and the DOE request that the Commission approve this Settlement agreement, and the associated increase in the QCPAC surcharge, without a hearing. In support of this request, PEU and

the DOE note that neither the Office of Consumer Advocate nor any other party requested intervention in this proceeding. In addition, the parties agree that, with the attachment of the audit report, engineering report, and data request responses to the Settlement Agreement, the record in this matter is complete. In summary, as PEU and the DOE are the sole parties to this proceeding, and are in agreement on the disposition of this matter, PEU and the DOE recommend that the Commission approve the Settlement Agreement without a merits hearing.

33. The Settling Parties expressly condition their support of this Agreement upon the Commission's acceptance of all its provisions, without change or condition. If the Commission does not accept the provisions in their entirety, without change or condition, any party hereto, at its sole option exercised within fifteen (15) days of such Commission order, may withdraw from this Agreement, in which event it shall be deemed to be null and void and without effect and shall not be relied upon by any Settling Party to this proceeding or by the Commission for any purpose.

34. The Commission's acceptance of this Agreement does not constitute continuing approval of, or precedent regarding, any particular principle or issue in this proceeding, but such acceptance does constitute a determination that the adjustments and provisions set forth herein in their totality are just and reasonable and consistent with the public interest. In its order addressing the approvals recommended in this Agreement, the Commission should expressly find that the approvals recommended herein are unique to this case and should not be viewed as having precedential impact with respect to any particular principle or issue in this proceeding for any other case or situation for reasons.

35. The discussions that produced this Agreement have been conducted on the explicit understanding that all offers of settlement relating thereto are and shall be confidential, shall be without

prejudice to the position of any party or participant representing any such offer or participating in any such discussion, and are not to be used in connection with any future proceeding or otherwise.

36. This Agreement may be executed in counterparts.

IN WITNESS WHEREOF, the Settling Parties have caused this Agreement to be duly executed in their respective names by their fully authorized agents.

PENNICHUCK EAST UTILITY, INC.  
By its attorneys  
Rath, Young and Pignatelli, P.C.

Dated: December 12, 2022

By:   
James J. Steinkrauss

THE NEW HAMPSHIRE DEPARTMENT OF ENERGY

Dated: December 12, 2022

By: /s/ Suzanne G. Amidon

Suzanne G. Amidon  
DOE Staff Counsel

**ATTACHMENT A**

**Exhibit DLW 1-6 PEU QCPAC Petition  
Response to DOE Discovery Requests Set 3  
November 17, 2022**

	Requested DW 20-156 Revenue Requirements		Projected 2020 Qualified Capital Project pro formas	Projected QCPAC Surcharge for 2020 Capital Additions	Projected 2021 Qualified Capital Project pro formas	Projected QCPAC Surcharge for 2021 Capital Additions	Projected 2022 Qualified Capital Project pro formas	Projected QCPAC Surcharge for 2022 Capital Additions	Projected QCPAC For 2023 Capital Additions pro formas	Projected QCPAC Surcharge for 2023 Capital Additions	Projected QCPAC For 2024 Capital Additions pro formas	Projected QCPAC Surcharge for 2024 Capital Additions
City Bond Fixed Revenue Requirement (CBFRR)	\$	926,309		\$ 926,309	\$ -	\$ 926,309	\$ -	\$ 926,309	\$ -	\$ 926,309	\$ -	\$ 926,309
Material Operating Expense Revenue Requirement (MOERR)	\$	6,982,335 (1)	\$ 109,255 (5)(11)	\$ 7,091,590	\$ 20,174 (5)	\$ 7,111,764	\$ 43,714 (5)	\$ 7,155,478	\$ 33,081 (5)	\$ 7,188,560	\$ 30,351 (5)	\$ 7,218,910
Operating Expense Contingency		1.04 (2)		1.04		1.04		1.04		1.04		1.04
Material Operating Expense Revenue Requirement (MOERR) (12)		7,261,628		7,370,883		7,391,058		7,434,772		7,467,853		7,498,204
Non Material Operating Expense Revenue Requirement (NOERR)	\$	7,163		\$ 7,163		\$ 7,163		\$ 7,163		\$ 7,163		\$ 7,163
Amortization Expense (not subject to MOEF)	\$	52,281		\$ 52,281		\$ 52,281		\$ 52,281		\$ 52,281		\$ 52,281
Debt Service Revenue Requirement (DSRR 1.0)	\$	1,739,398 (3)	\$ 270,766 (6)	\$ 2,010,164	\$ 68,530 (7)	\$ 2,078,694	\$ 148,181 (13)	\$ 2,226,875	\$ 104,132 (13)	\$ 2,331,007	\$ 128,132 (13)	\$ 2,459,139
Principal and Interest Coverage Requirement		1.10		1.10		1.10		1.10		1.10		1.10
Total Debt Service Revenue Requirement including the .01 DSRR	\$	1,913,338		\$ 2,211,181		\$ 2,286,564		\$ 2,449,563		\$ 2,564,108		\$ 2,705,053
Revenue Requirement exclusive of NCCRS	\$	10,160,719		\$ 10,567,817		\$ 10,663,374		\$ 10,870,087		\$ 11,017,714		\$ 11,189,010
Less Other Operating Revenues	\$	30,188 (4)		\$ 30,188		\$ 30,188		\$ 30,188		\$ 30,188		\$ 30,188
Revenues required from Customer Classes exclusive of NCCRS	\$	10,130,531		\$ 10,537,629		\$ 10,633,186		\$ 10,839,899		\$ 10,987,526		\$ 11,158,822
Revenues subject to QCPAC	\$	10,130,531		\$ 10,537,629		\$ 10,633,186		\$ 10,839,899		\$ 10,987,526		\$ 11,158,822
Projected QCPAC Increase (8)				4.02%		0.94%		2.04%		1.46%		1.69%
Cumulative QCPAC increase (9)				4.02%		4.96%		7.00%		8.46%		10.15%
Cumulative QCPAC monthly increase in average single family residential bill				\$ 3.39		\$ 4.18		\$ 5.90		\$ 7.13		\$ 8.56
Average monthly single family residential bill with QCPAC				\$ 87.70		\$ 88.49		\$ 90.21		\$ 91.44		\$ 92.87

Notes:

(1) Operating Expense Revenue requirement is the sum of the Total Operating Expenses and Property Tax Expense sought in DW20-156. It does not include Amortization Expense.

(2) Material operating expense factor requested in DW20-156.

(3) Annual Principal and interest payments for PEU debt associated with plant in service being sought in DW20-156 less Georgetown project in Lock Lake.

(4) Other Revenues from 2019 Test Year in DW20-156.

(5) QCPAC operating expense proformas are based on the property taxes for plant added during the year.

(6) See Calculation of annual principal and interest payments on spreadsheet titled "2020 QCPAC PEU Additions."

(7) Portion of Annual Principal and interest payments paid to CoBank for debt associated with plant a placed in service between 1/1/2021 and 12/31/2021 for designated year based on a 25 year term loan with an actual total all in interest rate of 7.16% that was not recovered in DW20-156.

(8) QCPAC percent revenue surcharges based on increase in revenues over the revenues requested in DW20-156.

(9) Cumulative surcharge percentage is based on total surcharge revenues collected divided by the revenues requested in DW20-156.

(10) QCPAC operating expense proforma associated with property taxes is reduced by \$ 70,000 to reflect reduction in purchased water costs associated with the completion of the Londonderry Storage Tank. Due to delay in this project this proforma was removed from the 2022 QCPAC calculation

(11) QCPAC operating expense proforma associated with property taxes is reduced by \$ 28,000 to reflect reduction in arsenic treatment costs associated with the completion of the Locke Lake raw water well line to the Peacham Road Treatment plant.

(12) MOEF is not applied to QCPAC expenses

(13) Portion of Annual Principal and interest payments paid to CoBank for debt associated with plant a placed in service between 1/1 and 12/31 in 2022, 2023 and 2024 based on a 25 year term loan with an actual total all in interest rate of 7.00% that was not recovered in DW20-156.

Impact on PEU Single Family Residential Home:		
Monthly meter charge requested in DW20-156.	\$	22.56
Average Single Family Consumption (CCF)		6.50
Consumption Charge requested in DW20-156.	\$	9.50 per CCF
Average Single Family monthly bill with rates requested in DW20-156	\$	84.31

Pennichuck East Utilities, Inc.  
DW 22-005  
2020 used and useful QCP's  
2/10/2022  
9/22/2022 -Revised per responses to DOE DR 2's.

PEU QCPAC Filing  
Exhibit DLW-1  
Page 2

Project Name/Description	Project Description	Work Order #	Board Approved 2020 Capex Budget	Financing Docket No.	NHPUC Order No.	Date of NHPUC Order	Source of Funding	Eligible for 2021 QCPAC Surcharge	Estimated Project Cost as of 6/30/2020	Estimated Project Cost as of 9/30/2020	Estimated Project Cost as of 11/30/2020	Final Project cost as of 12/31/2020	Community	Taxable	Tax Rate (I)	2021 QCPAC Eligible Property Tax Expense	Explanation for Change/Addition/Deletion since Petition Filing	
Elevated Storage Tank in Londonderry2	Construct 1.25 MG Elevated Storage Tank.	1818349, 1901641, 2000372	\$ 1,545,000	DW21-102	26,507	8/6/2021	CoBank	No	\$ -	\$ -	\$ -	\$ -	Londonderry	Yes	\$ 24.78	\$ -	Project deferred to 2021 due to permitting.	
Middleton Station Re-build	Re-build Sunrise Estates CWS Station. Existing Station is over 40 years old.	n/a	\$ -	DW21-102	26,507	8/6/2021	CoBank	No	\$ -	\$ 340,000	\$ -	\$ -	Middleton	Yes	\$ 33.55	\$ -	Project deferred to 2021 due to the need to install additional treatment due to lower Arsenic standard.	
Airstrip alternative arsenic treatment	Raw Water Pipeline from Air Strip well to Peacham Road WTP.	1901642, 2000371	\$ 540,000	DW18-132	26,189	11/16/2018	SRF	Yes	\$ 540,000	\$ 633,000	\$ 600,000	\$ 633,000	618,531	Barnstead	Yes	\$ 27.84	\$ 17,220	Based on final low bid and actual construction. Different soil conditions encountered than bid estimate during construction
Georgetown Drive water main replacement	Replace 4600 LF of 4 inch schedule 40 PVC with 6 inch C900 PVC.	2000363	\$ 10,000	DW18-132	26,189	11/16/2018	SRF	Yes	\$ 10,000	\$ 10,000	\$ -	\$ 1,056,000	966,252	Barnstead	Yes	\$ 27.84	\$ 26,900	Recovery of these 2019 used and useful Capex was sought in DW20-019 filing. While the projects are completed the Company will not be closing on the loan supporting these capital improvements until June 2021 so it is seeking the P&I associated with these projects in 2021 QCPAC as opposed to the 2020 QCPAC.
Bradford Lane water main replacement	Replace 1825 LF of 4 inch schedule 40 PVC with 6 inch C900 PVC.	2000364	\$ 10,000	DW18-132	26,189	11/16/2018	SRF	Yes	\$ 10,000	\$ 10,000	\$ -	\$ -	Barnstead	Yes	\$ 27.84	\$ -		
N.Barnstead Road - Eliminate deadend piping	Add 680 LF of 4 inch C-900 PVC to eliminate dead end. Replace 275 LF of 4 inch sch 40 PVC with 6 inch C900 PVC.	2000365	\$ 239,000	DW18-132	26,189	11/16/2018	SRF	Yes	\$ 239,000	\$ 265,620	\$ 255,000	\$ 255,000	244,214	Barnstead	Yes	\$ 27.84	\$ 6,799	Based on final low bid and actual construction.
Belmont Drive water main replacement	Replace 500 LF of 4 inch schedule 40 PVC with 6 inch C900 PVC.	2000366	\$ 5,000	DW18-132	26,189	11/16/2018	SRF	Yes	\$ 5,000	\$ 5,000	\$ -	\$ -	Barnstead	Yes	\$ 27.84	\$ -	Deferred	
Route 28 Replacement	Replace 720 LF of 2" PE with 720 LF of 4" C-900 PVC.	2000370	\$ 80,000	DW18-132	26,189	11/16/2018	SRF	Yes	\$ 80,000	\$ 59,500	\$ 59,500	\$ 56,500	69,061	Barnstead	Yes	\$ 27.84	\$ 1,923	Based on final low bid and actual construction.
Locke Lake Surface Water Treatment <sup>4</sup>	Intake & Treatment Facility Construction	1813409, 1900433, 2000369	\$ 835,000	DW18-132	26,189	11/16/2018	SRF	Yes	\$ -	\$ 1,490,000	\$ 1,700,000	\$ 2,050,000	2,109,088	Barnstead	Yes	\$ 27.84	\$ 58,717	Existing Arsenic filters failed in Sept 2020. Increase in price reflects replacement of those filters. More work was completed in 2020 than anticipated, therefore there will be less cost in 2021
Locke Lake Surface Water Treatment <sup>4</sup>	Intake & Treatment Facility Construction	1813409, 1900433, 2000369	\$ -	DW21-102	26,507	8/6/2021	CoBank	Yes					175,334	Barnstead	Yes	\$ 27.84	\$ 4,881	Locke Lake project investment that exceeds the available loan amount of \$4,240,000. The \$240,000 of remaining funds available via SRF will be drawn down in 2021.
Rolling Hills Water Main Replacement - Site Restoration from 2019 Project	Replace substandard 2 inch diameter pipe with 4 inch C900 PVC.	2000392	\$ 32,000	DW21-102	26,507	8/6/2021	CoBank	Yes	\$ 32,000	\$ 32,000	\$ 32,000	\$ 32,000	27,400	Plainstow	Yes	\$ 26.20	\$ 718	
Pelham Main Replacement/Addition	Replace 1600 LF of 3 inch PE with 12 in C-900 and add 775 LF of 12 in C-900 Monticello & Lane.	2001241	\$ 285,000	DW21-102	26,507	8/6/2021	CoBank	Yes	\$ 285,000	\$ 590,550	\$ 658,600	\$ 658,600	332,855	Pelham	Yes	\$ 24.86	\$ 8,275	Project scope expanded for streets listed below over original budget.
Pelham Main Replacement/Addition	Replace Lane Road.	2003563	\$ -	DW21-102	26,507	8/6/2021	CoBank	Yes	\$ -	\$ -	\$ -	\$ -	182,102	Pelham	Yes	\$ 24.86	\$ 4,527	Work on this street is in project total for Monticello & Lane Project above.
Pelham Main Replacement/Addition	Replace Simpson Road.	2003564	\$ -	DW21-102	26,507	8/6/2021	CoBank	Yes	\$ -	\$ -	\$ -	\$ -	19,527	Pelham	Yes	\$ 24.86	\$ 485	Work on this street is in project total for Monticello & Lane Project above.
Pelham Main Replacement/Addition	Replace Andrea Lane.	2003565	\$ -	DW21-102	26,507	8/6/2021	CoBank	Yes	\$ -	\$ -	\$ -	\$ -	-	Pelham	Yes	\$ 24.86	\$ -	Work on this street is in project total for Monticello & Lane Project above.
Pelham Main Replacement/Addition	Replace Mount Vernon Drive.	2004325	\$ -	DW21-102	26,507	8/6/2021	CoBank	Yes	\$ -	\$ -	\$ -	\$ -	60,561	Pelham	Yes	\$ 24.86	\$ 1,506	Work on this street is in project total for Monticello & Lane Project above.
1 x revenue investments Normal Run Rate	Per Tariff	n/a	\$ 100,000	DW21-102	26,507	8/6/2021	CoBank	Yes	\$ 100,000	\$ 40,000	\$ 40,000	\$ 40,000	62,949	Various	Yes	\$ 27.23	\$ 1,714	103 Developer Installed Services Installed thru 12/31/2020.
Sunrise Estates	Station Replacement (design)	2003613	\$ 40,000		0.1 DSR		0.1 DSR	No	\$ -	\$ -	\$ 30,000	\$ 30,000	7,805	Middleton	No	\$ 33.55	\$ -	
Londonderry Core Re-Chloramination	Re-chloramination Evaluation and Preliminary Design	2003760	\$ 35,000		0.1 DSR		0.1 DSR	No	\$ -	\$ 35,000	\$ 35,000	\$ 35,000	11,820	Londonderry	No	\$ 24.78	\$ -	Design costs incorporated into Station rebuild above.
Atkinson Booster pump station design	Atkinson Booster pump station design	2000717	\$ 30,000		0.1 DSR		0.1 DSR	No	\$ -	\$ -	\$ -	\$ -	3,000	Atkinson	Yes	\$ 22.84	\$ -	Costs incorporated in Atkinson Station rebuild below.
Booster Pump replacement/rebuild	Booster Pump replacement/rebuild	760 - 763 workorders	\$ 40,000	DW21-102	26,507	8/6/2021	CoBank	Yes	\$ 40,000	\$ 35,000	\$ 25,000	\$ 18,000	15,241	Various	Yes	\$ 27.23	\$ 415	5 Booster Pump Replace/Rebuilds through 12/31/2020.
Well Pump replacements	Well Pump replacements	760 - 763 workorders	\$ 40,000	DW21-102	26,507	8/6/2021	CoBank	Yes	\$ 40,000	\$ 16,000	\$ 15,000	\$ 15,000	14,665	Various	Yes	\$ 27.23	\$ 399	4 Well Pumps Repaired/Replaced through 12/31/2020.
Chemical Feed pump replacements	Chemical Feed pump replacements	760 - 763 workorders	\$ 10,000	DW21-102	26,507	8/6/2021	CoBank	Yes	\$ 10,000	\$ 5,000	\$ 2,000	\$ 2,000	1,695	Various	Yes	\$ 27.23	\$ 46	1 Chemical Feed Pump Repaired/Replaced through 12/31/2020.
Install/replace treatment systems in small CWS.	Install/replace treatment systems in small CWS.	n/a	\$ 25,000	DW21-102	26,507	8/6/2021	CoBank	Yes	\$ 25,000	\$ -	\$ -	\$ -	-	Various	Yes	\$ 27.23	\$ -	None completed during 2020.
Misc. Structural Improvements	Misc. Structural Improvements	n/a	\$ 20,000	DW21-102	26,507	8/6/2021	CoBank	Yes	\$ 20,000	\$ 10,000	\$ 5,000	\$ -	-	Various	Yes	\$ 27.23	\$ -	None completed during 2020.
Miscellaneous Fencing and Security projects	Miscellaneous Fencing and Security projects	n/a	\$ 10,000	DW21-102	26,507	8/6/2021	CoBank	Yes	\$ 10,000	\$ 5,000	\$ -	\$ -	-	Various	Yes	\$ 27.23	\$ -	None completed during 2020.
Miscellaneous SCADA/Electrical	Miscellaneous SCADA/Electrical	n/a	\$ 30,000	DW21-102	26,507	8/6/2021	CoBank	Yes	\$ 30,000	\$ 27,602	\$ -	\$ 5,000	\$ -	Various	Yes	\$ 27.23	\$ -	See projects below.
Miscellaneous SCADA/Electrical	Replace Well #1 VFD, Lamplighter Village	2001215	\$ -	DW21-102	26,507	8/6/2021	CoBank	Yes	\$ -	\$ 2,398	\$ 2,398	\$ 2,398	2,398	Windham	Yes	\$ 23.89	\$ 57	
Miscellaneous SCADA/Electrical	Replace Pump #4 VFD, Liberty Tree	2005248	\$ -	DW21-102	26,507	8/6/2021	CoBank	Yes	\$ -	\$ -	\$ 1,735	\$ 1,735	1,735	Raymond	Yes	\$ 30.53	\$ 53	
Miscellaneous SCADA/Electrical	Replace Pump #1 VFD, Liberty Tree	2006387	\$ -	DW21-102	26,507	8/6/2021	CoBank	Yes	\$ -	\$ -	\$ 1,735	\$ 1,735	1,735	Raymond	Yes	\$ 30.53	\$ 53	
Well Rehabilitation	Well Rehabilitation	n/a	\$ 60,000	DW21-102	26,507	8/6/2021	CoBank	No	\$ -	\$ 15,000	\$ 15,000	\$ -	-	Various	Yes	\$ 27.23	\$ -	None completed during 2020.
Atkinson Station Rebuild	Station cannot provide required fire flow. Hydropneumatic tank is in need of	n/a	\$ 500,000	DW21-102	26,507	8/6/2021	CoBank	No	\$ -	\$ -	\$ -	\$ -	-	Atkinson	Yes	\$ 22.84	\$ -	Project deferred into 2021 subject to evaluation of financial analysis of rebuilding the station vs. interconnect with HAWC.
Install web based communication equipment, 4 locations.	Install web based communication equipment, 4 locations.	n/a	\$ 20,000	DW21-102	26,507	8/6/2021	CoBank	Yes	\$ 20,000	\$ 17,901	\$ 17,901	\$ 17,901	-	Various	Yes	\$ 27.23	\$ -	
Install web based communication equipment, 4 locations.	Fletcher's Corner, Install Cellular Based Communication	2002270	\$ -	DW21-102	26,507	8/6/2021	CoBank	Yes	\$ -	\$ 2,099	\$ 2,099	\$ 2,099	2,099	Various	Yes	\$ 27.23	\$ 57	
Interconnect the W&E CWS to the Town of Salem Water System.	Interconnect the W&E CWS to the Town of Salem Water System.	2004243	\$ -	DW21-102	26,507	8/6/2021	DWGT/CoBank	No	\$ -	\$ 125,000	\$ 125,000	\$ -	\$ -	Windham	Yes	\$ 23.89	\$ -	Added as part of PEU-Salem Windham Franchise exchange. MSDC charge paid for by PEU. Work will not be Used and Useful in 2020.
New Services (5)	Single Family, Owner Build, New Homes	720 workorders	\$ 25,000	DW21-102	26,507	8/6/2021	CoBank	Yes	\$ 25,000	\$ 15,000	\$ 7,950	\$ 10,586	10,586	Various	Yes	\$ 27.23	\$ 288	2 new services installed through 12/31/2020.
Renewed Services (10)	Replacement of failed services.	721 & 722 workorders	\$ 55,000	DW21-102	26,507	8/6/2021	CoBank	Yes	\$ 55,000	\$ 1,912	\$ 7,014	\$ 7,014	10,137	Various	Yes	\$ 27.23	\$ 276	5 Renewed Service installed through 12/31/2020.
Hydrants (5)	Replacement of non-functional hydrants.	730 & 731 workorders	\$ 30,000	DW21-102	26,507	8/6/2021	CoBank	Yes	\$ 30,000	\$ 18,000	\$ 18,000	\$ 6,000	-	Various	Yes	\$ 27.23	\$ -	None completed during 2020.
Meters 5/8"-6" Lead Meter Exchange - PEU (600)	Replace High lead brass meter with new no lead brass meter.	750 workorders	\$ 22,000	DW21-102	26,507	8/6/2021	CoBank	Yes	\$ 22,000	\$ 30,000	\$ 26,000	\$ 26,000	25,672	Various	Yes	\$ 27.23	\$ 699	233 Meters installed/replaced through 12/31/2020 - This is new and replacements together.
Gates (8)	Replacement of Failed Gate Valves	712 workorders	\$ 32,000	DW21-102	26,507	8/6/2021	CoBank	Yes	\$ 32,000	\$ 6,109	\$ 18,000	\$ 17,954	17,872	Various	Yes	\$ 27.23	\$ 487	5 Gates Installed/Repaired through 12/31/2020.
Radios (300)	New Customers (220) and replaced failed radios (80) for meter reading.	754 workorders	\$ 32,000	DW21-102	26,507	8/6/2021	CoBank	Yes	\$ 32,000	\$ 18,500	\$ 15,023	\$ 21,000	24,231	Various	Yes	\$ 27.23	\$ 660	236 Radios installed/replaced through 12/31/2020.
Meters (Growth) 5/8"-2" - PEU (220)	New meters for new customers (220).	750 workorders	\$ -	DW21-102	26,507	8/6/2021	CoBank	Yes	\$ -	\$ -	\$ -	\$ -	-	Various	Yes	\$ 27.23	\$ -	Incorporated in Row 48 above.
PEU-PWW Interconnection	PEU-PWW Interconnection	2007474	\$ -	DW21-102	26,507	8/6/2021	CoBank	Yes	\$ -	\$ -	\$ -	\$ -	3,449	Merrimack	Yes	\$ 28.84	\$ 99	
MSDC Payment to Manchester Water Works	MSDC Payment to Manchester Water Works	2009024	\$ -	DW21-102	26,507	8/6/2021	CoBank	Yes	\$ -	\$ -	\$ -	\$ -	127,007	Various	No	\$ 27.23	\$ -	
Interest on CoBank FALOC	Short term interest from 11/23/2020 - 7/31/2021		\$ -	DW21-102	26,507	8/6/2021	CoBank	Yes	\$ -	\$ -	\$ -	\$ 16,000	16,158	Various	No	\$ 27.23	\$ -	Anticipates closing on CoBank long term loan to pay off CoBank FALOC on 8/1/2021.
Pennichuck East Utilities Projected 2020 Total Capital Expenditure Budget -			\$ 4,737,000						\$ 1,692,000	\$ 3,861,191	\$ 3,714,955	\$ 5,019,522	\$ 5,162,180	Projected annual property tax expenses for QCPAC eligible projects -				\$ 137,255

Pennichuck East Utilities, Inc.  
DW 22-005  
2021 used and useful QCP's  
2/10/2022  
9/22/2022 Revised per responses to DOE DR 2's.  
10/20/2022- 9/30/2022 update Revised to reflect final CoBank Loan terms  
11/17/2022 Revised per responses to DOE DR 3.

Project Name/Description	Project Description	Work Order #	2021 Board Approved Budgeted	Financing Docket No.	NHPUC Order No.	Date of NHPUC Order	Source of Funding	Eligible for 2021 QCPAC Surcharge	Eligible for 2021 QCPAC Surcharge	Estimated Project Cost as of 6/30/2021	Estimated Project Cost as of 9/30/2021	Estimated Project Cost as of 11/30/2021	Final Project cost as of 12/31/2021	Community	Taxable	Tax Rate (I)	QCPAC Eligible Property Tax Expense	Explanation for Change/Addition/Deletion since Petition Filing
Locke Lake Surface Water Treatment <sup>4</sup>	Intake & Treatment Facility Construction	2101752	\$ 200,000	DW18-132	26,189	11/26/2018	SRF	Yes	\$ 200,000	\$ 240,000	\$ 200,000	\$ 240,000	\$ 252,821	Barnstead	Yes	\$ 26.69	\$ 6,748	Total project cost incurred between 2019 through 2021 when project became Used and Useful.
Pelham Main Replacement/Addition	Replace 1600 LF of 3 inch PE with 12 in C-900 and add 775 LF of 12 in C-900 on Monticello, Mt. Vernon and Lane Road - Finish Paving	2105634	\$ 40,000		Pending Filing		CoBank	Yes	\$ 40,000	\$ 40,000	\$ 40,000	\$ 87,366	\$ 32,369	Pelham	Yes	\$ 21.15	\$ 685	Actual Final Paving and restoration costs
Pelham Main Replacement/Addition	Finish Paving	2105635			Pending Filing		CoBank	Yes	\$ -	\$ -	\$ -		\$ 62,849	Pelham	Yes	\$ 21.15	\$ 1,329	included in WO 2105634 final paving
Pelham Main Replacement/Addition	Finish Paving	2105636			Pending Filing		CoBank	Yes	\$ -	\$ -	\$ -		\$ 5,132	Pelham	Yes	\$ 21.15	\$ 109	included in WO 2105634 final paving
Londonderry System Improvements	Tank, Transmission Main, & Booster Station	2102351	\$ 1,600,000		0.1 DSR		0.1 DSR	No	\$ 1,600,000	\$ 100,000	\$ 100,000	\$ 15,000	\$ 13,698	Londonderry	No	\$ 23.34	\$ -	Engineering only in 2021. Project delay in permitting will require carry over into 2022
Atkinson Booster pump station design	Atkinson Booster pump station design	2102306	\$ 30,000		0.1 DSR		0.1 DSR	No	\$ 30,000	\$ 30,000	\$ 30,000	\$ -	\$ -	Atkinson	No	\$ 17.54	\$ -	Deferred
Locke Lake Filter Replacement	Replace two failed (structural-collapse of screen supports) iron, manganese, & arsenic filters.	n/a	\$ 30,000		Pending Filing		CoBank	Yes	\$ 30,000	\$ -	\$ 10,000	\$ -		Barnstead	Yes	\$ 26.69	\$ -	Completed in 2020
Airstrip Station Decommissioning	Abandon unused wells and Station	2101758	\$ 40,000	DW18-132	26,189	11/26/2018	SRF	Yes	\$ 40,000	\$ 78,000	\$ 78,000	\$ 78,000	\$ 77,613	Barnstead	No	\$ 26.69	\$ -	Complete
1 x revenue investments Normal Run Rate	Per Tariff	Routine	\$ 100,000		Pending Filing		CoBank	Yes	\$ 100,000	\$ 170,000	\$ 155,000	\$ 160,000	\$ 149,759	Various	Yes	\$ 24.03	\$ 3,599	110 New Developer Installed in 2021.
Sunrise Estates	Station Replacement (design)	2102007	\$ -		0.1 DSR		0.1 DSR	No	\$ -	\$ 8,000	\$ 8,000	\$ 3,000	\$ 2,764	Middleton	No	\$ 32.66	\$ -	Deferred - monies shown for engineering design
Londonderry Core Re-Chloramination	Re-chloramination Evaluation and Preliminary Design	2003760 & 2102008	\$ -		0.1 DSR		0.1 DSR	No	\$ -	\$ 700	\$ 700	\$ 700	\$ 12,469	Londonderry	No	\$ 23.34	\$ -	Deferred - monies shown for engineering design
Nesenkeag Well Decomission	Nesenkeag Well Decomission	2104691	\$ -		0.1 DSR		0.1 DSR	No	\$ -	\$ 19,600	\$ 20,000	\$ 20,000	\$ 19,600	Londonderry	No	\$ 23.34	\$ -	Complete
Londonderry RRA and ERP	Londonderry RRA and ERP	2105486	\$ -		0.1 DSR		0.1 DSR	No	\$ -	\$ -	\$ 26,150	\$ 26,150	\$ 2,462	Londonderry	No	\$ 23.34	\$ -	Missed in original budget. Required by NHDES under American Water Infrastructure Act
Litchfield RRA and ERP	Litchfield RRA and ERP	2105487	\$ -		0.1 DSR		0.1 DSR	No	\$ -	\$ -	\$ 26,150	\$ 26,150	\$ 4,862	Litchfield	No	\$ 23.34	\$ -	Missed in original budget. Required by NHDES under American Water Infrastructure Act
Litchfield- Londonderry Evaluation	Litchfield- Londonderry Evaluation	2105687	\$ -		0.1 DSR		0.1 DSR	No	\$ -	\$ -	\$ 10,000	\$ 16,000	\$ 15,362	Lond/Litchfield	No	\$ 23.34	\$ -	Requested evaluation by NHDES - Internal Engineering Staff. Ability to serve water from Nashua
Castle Reach, Replace VFD, Pump #2	Booster Pump replacement/rebuild	2107680	\$ -		DW21-102		CoBank	Yes	\$ -	\$ -	\$ 1,300	\$ 1,300	\$ 1,295	Windham	Yes	\$ 23.37	\$ 30	
Liberty Tree, Replace VFD, Pump #1	Booster Pump replacement/rebuild	2109974	\$ 1		Pending Filing		CoBank	Yes	\$ 1				\$ 1,788	Raymond	Yes	\$ 23.46	\$ 42	
Booster Pump replacement/rebuild	Booster Pump replacement/rebuild	Routine	\$ 40,000		Pending Filing		CoBank	Yes	\$ 40,000	\$ 30,000	\$ 25,000	\$ 20,000	\$ 15,865	Various	Yes	\$ 24.03	\$ 381	Installed/Repaired 5 pumps in 2021.
Well Pump replacements	Well Pump replacements	Routine	\$ 40,000		Pending Filing		CoBank	Yes	\$ 40,000	\$ 30,000	\$ 30,000	\$ 25,000	\$ 25,643	Various	Yes	\$ 24.03	\$ 616	Installed/Repaired 7 well pumps in 2021.
Chemical Feed pump replacements	Chemical Feed pump replacements	Routine	\$ 10,000		Pending Filing		CoBank	Yes	\$ 10,000	\$ 8,000	\$ 6,000	\$ 6,000	\$ 3,768	Various	Yes	\$ 24.03	\$ 91	Installed/Repaired 2 chem feed pumps in 2021.
Install/replace treatment systems in small CWS (supplemental Arsenic treatment systems)	Install/replace treatment systems in small CWS (supplemental Arsenic treatment systems).	n/a	\$ 50,000		Pending Filing		CoBank	Yes	\$ 50,000	\$ 27,000	\$ 27,000	\$ -		Various	Yes	\$ 24.03	\$ -	
Install Poly Phosphate Sequestration System, Skyview Estates, Pelham	Install Poly Phosphate Sequestration System, Skyview Estates, Pelham	2104065	Install/Replace Treatment - See above		Pending Filing		CoBank	Yes	\$ -	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,126	Pelham	Yes	\$ 21.15	\$ 66	
Install/replace treatment systems in small CWS (supplemental Arsenic treatment systems)	Install PFAs Removal Treatment System, Harvest Village, Londonderry	2104692	Install/Replace Treatment - See above		Pending Filing		CoBank	Yes	\$ -	\$ 20,000	\$ 20,000	\$ 20,000	\$ 13,170	Londonderry	Yes	\$ 23.34	\$ 307	
Misc. Structural Improvements	Misc. Structural Improvements	n/a	\$ 20,000		Pending Filing		CoBank	Yes	\$ 20,000	\$ 5,750	\$ 5,750	\$ -		Various	Yes	\$ 24.03	\$ -	
Pave Access Road to Stone Sled Station	Misc. Structural Improvements	2103983	Misc. Structural Imp. - See above		Pending Filing		CoBank	Yes	\$ -	\$ 14,250	\$ 14,250	\$ 14,250	\$ 14,250	Various	Yes	\$ 24.03	\$ 342	
Miscellaneous Fencing and Security projects	Miscellaneous Fencing and Security projects	n/a	\$ 10,000		Pending Filing		CoBank	Yes	\$ 10,000	\$ 10,000	\$ 5,000	\$ -		Various	Yes	\$ 24.03	\$ -	
Miscellaneous SCADA/Electrical	Miscellaneous SCADA/Electrical	n/a	\$ 30,000		Pending Filing		CoBank	Yes	\$ -	\$ 30,000	\$ 20,000	\$ -		Various	Yes	\$ 24.03	\$ -	
Well Rehabilitation	Well Rehabilitation	n/a	\$ 60,000		Pending Filing		CoBank	Yes	\$ 60,000	\$ 60,000	\$ 51,610	\$ -		Various	Yes	\$ 24.03	\$ -	
Rehabilitate Well #9, Locke Lake, Barnstead	Well Rehabilitation	2102279	\$ -		Pending Filing		CoBank	Yes	\$ -	\$ -	\$ 8,390	\$ 8,390	\$ 8,390	Barnstead	Yes	\$ 26.69	\$ 224	
Install web based communication equipment, 4 locations	Install web based communication equipment, 4 locations	n/a	\$ 20,000		Pending Filing		CoBank	Yes	\$ 20,000	\$ 20,000	\$ 20,000	\$ 5,000		Various	Yes	\$ 24.03	\$ -	
Interconnect the W&E CWS to the Town of Salem Water System.	Interconnect the W&E CWS to the Town of Salem Water System.	2004243 & 2101750	\$ -		Pending Filing		DWGTFF	No	\$ -	\$ 565,000	\$ 175,000	\$ 200,000	\$ 221,788	Windham	No	\$ 23.37	\$ -	Added as part of PEU-Salem Windham Franchise exchange. MSDC charge paid for by PEU. Work will not be Used and Useful in 2021. Includes dechloramination. \$175,000 in MSDC was budgeted in 2020, missed carry over. Well #3 capacity and quality changed dramatically in 2020 changing this connection from season to year round and requiring the additional \$550,000 investment. Pipeline and Station work deferred into 2022 due to materials not being available.
New Services (5)	Single Family, Owner Build, New Homes	Routine	\$ 25,000		Pending Filing		CoBank	Yes	\$ 25,000	\$ 15,000	\$ 20,000	\$ 26,455	\$ 26,455	Various	Yes	\$ 24.03	\$ 636	Installed 5/6 new services in 2021.
Renewed Services (20)	Replacement of failed services (focus on Locke Lake Services).	Routine	\$ 110,000		Pending Filing		CoBank	Yes	\$ 110,000	\$ 50,000	\$ 40,000	\$ 14,000	\$ 10,686	Various	Yes	\$ 24.03	\$ 257	Renewed 6 services in 2021.
Hydrants (5)	Replacement of non-functional hydrants	Routine	\$ 30,000		Pending Filing		CoBank	Yes	\$ 30,000	\$ 30,000	\$ 12,000	\$ 12,000	\$ 3,489	Various	Yes	\$ 24.03	\$ 84	Replaced 1 hydrant replacements in 2021
Gates (8)	Replacement of Failed Gate Valves	Routine	\$ 32,000		Pending Filing		CoBank/0.1 DSR	Yes	\$ 32,000	\$ 40,000	\$ 35,000	\$ 33,000	\$ 43,014	Various	Yes	\$ 24.03	\$ 1,034	Installed/Repaired 6 gates in 2021
Radios (300)	New Customers (220) and replaced failed radios (80) for meter reading.	Routine	\$ 31,500		Pending Filing		CoBank	Yes	\$ 31,500	\$ 27,000	\$ 20,000	\$ 12,400	\$ 11,972	Various	Yes	\$ 24.03	\$ 288	Installed/Repaired 143 radios in 2021.
New meters for new customers (220). Replacement of failed meters (80)	New meters for new customers (220) and replacement meters (80).	Routine	\$ 30,000		Pending Filing		CoBank	Yes	\$ 30,000	\$ 50,000	\$ 38,000	\$ 32,000	\$ 31,956	Various	Yes	\$ 24.03	\$ 768	Installed/Repaired 228 meters in 2021
Meters 5/8"-6" Lead Meter Exchange - PEU (400)	Replace High lead brass meter with new no lead brass meter.	Routine	\$ 40,000		Pending Filing		CoBank	Yes	\$ 40,000		\$ -			Various	Yes	\$ 24.03	\$ -	Included in line above
2021 Radios (1000)	Year 1 of 10 year replacement of all PEU radios (initial radios occurred in 2008)	2101627	\$ 130,000		Pending Filing		CoBank	Yes	\$ 130,000	\$ 106,000	\$ 98,000	\$ 95,000	\$ 101,644	Various	Yes	\$ 24.03	\$ 2,443	Replaced 1048 Radios in 2021.
Install New Water Service	Install New Water Service	2200375	\$ -		Pending Filing		CoBank	Yes	\$ -	\$ -	\$ -	\$ -	\$ 4,387	North Conway	Yes	\$ 22.16	\$ 97	
Interest on CoBank FALOC	Short term interest from 9/29/2021 - 7/31/2022		\$ -		Pending Filing		CoBank	Yes	\$ -	\$ -	\$ 13,650	\$ 14,870	\$ 11,591	Various	No	\$ 24.03	\$ -	Anticipates closing on CoBank long term loan to pay off CoBank FALOC on 8/1/2022.

Pennichuck East Utilities Projected 2021 Total Capital Expenditure Budget -		\$	2,748,501				\$	2,718,501	\$	1,827,300	\$	1,392,950	\$	1,305,031	\$	984,249	Projected annual property tax expenses for QCPAC eligible projects -		\$	20,174
				2021 0.1 DSR funded projects -			\$	30,000	\$	158,300	\$	221,000	\$	107,000	\$	86,313	includes		\$	15,096.94
				to fund replacement of the gate valve that was capitalized in response to Audit Request #2																
Pennichuck East Utilities Projected 2021 QCPAC Eligible Capital Investment less 0.1 DSR funded projects -							\$	2,688,501	\$	1,669,000	\$	1,171,950	\$	1,198,031	\$	897,936	Final CoBank Loan Amount			
				Funded with CoBank Loan <sup>1</sup> -			\$	2,455,648	\$	1,436,147	\$	939,950	\$	966,031	\$	665,083	\$		655,936	
				Funded with SRF Loan <sup>2</sup> -			\$	232,853	\$	232,853	\$	232,000	\$	232,000	\$	232,853				
W&E project to be funded with DWGTFF Loan/Grant in 2022 -																\$	221,788			

1. Tax rate is the sum of the local community rate plus the Statewide Utility tax rate of \$6.60/\$1000.  
2. The 2021 PEU Capital Expenditures Budget presented were approved by the Board in January 2021.  
3. Projected CoBank Loan Terms are  
4. Projected SRF Terms for Locke Lake project are

21.						6/30/2021 Update	9/30/2021 Update	11/30/2021 Update	12/31/2021	Final CoBank Loan	
25	Years at	7.16%	25		resulting in P&I of	\$ 213,767	\$ 125,018	\$ 81,824	\$ 84,094	\$ 57,896	\$ 57,100
30	Years at	2.704%	30		resulting in P&I of	\$ 11,430	\$ 11,430	\$ 11,388	\$ 11,388	\$ 11,430	\$ 11,430
						\$ 225,197	\$ 136,448	\$ 93,212	\$ 95,482	\$ 69,326	\$ 68,530



Pennichuck East Utilities, Inc.  
DW 22-005  
Projected 2022 QCPAC Capital Expenditures  
2/10/2022  
9/22/2022 - Revised per responses to DOE DR 2's.  
10/20/2022 - 9/30/2022 Update. Reflects current estimate of 2022 Year end project costs and change of CoBank Loan interest rate from 5.5% to 7.0%

PEU QCPAC Filing  
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Project Name/Description	Project Description	Work Order #	2022 Approved Budgeted Amount (2)	Financing Docket No.	NHPUC Order No.	Date of NHPUC Order	Source of Funding	Eligible for 2022 QCPAC Surcharge	2022 Budgeted projects Eligible for 2022 QCPAC Surcharge	Estimated Project Cost as of 9/30/2022	Community	Taxable	Tax Rate (1)	QCPAC Eligible Property Tax Expense	Explanation for Change/Addition/Deletion since Petition Filing
Londonderry System Improvements	1.25 MG Tank, 16 Inch Transmission Main, & 3,500 gpm Booster Station - Permitting and Design	2200455	\$ 1,600,000	CoBank		Pending Filing	CoBank	No	\$ 1,600,000	\$ 75,297	Londonderry	Yes	\$ 23.34	\$ 1,757	Project still going through Town permitting process. SS are for engineering and will be 0.1 DSRR
W&E Treatment Improvements	Station Improvements to dechloramine and rechlorinate	n/a	\$ 35,000	DWGTf		Pending Filing	DWGTf	Yes	\$ 35,000	\$ -	Windham	Yes	\$ 23.37	\$ -	Included with Line Below
W&E Water Main Improvements	Interconnection to Sothern NH Regional Water Sys.	2200453	\$ 454,000	DWGTf/CoBank		Pending Filing	DWGTf	Yes	\$ 454,000	\$ 470,547	Windham	Yes	\$ 23.37	\$ 10,997	
Investment in Developer Services	1x Annual Revenue	Routine	\$ 100,000	CoBank		Pending Filing	CoBank	Yes	\$ 100,000	\$ 56,603	Various	Yes	\$ 24.03	\$ 1,360	62 Developer Installed Services thru 09/30/2022. 20 more projected by year end.
Gage Hill Main Replacement	Vassar Dr & Pumping Station - Gage Hill	2207843	\$ -	CoBank		Pending Filing	CoBank	Yes	\$ -	\$ 294,331	Pelham	Yes	\$ 21.15	\$ 6,225	Does not include cost of finish paving in 2023
Gage Hill Main Replacement	Wellesley Drive - Gage Hill	2207844	\$ -	CoBank		Pending Filing	CoBank	Yes	\$ -	\$ 262,356	Pelham	Yes	\$ 21.15	\$ 5,549	Does not include cost of finish paving in 2023
Gage Hill Main Replacement	Radcliffe Drive - Gage Hill	2207845	\$ -	CoBank		Pending Filing	CoBank	Yes	\$ -	\$ 113,047	Pelham	Yes	\$ 21.15	\$ 2,391	Does not include cost of finish paving in 2023
Gage Hill Main Replacement	Bridge Street (Rt. 38) - Gage Hill	2207847	\$ -	CoBank		Pending Filing	CoBank	Yes	\$ -	\$ 55,266	Pelham	Yes	\$ 21.15	\$ 1,169	Does not include cost of finish paving in 2023
Locke Lake Well Pump Replacement	Locke Lake Well Pump Replacement	2206575	\$ -	CoBank		Pending Filing	CoBank	Yes	\$ -	\$ 72,000	Barnstead	Yes	\$ 26.69	\$ 1,922	
2302 West Shore Rd Meter Pit Replacement	2302 West Shore Rd Meter Pit Replacement	2203887	\$ -	CoBank		Pending Filing	CoBank	Yes	\$ -	\$ 7,950	Conway	Yes	\$ 24.03	\$ 191	
Install New Water Serice to Existing Customer	Install New Water Service 2396 W Side Dr	2207058	\$ -	CoBank		Pending Filing	CoBank	Yes	\$ -	\$ 5,300	Conway	Yes	\$ 24.03	\$ 127	
Booster Pump replacement/rebuild	Booster Pump replacement/rebuild	Routine	\$ 40,000	CoBank		Pending Filing	CoBank	Yes	\$ 40,000	\$ 31,246	Various	Yes	\$ 24.03	\$ 751	10 Booster Pumps replaced/repai
Booster Pump replacement/rebuild	Replace VFD, Booster2, Fletcher's Corner	2201771	\$ -	CoBank		Pending Filing	CoBank	Yes	\$ -	\$ 2,750	Windham	Yes	\$ 23.37	\$ 64	
Booster Pump replacement/rebuild	Replace VFD Booster #1, Daniels Lake	2202067	\$ -	CoBank		Pending Filing	CoBank	Yes	\$ -	\$ 3,300	Weare	Yes	\$ 22.34	\$ 74	
Booster Pump replacement/rebuild	Replace Booster 1 VFD, Fletcher	2203979	\$ -	CoBank		Pending Filing	CoBank	Yes	\$ -	\$ 2,710	Windham	Yes	\$ 23.37	\$ 63	
Well Pump replacements	Well Pump replacements	Routine	\$ 40,000	CoBank		Pending Filing	CoBank	Yes	\$ 40,000	\$ 70,059	Various	Yes	\$ 24.03	\$ 1,684	7 well pumps replaced/repai
Chemical Feed pump replacements	Chemical Feed pump replacements	Routine	\$ 10,000	CoBank		Pending Filing	CoBank	Yes	\$ 10,000	\$ 2,500	Various	Yes	\$ 24.03	\$ 60	0 year to date. Projecting 1 by ye
Install/replace treatment systems in small CWS (supplemental Arsenic treatment systems)	Install/replace treatment systems in small CWS (supplemental Arsenic treatment systems)	n/a	\$ 50,000	CoBank		Pending Filing	CoBank	Yes	\$ 50,000	\$ 10,000	Various	Yes	\$ 24.03	\$ 240	1 year to date. Projecting 1 by ye
Misc. Structural Improvements	Misc. Structural Improvements	n/a	\$ 20,000	CoBank		Pending Filing	CoBank	Yes	\$ 20,000	\$ -	Various	Yes	\$ 24.03	\$ -	
Miscellaneous Fencing and Security projects	Miscellaneous Fencing and Security projects	n/a	\$ 10,000	CoBank		Pending Filing	CoBank	Yes	\$ 10,000	\$ -	Various	Yes	\$ 24.03	\$ -	
Miscellaneous SCADA/Electrical	Miscellaneous SCADA/Electrical	n/a	\$ 40,000	CoBank		Pending Filing	CoBank	Yes	\$ 40,000	\$ 10,000	Various	Yes	\$ 24.03	\$ 240	
Miscellaneous SCADA/Electrical	Replace Chlorine Analyzer - White Rock	2204658	\$ -	CoBank		Pending Filing	CoBank	Yes	\$ -	\$ 4,500	Bow	Yes	\$ 23.63	\$ 106	
Well Rehabilitation	Well Rehabilitation	n/a	\$ 60,000	CoBank		Pending Filing	CoBank	Yes	\$ 60,000	\$ -	Various	Yes	\$ 24.03	\$ -	o year to date. None projected th
Replace PLC @ W&E CWS	Replace PLC @ W&E CWS	n/a	\$ 18,000	CoBank		Pending Filing	CoBank	Yes	\$ 18,000	\$ -	Windham	Yes	\$ 23.37	\$ -	This project was incorporated in
Replace SCADA HMI Locke Lake	Replace SCADA HMI Locke Lake	2201774	\$ 10,000	CoBank		Pending Filing	CoBank	Yes	\$ 10,000	\$ 9,257	Barnstead	Yes	\$ 26.69	\$ 247	
Install web based communication equipment, 4 locations	Install web based communication equipment, 4 locations	n/a	\$ 20,000	CoBank		Pending Filing	CoBank	Yes	\$ 20,000	\$ 10,000	Various	Yes	\$ 24.03	\$ 240	1 completed YTD (see row below)
Install web based communication equipment, 4 locations	Install GS 300 RTU, Castle Reach	2202068	\$ -	CoBank		Pending Filing	CoBank	Yes	\$ -	\$ 2,063	Windham	Yes	\$ 23.37	\$ 48	
North Conway Water Precinct Well #2 upgrade	Contractural contribution to North Conway Water Precinct Well #2 upgrade	n/a	\$ 50,000		0.1 DSRR		0.1 DSRR	No	\$ 50,000	\$ 50,000	Conway	No	\$ 24.03	\$ -	
New Services (5)	Single Family, Owner Build, New Homes	Routine	\$ 25,000	CoBank		Pending Filing	CoBank	Yes	\$ 25,000	\$ 111,642	Various	Yes	\$ 24.03	\$ 2,683	14 services installed through 09/30/2022. Three more new services expected to be installed by year end.
Renewed Services (10)	Replacement of failed services. 8 dual Services at Locke Lake per NHDES CAP	Routine	\$ 55,000	CoBank		Pending Filing	CoBank	Yes	\$ 55,000	\$ 45,000	Various	Yes	\$ 24.03	\$ 1,081	0 Services renewed through 09/30/2022. Locke Lake work to be completed by year end.
Hydrants (5)	Replacement of non functional hydrants	Routine	\$ 30,000	CoBank		Pending Filing	CoBank	Yes	\$ 30,000	\$ 6,000	Various	Yes	\$ 24.03	\$ 144	0 Hydrants installed/repai
Gates (10)	Replacement of Failed Gate Valves	Routine	\$ 40,000	CoBank		Pending Filing	CoBank	Yes	\$ 40,000	\$ 40,000	Various	Yes	\$ 24.03	\$ 961	5 Gate valves replaced/repai
Radios (220)	New Customers (220)	Routine	\$ 23,100	CoBank		Pending Filing	CoBank	Yes	\$ 23,100	\$ 13,830	Various	Yes	\$ 24.03	\$ 332	99 Radios installed through 09/30/2022. 40 additional radios projected to be installed by year end.
New meters for new customers (220). Replacement of failed meters (80)	New meters for new customers (220)	Routine	\$ 30,000	CoBank		Pending Filing	CoBank	Yes	\$ 30,000	\$ 44,414	Various	Yes	\$ 24.03	\$ 1,067	143 Meters installed/repai
Meters 5/8"-6" Lead Meter Exchange - PEU (400)	Replace High lead brass meter with new no lead brass meter	Routine	\$ 40,000	CoBank		Pending Filing	CoBank	Yes	\$ 40,000	\$ -	Various	Yes	\$ 24.03	\$ -	Included in Line Above
2022 Radios (700)	Year 2 of 10 year replacement of all PEU radios (initial radios occurred in 2008)	2200382	\$ 91,000	CoBank		Pending Filing	CoBank	Yes	\$ 91,000	\$ 80,671	Various	Yes	\$ 24.03	\$ 1,939	847 Radios replaced through 09/30/2022. No further planned replacements scheduled for the remainder of this year.
CoBank Fixed Asset Line of Credit	Short term interest from 8/1/2022 - 7/31/2023	n/a	\$ 20,000	CoBank		Pending Filing	CoBank	Yes	\$ 20,000	\$ 17,500	N/A	No	N/A	\$ -	Anticipates closing on CoBank long term loan to pay off CoBank FALOC on 8/1/2023.
Pennichuck East Utilities Projected 2022 Total Capital Expenditure Budget -			\$ 2,911,100	Projected annual property tax expenses for QCPAC eligible projects - \$ 43,714											
Pennichuck East Utilities Projected 2022 QCPAC Eligible Capital Investment -									\$ 2,861,100	\$ 1,930,140					
Add in 2021 W&E connection expenditures to be funded by DWGTf Loan/Grant -									\$ 221,788	\$ 221,788					
Total Capex to be funded in 2022 with QCPAC -									\$ 3,082,888	\$ 2,151,928					
Funded with CoBank Loan <sup>1</sup> -									\$ 2,377,888	\$ 1,446,928					
Funded with DWGTf loan <sup>1</sup> -									\$ 493,500	\$ 493,500					
Funded with DWGWTF Grant -									\$ 211,500	\$ 211,500					
Funding with 0.1 DSRR -									\$ 50,000	\$ 50,000	(Row 37 above, not included in totals in Row 48 above)				

1. Tax rate is the sum of the local community rate plus the Statewide Utility tax rate of \$6.60/\$1000

2. The 2022 PEU Capital Expenditures Budget presented were approved by the Board in January 2022.

3. Projected CoBank Loan Terms are

4. Project Funded with pending Drinking Water Ground Water Trust Fund Loan/Grant

5. Interest rate changed from 5.5% (original DW22-005 submission) to

		Based on Budget <sup>1</sup>		Based on 9/30/2022 Update	
25 Years at	7.0%	resulting in P&I of	\$ 204,048	\$ 124,162	
25 Years at	1.57%	resulting in P&I of	\$ 24,019	\$ 24,019	
		Total P&I to support proposed QCPAC eligible 2022 Capex -	\$ 228,067	\$ 148,181	

Pennichuck East Utilities, Inc.  
DW 22-005  
Projected 2023 QCPAC Capital Expenditures  
2/10/2022  
9/22/2022 - Revised per responses to DOE DR 2's.  
10/20/2022 - 9/30/2022 Update. Reflects change in projected CoBank loan interest rate from 5.5% to 7.0%

PEU QCPAC Filing  
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Project Name/Description	Project Description	Work Order #	2023 Approved Budgeted Amount (2)	Financing Docket No.	NHPUC Order No.	Date of NHPUC Order	Source of Funding	Eligible for 2023 QCPAC Surcharge	Eligible for 2023 QCPAC Surcharge	Community	Taxable	Tax Rate (1)	QCPAC Eligible Property Tax Expense
Sunrise Estates	Booster Station and Storage Tank Replacement		\$ 500,000	CoBank		Pending Filing	CoBank	Yes	\$ 500,000	Middleton	Yes	\$ 32.66	\$ 16,330
Investment in Developer Services	1x Annual Revenue		\$ 100,000	CoBank		Pending Filing	CoBank	Yes	\$ 100,000	Various	Yes	\$ 24.03	\$ 2,403
Booster Pump replacement/rebuild	Booster Pump replacement/rebuild		\$ 40,000	CoBank		Pending Filing	CoBank	Yes	\$ 40,000	Various	Yes	\$ 24.03	\$ 961
Well Pump replacements	Well Pump replacements		\$ 40,000	CoBank		Pending Filing	CoBank	Yes	\$ 40,000	Various	Yes	\$ 24.03	\$ 961
Chemical Feed pump replacements	Chemical Feed pump replacements		\$ 10,000	CoBank		Pending Filing	CoBank	Yes	\$ 10,000	Various	Yes	\$ 24.03	\$ 240
Install/replace treatment systems in small CWS	Install/replace treatment systems in small CWS		\$ 25,000	CoBank		Pending Filing	CoBank	Yes	\$ 25,000	Various	Yes	\$ 24.03	\$ 601
Misc. Structural Improvements	Misc. Structural Improvements		\$ 20,000	CoBank		Pending Filing	CoBank	Yes	\$ 20,000	Various	Yes	\$ 24.03	\$ 481
Miscellaneous Fencing and Security projects	Miscellaneous Fencing and Security projects		\$ 10,000	CoBank		Pending Filing	CoBank	Yes	\$ 10,000	Various	Yes	\$ 24.03	\$ 240
Miscellaneous SCADA/Electrical	Miscellaneous SCADA/Electrical		\$ 40,000	CoBank		Pending Filing	CoBank	Yes	\$ 40,000	Various	Yes	\$ 24.03	\$ 961
Well Rehabilitation	Well Rehabilitation		\$ 60,000	CoBank		Pending Filing	CoBank	Yes	\$ 60,000	Various	Yes	\$ 24.03	\$ 1,442
Web based Communications 3 locations	Web based Communications 3 locations		\$ 18,000	CoBank		Pending Filing	CoBank	Yes	\$ 18,000	Various	Yes	\$ 24.03	\$ 433
New Services (5)	Single Family, Owner Build, New Homes		\$ 25,000	CoBank		Pending Filing	CoBank	Yes	\$ 25,000	Various	Yes	\$ 24.03	\$ 601
Renewed Services (10)	Replacement of failed services (Focus on Locke Lake System)		\$ 55,000	CoBank		Pending Filing	CoBank	Yes	\$ 55,000	Various	Yes	\$ 24.03	\$ 1,322
Hydrants (5)	Replacement of non functional hydrants		\$ 30,000	CoBank		Pending Filing	CoBank	Yes	\$ 30,000	Various	Yes	\$ 24.03	\$ 721
Gates (10)	Replacement of Failed Gate Valves		\$ 40,000	CoBank		Pending Filing	CoBank	Yes	\$ 40,000	Various	Yes	\$ 24.03	\$ 961
Radios (220)	New Customers (220)		\$ 23,100	CoBank		Pending Filing	CoBank	Yes	\$ 23,100	Various	Yes	\$ 24.03	\$ 555
New meters for new customers (220). Replacement of failed meters (80)	New meters for new customers (220)		\$ 30,000	CoBank		Pending Filing	CoBank	Yes	\$ 30,000	Various	Yes	\$ 24.03	\$ 721
Meters 5/8"-6" Lead Meter Exchange - PEU (400)	Replace High lead brass meter with new no lead brass meter		\$ 40,000	CoBank		Pending Filing	CoBank	Yes	\$ 40,000	Various	Yes	\$ 24.03	\$ 961
2022 Radios (700)	Year 3 of 10 year replacement of all PEU radios (initial radios occurred in 2008)		\$ 91,000	CoBank		Pending Filing	CoBank	Yes	\$ 91,000	Various	Yes	\$ 24.03	\$ 2,187
Interest on CoBank FALOC	Short term interest from 8/1/2023 - 7/31/2024		\$ 16,410	CoBank		Pending Filing	CoBank	Yes	\$ 16,410	N/A	No	N/A	\$ -

Pennichuck East Utilities Projected 2023 Total Capital Expenditure Budget - \$ 1,213,510

Projected annual property tax expenses for QCPAC eligible projects - \$ 33,081

Pennichuck East Utilities Projected 2023 QCPAC Eligible Capital Investment - \$ 1,213,510

Funded with CoBank Loan<sup>3</sup> - \$ 1,213,510

1. Tax rate is the sum of the local community rate plus the Statewide Utility tax rate of \$6.60/\$1000

2. The 2023 PEU Capital Expenditures Budget presented were approved by the Board in January 2022.

3. Projected CoBank Loan Terms are 25 Years at 7.0% resulting in P&I of \$ 104,132

Pennichuck East Utilities, Inc.  
DW 22-005  
Projected 2024 QCPAC Capital Expenditures  
2/10/2022  
9/22/2022 - Revised per responses to DOE DR 2's.  
10/20/2022 - 9/30/2022 Update. Reflects cahnges in the projected CoBank loan interest rate from 5.5% to 7.0%. No project changes.  
11/17/2022 Revised for DOE DR3's

PEU QCPAC Filing  
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Project Name/Description	Project Description	Work Order #	2024 Approved Budgeted Amount (2)	Financing Docket No.	NHPUC Order No.	Date of NHPUC Order	Source of Funding	Eligible for 2024 QCPAC Surcharge	Eligible for 2024 QCPAC Surcharge	Community	Taxable	Tax Rate (1)	QCPAC Eligible Property Tax Expense
New Services (5)	Single Family, Owner Build, New Homes		\$ 25,000	CoBank	Pending Filing		CoBank	Yes	\$ 25,000	Various	Yes	\$ 24.03	\$ 601
Renewed Services (10)	Replacement of failed services (Focus on Locke Lake System)		\$ 55,000	CoBank	Pending Filing		CoBank	Yes	\$ 55,000	Various	Yes	\$ 24.03	\$ 1,322
Hydrants (5)	Replacement of non functional hydrants		\$ 30,000	CoBank	Pending Filing		CoBank	Yes	\$ 30,000	Various	Yes	\$ 24.03	\$ 721
Gates (10)	Replacement of Failed Gate Valves		\$ 40,000	CoBank	Pending Filing		CoBank	Yes	\$ 40,000	Various	Yes	\$ 24.03	\$ 961
Radios (220)	New Customers (220)		\$ 23,100	CoBank	Pending Filing		CoBank	Yes	\$ 23,100	Various	Yes	\$ 24.03	\$ 555
New meters for new customers (220). Replacement of failed meters (80)	New meters for new customers (220)		\$ 30,000	CoBank	Pending Filing		CoBank	Yes	\$ 30,000	Various	Yes	\$ 24.03	\$ 721
Meters 5/8"-6" Lead Meter Exchange - PEU (400)	Replace High lead brass meter with new no lead brass meter		\$ 40,000	CoBank	Pending Filing		CoBank	Yes	\$ 40,000	Various	Yes	\$ 24.03	\$ 961
2022 Radios (700)	Year 4 of 10 year replacement of all PEU radios (initial radios occurred in 2008)		\$ 91,000	CoBank	Pending Filing		CoBank	Yes	\$ 91,000	Various	Yes	\$ 24.03	\$ 2,187
Investment in Developer Services	1x Annual Revenue		\$ 100,000	CoBank	Pending Filing		CoBank	Yes	\$ 100,000	Various	Yes	\$ 24.03	\$ 2,403
Atkinson Pioneer Park	Booster Station and Storage Tank Replacement		\$ 800,000	CoBank	Pending Filing		CoBank	Yes	\$ 800,000	Atkinson	Yes	\$ 17.54	\$ 14,032
Booster Pump replacement/rebuild	Booster Pump replacement/rebuild		\$ 40,000	CoBank	Pending Filing		CoBank	Yes	\$ 40,000	Various	Yes	\$ 24.03	\$ 961
Well Pump replacements	Well Pump replacements		\$ 40,000	CoBank	Pending Filing		CoBank	Yes	\$ 40,000	Various	Yes	\$ 24.03	\$ 961
Chemical Feed pump replacements	Chemical Feed pump replacements		\$ 10,000	CoBank	Pending Filing		CoBank	Yes	\$ 10,000	Various	Yes	\$ 24.03	\$ 240
Install/replace treatment systems in small CWS	Install/replace treatment systems in small CWS		\$ 25,000	CoBank	Pending Filing		CoBank	Yes	\$ 25,000	Various	Yes	\$ 24.03	\$ 601
Misc. Structural Improvements	Misc. Structural Improvements		\$ 20,000	CoBank	Pending Filing		CoBank	Yes	\$ 20,000	Various	Yes	\$ 24.03	\$ 481
Miscellaneous Fencing and Security projects	Miscellaneous Fencing and Security projects		\$ 10,000	CoBank	Pending Filing		CoBank	Yes	\$ 10,000	Various	Yes	\$ 24.03	\$ 240
Miscellaneous SCADA/Electrical	Miscellaneous SCADA/Electrical		\$ 40,000	CoBank	Pending Filing		CoBank	Yes	\$ 40,000	Various	Yes	\$ 24.03	\$ 961
Well Rehabilitation	Well Rehabilitation		\$ 60,000	CoBank	Pending Filing		CoBank	Yes	\$ 60,000	Various	Yes	\$ 24.03	\$ 1,442
Interest on CoBank FALOC	Short term interest from 8/1/2024 - 7/31/2025		\$ 14,100	CoBank	Pending Filing		CoBank	Yes	\$ 14,100	Various	No	N/A	\$ -
Pennichuck East Utilities Projected 2024 Total Capital Expenditure Budget -			\$ 1,493,200	Projected annual property tax expenses for QCPAC eligible projects -									
Pennichuck East Utilities Projected 2024 QCPAC Eligible Capital Investment -									\$ 1,493,200				
Funded with CoBank Loan <sup>3</sup> -									\$ 1,493,200				

1. Tax rate is the sum of the local community rate plus the Statewide Utility tax rate of \$6.60/\$1000  
2. The 2024 PEU Capital Expenditures Budget presented were approved by the Board in January 2022.  
3. Projected CoBank Loan Terms are

25 Years at 7.0% resulting in P&I of \$ 128,132

**ATTACHMENT B**

**Final Audit Report – DW 22-005**

**June 23, 2022**

# STATE OF NEW HAMPSHIRE

## Intra-Department Communication

**DATE:** June 23, 2022  
**AT (OFFICE):** Energy Department

**FROM:** Alicia Chelmo, Utility Examiner

**SUBJECT:** Pennichuck East Utility, Inc.  
DW 22-005 Qualified Capital Project Adjustment Charge - QCPAC  
**Final** Audit Report

**TO:** Jayson Laflamme, Assistant Director Water, Regulatory, Department of Energy  
Karen Moran, Audit Director, Division of Enforcement, Department of Energy  
Robyn Descoteau, Utility Analyst, Regulatory, Department of Energy

### **Introduction**

On February 10, 2022, Pennichuck East Utility, Inc. (PEU or the Company) filed their 2021 Qualified Capital Project Adjustment Charge (QCPAC) reconciliation as part of the Petition for the 2022 Qualified Capital Adjustment Charge. The 2021 projects noted on the reconciliation were proposed and approved as part of the 2021 Petition, docketed as DW 21-022. The QCPAC was approved in docket DW 17-128 by Order 26,179 dated October 4, 2018

The 2019 QCPAC of 2.98% was approved per Order 26,313 issued on December 6, 2019 for effect January 1, 2020 through December 31, 2021. Due to the timing of the 2020 QCPAC Order discussed below, the 2.98% was charged on customer invoices from January 2021 through August 2021.

In the DW 20-156 rate case, test year 2019, the QCPAC recovery rate was re-set to zero percent per Commission Order 26,508 issued on August 16, 2021.

The 2020 QCPAC rate of 4.02%, approved by Order 26,608, issued April 8, 2022, which stated that the rate is “*effective September 29, 2021, with billing of this charge to begin the effective date of this order*”.

The current filing included the 2021 Capital Expenditures (CAPEX), which reflected the Company’s Board of Directors approval of a QCPAC budget of \$ \$2,748,501 in January of 2021. The total final project cost as of 12/31/21, per the petition totaled \$1,190,940. Of that figure, \$897,936 was reported to be eligible for the 2021 QCPAC.

Audit reviewed the 2021 plant additions, as identified on the Capital Expenditures report (CAPEX), found on Exhibit DLW 1, page 3 of the QCAPC filing.

### Funding Sources:

Exhibit DLW 1, page 3, Bates page 026, specifies there are two sources of funding which are cash and debt. Audit noted the debt financing amount of \$897,936 is to be funded with the 2021 loan from CoBank totaling \$665,936 and \$232,000 funded through the New Hampshire State Revolving Loan Fund (NHSRF) as reported on Exhibit DLW 1, page 3 of the filing. Per the testimony of Donald L. Ware, Bates Page 016, the \$665,936 CoBank loan amount is projected to have a 5.0% interest rate with a term of 25 years. The loan is expected to close in late July 2022. Once the interest rate is known, the Exhibit DLW-1 will be updated to reflect the final amount borrowed and actual interest rate.

Donald Ware's testimony Bates page 016, describes a \$4,240,000 NHSRF loan with a 2.704% interest rate carrying a term of 30 years. *"The closing on the loan occurred on January 9, 2019, and the Company has borrowed money from this loan on a short-term basis (from the NH DES perspective and resulting 1% interest rate) during the construction phase of projects. The SRF loan converted from short-term to long-term in June 2021. The final loan was \$4,240,000"* of which \$4,007,147 was used for assets that were used and useful prior to December 31, 2020. The remaining \$232,853 which Audit notes there is an immaterial difference of \$853, is listed as \$232,000 on Exhibit DLW 1, page 3, and was used for assets that were *"used and useful prior to May 2021"*. The SRF Loan was shown as 3 individual loans approved by the PUC through Order 26,189, issued on 11/6/18. Audit questioned how Donald Ware's testimony on Bates page 016 regarding the SRF loan interest rate 2.704%, tied into PEU's 2021 Annual Report Schedules F-35 (Long Term Debt) and F-52 (Gains or Losses on Disposition of Utility Property) since they were different rates. The Company responded that the difference between the approved rate and the rate reflected on F-35 and F-52 is the loan forgiveness portion of the debt. State Revolving Funds, subject to the terms of the actual debt instrument, may have a portion of the principal forgiven.

Another debt financed project was funded through the New Hampshire Drinking Water and Ground Water Trust Fund (DWGTF). This project totaling \$221,788 is not included in the 2021 QCPAC as the loan/grant has yet to be filed with the Commission for approval and is included for informational purposes only.

Exhibit DLW 1, page 3 shows eight projects totaling \$71,216, identified as funded through internal Company cash, 0.1-Debt Service Revenue Requirement (DSRR).

Project Name/Description	Work Order #	2021 Board Approved Budgeted	Source of Funding	Eligible for 2021 QCPAC Surcharge	Final Project cost as of 12/31/2021
Londonderry System Improvements	2102351	\$ 1,600,000	0.1 DSRR	No	\$ 13,698
Atkinson Booster pump station design	2102306	\$ 30,000	0.1 DSRR	No	\$ -
Sunrise Estates	2102007	\$ -	0.1 DSRR	No	\$ 2,764
Londonderry Core Re-Chloramination	2003760 & 2102008	\$ -	0.1 DSRR	No	\$ 12,469
Nesenkeag Well Decomission	2104691	\$ -	0.1 DSRR	No	\$ 19,600
Londonderry RRA and ERP	2105486	\$ -	0.1 DSRR	No	\$ 2,462
Litchfield RRA and ERP	2105487	\$ -	0.1 DSRR	No	\$ 4,862
Litchfield- Londonderry Evaluation	2105687	\$ -	0.1 DSRR	No	\$ 15,362
<b>TOTAL</b>					<b>\$ 71,216</b>

The 0.1 DSRR projects are included for informational purposes only. The designation indicates the Company used internal cash for the project, rather than debt, and thus should not be included in the QCPAC calculation. The projects included design work, decommissioning a well, site evaluations, and items that were overlooked in their original budget but required to be completed “by NHDES under American Water Infrastructure Act”. The projects were identified as the Londonderry and Litchfield RRA (Risk and Resiliency Assessment) and ERP (Emergency Response Plan).

Audit reviewed the 2021 TD Bank statements for the 0.1 DSRR and the general ledger account 131395. The general ledger ending balance was \$287,020.74 whereas the bank account ending balance was \$274,311.06. The Company later submitted information further explaining the \$12,709.68 variance was due to timing of when the bank recorded month end transfers. The Company also indicated the 0.1 DSRR entries are booked by debiting the general ledger account 131395 0.1 DSRR account and crediting the 222000 Accounts Payable account. The Company indicated the accounts payable account is a flow through account between the regulated utility and the intercompany Pennichuck Corporation 233300 account.

### **Regulatory Approval**

As required by Order 26,179, to be eligible for recovery through the 2022 QCPAC, a project must meet the following standards:

- (1) Completed, in service and used and useful on or before December 31, 2021;
- (2) Financed by debt that has been approved by the Commission; and
- (3) Corresponds with a capital budget that has previously been submitted by the Company and approved by the Commission.

### **Bidding**

Audit inquired about the Company’s procedure regarding the bidding process that contractors go through when applying to build and/or manage a project. The Company indicated that the bid documents used include criteria that reference a potential contractor’s technical ability, their experience successfully completing projects with a similar scope of work and size, their financial stability (the ability to bond), and their references. The bidder the Company selects is determined to be the responsible bidder based on review of their application, and who offers the lowest price to complete the job. The Company typically already knows the majority of contractors who bid on projects. Audit understands that there may be instances when the work that a project requires is more specialized or unique (unlike water main construction), such as well drilling and construction. In this case, the Company typically would prequalify the bidders to ensure potential contractors are capable of completing the type of work the Company needs.

For review, Audit requested the bid proposals for the 2021 QCPAC projects. The Company provided a Record of Bids and Proposals for 19 projects. The Company indicated the lowest bidder was selected unless there was only one bidder on a project.

## **Review of 2021 Capital Projects**

The testimony of Donald Ware on Bates page 017 outlined that most of the projects related to routine items, were necessary to provide safe drinking water, fire protection and to maintain State and Federal regulations.

There were 41 Capital Projects listed on Exhibit DLW-1, page 3 of the filing, and 1 amount for the PEU capitalized short-term project interest from 9/29/2021 - 7/31/2022. Of the 41 projects listed in the filing, 24 of them, plus the short-term interest, had a combined final project cost totaling \$897,936. 25 of the listed projects were reported to have been put into service during 2021 and eligible for the 2022 QCPAC calculation.

24 Projects Funded with Proposed Debt	\$	886,345
1 Project Identified as Interest	\$	11,591
Subtotal for QCPAC	\$	<u>897,936</u>
8 Projects Funded with Cash	\$	71,216
W&E Project to be funded with DWGTF Loan/Grant in 2022	\$	<u>221,788</u>
<b>Total 2021 Additions per DLW-1, page 3</b>	<b>\$</b>	<b>1,190,940</b>

Audit sampled 15 of the 25 projects unitized into plant in service or \$629,181.63 of the \$897,936. This means that Audit reviewed 70% of the reported QCPAC eligible projects unitized to plant in service during 2021.

The projects reviewed consisted of Locke Lake Surface Water Treatment, a main replacement that involved extensive paving in Pelham, booster pump replacements, new services, new hydrants, new meters, replacement of gate valves, and Airstrip Station decommissioning.

The following depicts the 25 Capital Projects (including the short-term interest), as per Exhibit DLW-1, page 3, of the filing:



Project Name/Description		Work Order #	Final Project cost as of 12/31/2021	Property Tax Expense
1	Locke Lake Surface Water Treatment	2101752	\$ 252,821	\$ 6,748
2	Pelham Main Replacement/Addition	2105634	\$ 32,369	\$ 685
3	Pelham Main Replacement/Addition	2105635	\$ 62,849	\$ 1,329
4	Pelham Main Replacement/Addition	2105636	\$ 5,132	\$ 109
5	Airstrip Station Decommissioning	2101758	\$ 77,613	\$ -
6	1 x revenue investments Normal Run Rate	Routine	\$ 149,759	\$ 3,615
7	Castle Reach, Replace VFD, Pump #2	2107680	\$ 1,295	\$ 30
8	Liberty Tree, Replace VFD, Pump #1	2109974	\$ 1,788	\$ -
9	Booster Pump replacement/rebuild	Routine	\$ 15,865	\$ 383
10	Well Pump replacements	Routine	\$ 25,643	\$ 619
11	Chemical Feed pump replacements	Routine	\$ 3,768	\$ 91
12	Install Poly Phosphate Sequestration System, Skyview Estates, Pelham	2104065	\$ 3,126	\$ 66
13	Install/replace treatment systems in small CWS (supplemental Arsenic treatment systems).	2104692	\$ 13,170	\$ 307
14	Pave Access Road to Stone Sled Station	2103983	\$ 14,250	\$ 344
15	Rehabilitate Well #9, Locke Lake, Barnstead	2102279	\$ 8,390	\$ 224
16	New Services (5)	Routine	\$ 26,455	\$ 639
17	Renewed Services (20)	Routine	\$ 10,686	\$ 258
18	Hydrants (5)	Routine	\$ 3,489	\$ 84
19	Gates (8)	Routine	\$ 27,917	\$ 674
20	Radios (300)	Routine	\$ 11,972	\$ 289
21	New meters for new customers (220). Replacement of failed meters (80)	Routine	\$ 31,956	\$ 771
22	Meters 5/8"-6" Lead Meter Exchange - PEU (400)	Routine		\$ -
23	2021 Radios (1000)	2101627	\$ 101,644	\$ 2,454
24	Install New Water Service	2200375	\$ 4,387	\$ 97
25	Interest on CoBank FaLOC		\$ 11,591	\$ -
<b>TOTAL</b>			<b>\$ 897,936</b>	<b>\$ 19,816</b>

The chart below represents the 15 projects that Audit sampled.

Project Name/Description	Work Order #	12/31/21 Final Cost
1 Locke Lake Surface Water Treatment	2101752	\$ 252,821.03
2 Pelham Main Replacement/Addition	2105634	\$ 32,369.02
3 Pelham Main Replacement/Addition	2105635	\$ 62,849.33
4 Airstrip Station Decommissioning	2101758	\$ 77,612.80
5 Liberty Tree, Replace VFD, Pump #1	2109974	\$ 1,788.01
6 Booster Pump replacement/rebuild	Routine/5 Work Orders Total/#2104770	\$ 15,865.00
7 Chemical Feed pump replacements	Routine/2 Work Orders Total/#2101726	\$ 3,767.71
8 Install Poly Phosphate Sequestration System, Skyview Estates, Pelham	2104065	\$ 3,126.37
9 Install/replace treatment systems in small CWS (supplemental Arsenic treatment systems)	2104692	\$ 13,170.27
10 Pave Access Road to Stone Sled Station	2103983	\$ 14,250.00
11 Rehabilitate Well #9, Locke Lake, Barnstead	2102279	\$ 8,390.00
12 New Services (5)	Routine/5 Work Orders Total/#2102791 & 2107793	\$ 26,454.64
13 Renewed Services (20)	Routine/6 Work Orders Total/#2108409	\$ 10,685.96
14 2021 Radios (1000)	2101627	\$ 101,644.04
15 Install New Water Service	2200375	\$ 4,387.45
<b>TOTAL</b>		<b>\$ 629,181.63</b>

### Overhead Rates

The Company's overhead rates are input into a new system called Cityworks, which became the primary work order management system as of January 1, 2021, and replaces the previous system, Synergen. The system entered overhead rates are then automatically calculated

and posted to the general ledger, at the same time that the work orders are posted to the general ledger, at the end of the month.

Audit requested the overhead rates that were in effect during the 2021 test year for labor, general construction, and engineering. The Company responded with the following statement:

*“For 2021, the Union overhead rate was 71.49% and the general overhead rate was 2% on routine capital projects. It is intended to capture the cost of benefits for Union employees and is derived by an analysis of the employee’s benefits which is reviewed / revised annually. Non-Union labor may be applied to some, not all special capital projects and that rate was 55.05% for 2021.”*

The general overhead rate is calculated on the total job cost, including the union labor rate as described above, and by an analysis of the employee benefits which is reviewed/revised annually as part of the budget process. Audit verified the overhead rates to the work order detail reports of each project reviewed. Audit found one work order in sampling projects that used the 2020 overhead rate of 66.20% instead of the 2021 rate. Refer to the 2021 Additions section of this report, identified as project #7, Chemical Feed Pump Replacement, for a further explanation.

**AUDIT ISSUE #1**

Detailed testing of the inputs used for how overhead rates are calculated was not reviewed as part of the 2021 QCPAC audit work.

### **Fixed Asset Line of Credit (FALOC)**

Accounting for Funds Used During Construction (AFUDC) is not calculated in the QCPAC as it has been replaced with the interest incurred on the Fixed Asset Line of Credit (FALOC). Commission Order 26,313, dated December 6, 2019, stated that, *“The AFUDC mechanism does not accurately reflect the financing costs that PEU incurs during the period of actual project construction. PEU and Staff further agreed that the actual interest expense incurred on the Company’s Line of Credit during construction is a more accurate measure of costs than AFUDC.”*

FALOC was booked to account 232100 Fixed Asset Line of Credit that had a year ending credit balance of \$756,841.65. The Company projects the short-term interest on the CoBank FALOC will be \$11,591 and will be booked to account 427200. This interest amount was a representation of interest from 9/29/2021 - 7/31/2022. The final amount of capitalized interest will not be known until the day the Company closes and pays off the CoBank FALOC. Audit notes that since the loan has yet to close, the projected interest could not be verified to the general ledger. As of 5/1/22, account 427200 has an ending credit balance of \$36,129.54.

### **Continuing Property Records**

The Company submitted the Continuing Property Records (CPR), detailing the capitalized date, disposition date, cost of removal, gross book value, depreciation expense, accumulated depreciation, and net book value. The Company also provided a Dispositions and Meter Counts report. The general ledger for the Construction Work in Process-Contractor Clearing account (CWIP, 105222), Accumulated Depreciation account (108000), the

Accumulated Depreciation-Cost of Removal account (108001), and the specific plant in service accounts (301000 – 348000) were also provided, along with copies of the journal entries. Audit reviewed the general ledger entries confirming the final project costs credit the CWIP account and debit the appropriate plant in service account.

Audit verified the reported cost total of \$1,190,940 on the CPR, and the projected interest on the FALOC of \$11,591 to Exhibit DLW -1, page 3. Included within the \$1,190,940 is a total cost of removal of \$76,401. The CPR correctly lists that total within account 108001, which reflected that figure as the net change for 2021. Utilities that have rates set using “rate base” rather than the QCPAC mechanism, deduct the cost of removal from the book cost. For the Pennichuck East and Pennichuck Water utilities, the QCPAC is a mechanism designed to ensure sufficient cash-flow coverage for debt service, related increase in property taxes, and payment of cost of removal.

\$ 1,162,622	Total Per CPR records
\$ 11,591	FALOC to be booked to 427200
\$ 31,823	Variance of non-physical assets
\$ (15,097)	Gate Valve incorrectly reclassified (per Company)
\$ (71,216)	Cash accounts booked to 131395
\$ (221,788)	DWGTf Loan not approved yet
<u>\$ 897,936</u>	<b>December 31, 2021, Plant in Service Balance per Exhibit DLW 1</b>

The “non-physical” assets the Company further explained consisted of an immaterial .04 variance and charges booked to CWIP GL Accounts 105222 or 105444 that are “*not yet deemed used and useful*”. The gate valve amount of \$15,097 was inadvertently booked to a maintenance account and was not corrected as a capitalized asset until December 2021. **AUDIT ISSUE #2** The Company did not indicate it would include it in future QCPAC filings to recover this cost.

### **Retirements**

The CPR indicated there was \$83.92 in retirements during 2021 that related to meters. Audit asked why such a small dollar amount of assets was retired relative to the \$31,956.20 meters placed in service. The Company stated: “*Assets shown as retired within the CPR are retirements of assets capitalized in 2021 only*”.

They further explained that assets were capitalized in previous years but retired in 2021 and recorded quarterly. The Company provided disposition records which showed \$298,936.27 in retirements with a \$4.48 immaterial difference to the GL Accumulated Depreciation Account 1080000 of \$298,940.75. Audit verified the appropriate debits were booked to account 1080000 and offsetting credits were booked to various accounts such as 307100 Wells & Springs, 311200, 311210, 311220, 311230 Pumping Equipment, 334000 Meters, and 341000 Radios. Audit also verified the overall retirement figure of \$298,936 to the 2021 PEU Annual Report Schedule F-8 (Utility Plant in Service).

### **Cost of Removal**

The Company booked a net \$76,401.38 to their 2021 general ledger account 108001 Accumulated Depreciation-Cost of Removal. The CPR records provided by the Company confirms this amount. The Company books the cost of removal charges by debiting the 108001 Accumulated Depreciation account and crediting the appropriate plant in service account.

Audit sampled a meter cost of removal journal entry from November 1, 2021. The Company debited the Accumulated Depreciation-Cost of Removal account for \$390.15 and credited the 334000 Metering Equipment account for the same amount.

### **Tax Rate Calculation**

The February 10, 2022 filing by the Company reported the QCPAC eligible property tax expense of \$19,816, as per Exhibit DLW-1. All the projects reviewed by Audit were listed in the municipalities of Atkinson, Barnstead, Litchfield, Londonderry, Pelham, Middleton, North Conway, Raymond and Windham. Audit requested the supporting schedule used to determine the QCPAC eligible property tax expense listed in the filing, as well as copies of the town property tax bills for each of the towns where the projects occurred. The Company provided the requested documentation including a schedule showing the tax rate calculation.

Audit followed up with the Company on how the “various tax rate” was calculated when projects are completed in multiple towns/cities. The Company responded with *“It was produced using the average of the rates from the towns of Barnstead, Pelham, Londonderry, Atkinson, Middleton, Litchfield, and Windham”*. Audit noted that the town of Raymond was excluded from the Company’s “various tax rate” calculation even though it was evidenced as a town where work was performed in 2021 according to Exhibit DLW-1. When Audit followed up with the Company as to why it was not included in the calculation, the Company responded that *“The Raymond tax rate was inadvertently missed when calculating the various tax rate and should have been included”* yet made no attempt to include it and correct the “various tax rate” calculation. Audit also found the Company failed to include the North Conway tax rate in its “various tax rate” calculation even though it was a municipality where work was performed according to Exhibit DLW-1. **AUDIT ISSUE #3**

Furthermore, Audit questioned why only 8 towns were factored into the various tax rate calculation and not all 19 municipalities the Company services, as listed in the 2021 Annual Report on Schedule A-6. The Company responded, *“As has been done in prior QCPAC filings the various community tax rate is an average of all the towns tax rates where projects have been completed during the year”*. Audit discovered additional municipalities received service from the Company such as the towns of Bow, Derry, Hooksett, Exeter, Salem and Sandown according to their continuing property records. **AUDIT ISSUE #3**

The Company calculated the QCPAC eligible property tax expense by multiplying the tax rate for the community where the project was located, by the final cost of the project/\$1,000, as per the explanation provided by the Company. Audit confirmed both the property tax rate calculation for each town, as well as the eligible property tax expense, and noted that the calculations did not agree with the filed CAPEX. The following schedule represents the 2021 calculated property tax rate, based on final 2021 property tax bills, by municipality and state:

MUNICIPALITY	MUNICIPAL TAX RATE LESS STATE ED TAX PER NH DRA	SUPPLEMENTAL VILLAGE TAX RATE	STATE UTILITY TAX RATE	TOTAL TAX RATE	PEU CALCULATION	DIFF.
Atkinson	\$10.94		\$6.60	\$17.54	\$17.54	\$0.00
Barnstead	\$20.09		\$6.60	\$26.69	\$26.69	\$0.00
Conway	\$14.45	\$1.09 (North Conway Fire Assessment)	\$6.60	\$22.14	\$22.14	\$0.00
Litchfield	\$16.75		\$6.60	\$23.35	\$23.35	\$0.00
Londonderry	\$16.73		\$6.60	\$23.33	\$23.33	\$0.00
Middleton	\$25.50	\$0.55 (Sunrise Lake Village)	\$6.60	\$32.65	\$33.56	-\$0.91
Pelham	\$14.55		\$6.60	\$21.15	\$21.15	\$0.00
Raymond	\$16.85		\$6.60	\$23.45	\$23.45	\$0.00
Windham	\$16.77		\$6.60	\$23.37	\$23.37	\$0.00

Audit attempted to verify the tax rates used using both the NH Department of Revenue 2021 Tax Rates and using the tax bills provided by the Company but was unable to verify the town rate used by the Company for Middleton, which was stated as “13.48 X 2”. Audit noted that there is a village district within the town that can produce a supplemental tax amount in addition to the base tax rate, but the Company did not state this was the case in their tax rate justification. **AUDIT ISSUE #3**

### **Depreciation**

PEU submitted to Audit, detailed information for the selected additions to utility plant. This information indicated a total depreciation charge of \$ \$21,828 from total selected additions of \$1,190,940. This figure represents a ½-year depreciation charge for 2021 in accordance with utility accounting standards. Audit recalculated the annual depreciation expense, verifying the use of the half-year convention for new additions in 2021. The depreciation rates were verified to the accumulated depreciation amount provided by the Company.

The Company spent \$529.28 on depreciating eight assets booked to Miscellaneous Deferred Debits account numbers 186xxx. Audit questioned why the Company did not seek approval from the PUC to amortize the \$529.28 and they initially responded that:

*The Company is not seeking to amortize for collection in rates rather this expense is being paid for with .1 money as approved in the Settlement Agreement in DW20-156 order 26-586. See below for a quote from the Settlement Agreement:*

*Therefore, the Settling Parties agree to recommend the Commission determine that, effective January 1, 2022, the Company shall re-prioritize its usage of funds available in its DSRR-0.1 account in the following manner, by order of priority: (1) fund the cost of PEU’s deferred assets (i.e. studies, engineering design work completed in advance of construction bids and construction, and other intangible assets) that do not qualify for debt financing and, thus, for QCPAC recovery, 2) replenish PEU’s RSF fund balances to their fully approved imprest values; and 3) fund PEU’s capital improvements, as previously authorized in DW 17-128*

Audit followed up, again noting the guidance they provided applied to assets placed in service after January 1, 2022, and not applicable to the 2021 QCPAC. The Company noted they mistakenly did not seek authority to amortize the items totaling \$529.28 and asked for guidance on how to appropriately account for the items in question. **AUDIT ISSUE #4**

### **Review of 2021 Additions**

#### **1. Locke Lake Surface Water Treatment intake/Treatment Facility Construction W/O 2101752, \$252,821**

The estimated cost of the Locke Lake Treatment design was \$200,000 with the overall total project costs summing to \$252,821. The project was originally authorized by Commission Order 26,189 on November 6, 2018. The testimony of John Boisvert, on Bates page 046 of the QCPAC filing, explained the project costs were carryforward charges from 2020 and eligible for the 2021 QCPAC when the asset became used and useful.

Audit questioned what caused the final costs to exceed their 2021 approved budget. The Company indicated that through the bidding process they discovered bids were “higher than anticipated” from four bids. They chose the lowest bidder, who they stated was “*FL Merrill*”, however Audit found no records or invoices from FL Merrill related to this project or work order 2101752. **AUDIT ISSUE #5**

Audit sampled an invoice totaling \$112,966.89 from contractor Scherbon Consolidated, Inc. where \$63,738.89 was recorded in realized costs and \$49,228.00 was recorded as retainage. Work included demolition, plumbing, electrical and HVAC work. Audit also reviewed an Engineering and Information System Overhead (Eng & Is) calculation for \$4,458.52 and verified they were using the correct overhead rates.

Below are summarized project costs from the Work Order Detail Reports provided by the Company:

<b>WORK ORDER 210752</b>		
Eng & Is Overhead	\$	64,731.51
Scherbon Consolidated, Inc.	\$	138,038.85
DBU Contruction	\$	1,000.00
BLW Engineers	\$	3,095.00
Granite State Analytical	\$	2,070.00
Northeast Earth Mechanics	\$	885.50
Maltz Sales Company Inc.	\$	1,212.36
Maxfield's Pittsfield	\$	184.35
Tri-Sales, Inc.	\$	852.79
USA Bluebook, LLC	\$	1,318.46
Wilson Controls, LLC	\$	22,031.87
Grainger, Inc.	\$	439.62
M&M Electrical	\$	968.71
Westech	\$	15,981.24
Mark Filion	\$	10.77
<b>TOTAL</b>	<b>\$</b>	<b>252,821.03</b>

Audit reviewed the work order costs and any cost of removal charges, and confirmed project costs were cleared from the Construction Work in Process (CWIP) account to the following general ledger plant accounts on 2/1/21, 3/1/21, 4/1/21, 5/1/21 and 12/1/21:

<b>Work Order 2101752 Locke Lake Surface Water Treatment</b>				
<b>Account</b>	<b>Description</b>	<b>Gross Plant</b>	<b>COR</b>	<b>Gross Book</b>
	304800 WTP - Structures	\$ 1,896.27	\$ -	\$ 1,896.27
	306000 Lakes River and Other Intakes	\$ 16,133.60	\$ -	\$ 16,133.60
	310000 Power Generation Equipment	\$ 12,000.00	\$ (1,200.00)	\$ 10,800.00
	320200 Water Treatment Equipment	\$ 199,906.50	\$ (19,990.65)	\$ 179,915.85
	334000 Metering Equipment	\$ 852.79	\$ (85.28)	\$ 767.51
	346000 Communication Equipment	\$ 22,031.87		\$ 22,031.87
		\$ 252,821.03	\$ (21,275.93)	\$ 231,545.10

**2. and 3. Pelham Main Replacement/Addition W/O 2105634, \$32,369.02 and W/O 2105635, \$62,849.33**

The Pelham Main Replacement/Addition projects included a total of 3 work orders. Audit sampled two of the three work orders. The original budget for all three work orders totaled \$40,000 with the final costs totaling \$100,351. Audit questioned why the final costs were significantly over budget. The Company explained these were paving projects and due to *“COVID-19 and weather conditions at the end of 2020 that prevented preparation for and the installation of base paving, this work had to carry over into 2021”*. **AUDIT ISSUE #6**

Invoices for both work orders 2105634 and 2105635 for Continental Paving were provided as combined totals from the contractor. The Company provided a PEU internal allocation spreadsheet explaining further which charges were allocated to a certain work order. The PEU internal allocation spreadsheet section relative to work order 2105634, shows a \$1,023.85 difference from what the contractor provided as invoices, to what PEU allocated on their internal spreadsheet. They noted that *“Run off during heavy rains of July caused landscape damage. Road was superelevated by 4" to divert run off. Customer made adjustments match the road elevation”*. This resulted in \$1,023.85 less being billed to work order 2105634. The total invoices from Continental Paving totaled \$81,148.08 and were split among three total work orders. The totals for the two relative work orders that were sampled are shown below.

<b>WORK ORDER 2105634 (aka Lane Rd)</b>		
	<b>INV. AMT</b>	<b>TOTAL INVOICE</b>
Hudson Paving & Excavation	\$	2,875.00
Continental Paving	\$	26,550.08
Richard Bouchard	\$	1,023.85
Eng & Is Overhead	\$	1,920.09
<b>TOTAL</b>	<b>\$</b>	<b>32,369.02</b>

<b>WORK ORDER 2105635 (aka Monticello Rd.)</b>		
	<b>INV. AMT</b>	<b>TOTAL INVOICE</b>
Hudson Paving & Excavation	\$	8,078.50
Continental Paving	\$	51,190.28
Eng & Is Overhead	\$	3,580.55
<b>TOTAL</b>	<b>\$</b>	<b>62,849.33</b>

Audit reviewed invoices from Pennichuck Water Works for Eng & Is Overhead totaling \$1,920.09 for work order 2105634 and \$3,580.55 for work order 2105635. The Company submitted invoices showing combined charges billed to a “management work order”, work order 2101762. The Company further explained that:

*“Engineering staff may use a management work order when they have a contract for multiple streets. In this case, the engineering staff used the management work order (Work Order #2101762) to apply their time... At the end of the year, the total engineering time is then applied to each street on the project based on the footage of main or paving footage installed.”*

The Company provided support through Continental Paving invoices and the PEU internal project allocation spreadsheet evidencing 924.35 linear feet was allocated to work order 2105634 resulting in the engineering amount of \$1,920.09. Audit verified the linear feet of the repair and related tonnage of asphalt used, through Continental Paving invoices and the internal PEU allocation spreadsheet. For work order 2105635 the Company reported 1,611.01 linear feet installed resulting in an Eng & Is Overhead charge of \$3,346.46. Audit again verified in the same method that the linear footage totaled 1,611.01 for this project. Audit verified that an additional Eng & Is Overhead amount of \$234.09 was direct billed to work order 2105635, resulting in a total overhead of \$3,580.55.

Audit reviewed the work order costs and any cost of removal charges to the following general ledger accounts that posted on December 1, 2021 for both work orders sampled:



<b>Work Order 22105634 Pelham Main Replacement/Addition - Lane Road</b>				
<b>Account</b>	<b>Description</b>	<b>Gross Plant</b>	<b>COR</b>	<b>Gross Book</b>
	331001 Pavement-Transmission Mains	\$ 32,369.02	\$ -	\$ 32,369.02
		\$ 32,369.02	\$ -	\$ 32,369.02

<b>Work Order 22105635 Pelham Main Replacement/Addition - Monticello Road</b>				
<b>Account</b>	<b>Description</b>	<b>Gross Plant</b>	<b>COR</b>	<b>Gross Book</b>
	331001 Pavement-Transmission Mains	\$ 62,849.33	\$ -	\$ 62,849.33
		\$ 62,849.33	\$ -	\$ 62,849.33

#### **4. Airstrip Station Decommissioning W/O 2101758, \$77,612.80**

The Airstrip Station Decommissioning was budgeted to cost \$40,000 according to Exhibit DLW 1, page 3, with the project's actual cost totaling \$77,613. The Company stated the actual costs exceeded their planned budget due to bids for demolition and electrical work higher than anticipated. Furthermore, there were legal fees associated with easements that "*took significantly more time than anticipated*". **AUDIT ISSUE #7** Ultimately, the Company anticipated this project to be completed in 2020 but was not started until 2021. The summarized project costs from the Work Order Detail Reports are depicted below:

<b>WORK ORDER 2101758</b>	
Eng & Is Overhead	\$ 18,274.42
Imtek Reprographics	\$ 55.64
DKP Realty, LLC	\$ 1,750.00
RFP Environmental	\$ 1,055.00
Twon of Barnstead	\$ 50.00
FL Merrill Construction	\$ 49,404.00
Richard D Bartlett Assoc. LLC	\$ 189.75
Frasca & Frasca, PA	\$ 3,234.00
A.C. Darois Electric, LLC	\$ 3,392.63
Mark Filion	\$ 207.36
<b>TOTAL</b>	<b>\$ 77,612.80</b>

Audit reviewed the largest invoice totaling \$49,404 from the lead contractor, FL Merrill, who had the lowest bid and was chosen for the project among 4 other bidders. The invoice indicated work was completed in March 2021 and included demolishing an airstrip station, water main work and decommissioning a well.

Audit also reviewed several other invoices that included administrative costs such as registry recording fees, landscaping materials, office supplies and replacement of shrubbery that was destroyed during a water main connection. Audit questioned the Company as to why these charges were capitalized and not expensed. The Company stated, "*costs are capitalized because they are part of the costs of completing the project*".

Audit reviewed the work order costs and any cost of removal charges, and confirmed the appropriate entries posted to the respective general ledger accounts on 4/1/21, 5/1/21 and 12/1/21:

<b>Work Order 2101758 Airstrip Decommissioning</b>				
<b>Account</b>	<b>Description</b>	<b>Gross Plant</b>	<b>COR</b>	<b>Gross Book</b>
	108001 Accumulated Depreciation	\$ 19,600.00	\$ (19,600.00)	\$ -
	303240 Easements	\$ 5,173.75	\$ -	\$ 5,173.75
	304800 WTP - Structures	\$ 49,183.42	\$ (10.16)	\$ 49,173.26
	306000 Lake, River, Other Intakes	\$ 55.64		\$ 55.64
	331100 Mains 6" and Larger	\$ 155.97	\$ (15.60)	\$ 140.37
	346000 Communication Equipment	\$ 3,444.02	\$ (320.00)	\$ 3,124.02
		\$ 77,612.80	\$ (19,945.76)	\$ 57,667.04

### **5. Liberty Tree, Replace VFD, Pump #1 W/O 2109974, \$1,788.01**

The Liberty Tree project consisted of only one invoice from Horizon Solutions, LLC for a booster pump replacement. Audit verified the capitalized assets of \$1,788.01 posted to the general ledger on 12/1/21 to the following account:

<b>Work Order 2109974 Liberty Tree, Replace VFD, Pump #1</b>				
<b>Account</b>	<b>Description</b>	<b>Gross Plant</b>	<b>COR</b>	<b>Gross Book</b>
	311200 Electric Pumping Equipment	\$ 1,788.01	\$ (178.80)	\$ 1,609.21
		\$ 1,788.01	\$ (178.80)	\$ 1,609.21

### **6. Booster Pump Replacement/Rebuild W/O Routine/5 Work Orders, \$15,864.67**

The booster pump rebuilds consisted of five work orders totaling \$15,864.67. The work orders were 2101718, 2104043, 2104770, 2105633, 2107529. Pumps were rebuilt or replaced either from Chase Electric Motors, LLC or Smith Pump, Inc.

Audit sampled a detailed invoice from Chase Electric Motors totaling \$5,995 for work order 2104770. The invoice consisted of disassembling the existing pump, cleaning parts, replacing defective parts, and reassembling. The work order also included an overhead charge of \$119.90.

Audit confirmed the appropriate entries posted on 2/1/21, 5/1/21, 6/1/21, 7/1/21 and 9/1/21 to the following general ledger accounts:

<b>Work Order(s) 2101718, 2104043, 2104770, 2105633, 2107529</b>				
<b>Booster Pump Replacement/Rebuild</b>				
<b>Account</b>	<b>Description</b>	<b>Gross Plant</b>	<b>COR</b>	<b>Gross Book</b>
	311210 Pumping Equipment: Pumps	\$ 3,054.90	\$ (305.49)	\$ 2,749.41
	311210 Pumping Equipment: Pumps	\$ 3,054.90	\$ -	\$ 3,054.90
	311210 Pumping Equipment: Pumps	\$ 6,114.90	\$ -	\$ 6,114.90
	311210 Pumping Equipment: Pumps	\$ 1,605.07	\$ (160.51)	\$ 1,444.56
	311210 Pumping Equipment: Pumps	\$ 2,034.90	\$ -	\$ 2,034.90
		\$ 15,864.67	\$ (466.00)	\$ 15,398.67

## **7. Chemical Feed Pump Replacements W/O Routine/2 Work Orders, \$3,767.71**

The chemical feed pump replacements consisted of two work orders totaling \$3,767.71, the work orders were 2101726 and 2101972. Chemical feed pumps were purchased from vendor USA Blue Book on both work orders. Work order 2101972 also consisted of labor overhead and overhead charges. Audit noted the labor overhead rate used on this work order was incorrect and was the 2020 overhead rate of 66.20% instead of the 71.49% for 2021. **AUDIT ISSUE #1**

Audit sampled a detailed invoice from USA Blue Book from work order 2101726 totaling \$1,676.17. The total invoice consisted of the cost of one chemical feed pump.

Audit reviewed when the appropriate entries were posted to the general ledger. The CPR records indicate the below entries were posted on 2/1/21, however the general ledger shows they were posted to 311230 on 2/28/21 with the cost or removal charges of \$376.77 posting on 2/1/21

<b>Work Order(s)</b>		<b>Chemical Feed Pump Replacements</b>			
<b>2101726, 2101972</b>					
<b>Account</b>	<b>Description</b>	<b>Gross Plant</b>	<b>COR</b>	<b>Gross Book</b>	
	311230 Elec Pumping Equip- Chem Pumps	\$ 1,709.69	\$ (170.97)	\$ 1,538.72	
	311230 Elec Pumping Equip- Chem Pumps	\$ 2,058.02	\$ (205.80)	\$ 1,852.22	
		\$ 3,767.71	\$ (376.77)	\$ 3,390.94	

## **8. Install Polyphosphate Sequestration System, Skyview Estates, Pelham W/O 2104065, \$3,126.37**

Audit reviewed work order 2104065 that consisted of parts charges from three different vendors. Audit reviewed all invoices from each vendor and found that charges were consistent and appropriate.

Audit confirmed the appropriate entries below were posted to the general ledger on 6/1/21 and according to the work order the job was finished on 12/1/21.

<b>Work Order 2104065</b>		<b>Install Polyphosphate Sequestration System, Skyview Estates, Pelham</b>			
<b>Account</b>	<b>Description</b>	<b>Gross Plant</b>	<b>COR</b>	<b>Gross Book</b>	
	311230 Elec Pumping Equip- Chem Pumps	\$ 1,673.17	\$ -	\$ 1,673.17	
	320200 Water Treatment Equipment	\$ 1,453.20	\$ -	\$ 1,453.20	
		\$ 3,126.37	\$ -	\$ 3,126.37	

## **9. Install/Replace Treatment Systems in Small CWS (Supplemental Arsenic Treatment Systems) W/O 2104692, \$13,170.27**

This project consisted of one work order evidencing direct/parts charges from RE Prescott Company Inc. and FW Webb Company Corp. Audit reviewed the one invoice from RE Prescott and the three from FW Webb. Costs included items such as upflow carbon filters, 3-way brass ball valves, and PVC piping. The original budget allocated for this project according to Exhibit DLW 1, page 3 was \$50,000.

Audit found the appropriate general ledger entry was posted on 6/1/21 to the following account:

<b>Work Order 2104692 Install/Replace Treatment Systems in Small CWS (Supplemental Arsenic Treatment Systems)</b>				
<b>Account</b>	<b>Description</b>	<b>Gross Plant</b>	<b>COR</b>	<b>Gross Book</b>
	320200 Water Treatment Equipment	\$ 13,170.27	\$ -	\$ 13,170.27
		\$ 13,170.27	\$ -	\$ 13,170.27

#### **10. Pave Access Road to Stone Sled Station W/O 2103983, \$14,250.00**

This project consisted of only one invoice from Sam Cooper & Son. The paving work consisted of paving in three different sections. The work describes providing crushed gravel for fine grading, repair where plow damage had occurred and layering asphalt over existing roadways to remove areas that evidenced “*crowning*”. Audit found the charges appropriate for the work completed.

Audit confirmed the proper general ledger entry was posted to it’s respective account on 12/1/21:

<b>Work Order 2103983 Pave Access Road to Stone Sled Station</b>				
<b>Account</b>	<b>Description</b>	<b>Gross Plant</b>	<b>COR</b>	<b>Gross Book</b>
	304550 Booster Stations	\$ 14,250.00	\$ -	\$ 14,250.00
		\$ 14,250.00	\$ -	\$ 14,250.00

#### **11. Rehabilitate Well #9, Locke Lake, Barnstead W/O 2102279, \$8,390.00**

This work order only consisted of one invoice from Smith Pump Co. Inc. that evidenced parts and labor from a subcontractor. The work involved installing a submersible pump and surging the “*well with descaler*”. Audit notes the invoice was a combined invoice involving a separate work order, and charges were clearly marked that involved the relevant sampled work order.

Audit confirmed the appropriate general ledger entry was posted to the account listed below on 3/1/21:

<b>Work Order 2102279 Rehabilitate Well #9, Locke Lake, Barnstead</b>				
<b>Account</b>	<b>Description</b>	<b>Gross Plant</b>	<b>COR</b>	<b>Gross Book</b>
	307210 Well Pumping & Piping	\$ 8,390.00	\$ -	\$ 8,390.00
		\$ 8,390.00	\$ -	\$ 8,390.00

#### **12. New Services (5) W/O Routine/5 Work Orders, \$26,454.64**

New services consisted of five work orders totaling \$26,454.64. The work orders were 2102791, 2104042, 2105429, 2107609 and 2107793. Audit reviewed all 5 work orders that consisted of small overhead charges and direct charges/parts charges from Forcier Contracting & Drywall Serv., Inc. on all work orders, with the exception of work order 2107609 that had no charges from Forcier Contracting.

Audit sampled invoices from work orders 2102791 and 2107793 from Forcier Contracting. Work order 2102791 totaled \$4,284 with the Forcier Contracting invoice totaling \$4,200.00 for work related to a new water connection. Work included tapping into an existing water main, running 2" inch poly service line, regrade of any disturbed areas and loam and seed for disturbed areas. Work order 2107793 totaled \$10,710.00 with Forcier's Contracting invoice totaling \$10,500.00 and was the most expensive invoice of the five related work orders. Work included on the invoice involved excavating to tap an existing main, installation of 1.5" inch poly service line, police detail, signage and flaggers. The charges incurred appear to be appropriate with the amount of work required to install the new service line.

The CPR records indicate entries were posted on 5/1/21, 7/1/21 and 10/1/21, however the general ledger indicates these were booked on 5/31/21, 7/31/21 and 10/31/21. Entries were posted to the following general ledger account:

<b>Work Order(s)</b> <b>2102791, 2104042,</b> <b>2105429, 2107609,</b> <b>2107793</b>					
<b>New Services (5)</b>					
<b>Account</b>	<b>Description</b>	<b>Gross Plant</b>	<b>COR</b>	<b>Gross Book</b>	
	333100 New Services	\$ 4,284.00	\$ -	\$ 4,284.00	
	333100 New Services	\$ 7,614.68	\$ -	\$ 7,614.68	
	333100 New Services	\$ 3,060.00	\$ -	\$ 3,060.00	
	333100 New Services	\$ 785.96	\$ -	\$ 785.96	
	333100 New Services	\$ 10,710.00	\$ -	\$ 10,710.00	
		\$ 26,454.64	\$ -	\$ 26,454.64	

### **13. Renewed Services (20) W/O Routine/6 Work Orders, \$10,685.96**

The 2021 board approved planned budget for renewed services was \$110,000 and twenty services were planned but only six were completed according to Exhibit DLW 1, page 3. The six work orders were 2103132, 2104890, 2104893, 2107525, 2107527 and 2108409. Audit asked the Company why so few services were renewed. The Company responded due to staffing issues anticipated work needed to be deferred.

Work orders consisted of labor overhead, overhead and direct charges/parts from contractor New England Traffic control. Audit confirmed all six work orders used the correct labor overhead 2021 rate of 71.49%.

Audit sampled one invoice, number 211043 from New England Traffic Control, in the amount of \$379.50 that was posted to work order 2108409. The work order was related to the Jenny Hill Sampling Station. Audit noted that identifying the exact charges that made up the \$379.50 invoice was not evident on the contractor invoice itself, due to the invoice consisting of combined charges from other work sites. The two entries listed on the invoice corresponding to the date posted on the work order was 10/19/21, and the job site location (being Jenny Hill) totaled \$462 for 12 hours of work from flagger "W. Trembley". PEU submitted a subsequent spreadsheet indicating that \$82.50 of the \$462 charges were being posted to general ledger

account 675000 Maintenance instead of the CWIP account. Audit confirmed the \$82.50 was in fact booked to 675000 on 11/9/21.

The CPR records indicate entries were posted on 4/1/21, 6/1/21, 9/1/21 and 10/1/21, however the general ledger indicates these were booked on 4/30/21, 6/30/21, 9/30/21 and 10/31/21. Audit also notes that one entry totaling \$1,645.33 on the CPR is posted to the general ledger on 9/30/21 as \$1,645.37 showing an immaterial difference of \$0.04. Entries were posted to the following general ledger account:

<b>Work Order(s)</b> <b>2103132, 2104890,</b> <b>2104893, 2107525,</b> <b>2107527, 2108409</b>				
<b>Renewed Services (20)</b>				
<b>Account</b>	<b>Description</b>	<b>Gross Plant</b>	<b>COR</b>	<b>Gross Book</b>
	333200 Renewed Services	\$ 273.85	\$ (27.39)	\$ 246.46
	333200 Renewed Services	\$ 2,507.92	\$ (250.79)	\$ 2,257.13
	333200 Renewed Services	\$ 1,758.09	\$ (175.81)	\$ 1,582.28
	333200 Renewed Services	\$ 906.81	\$ (90.68)	\$ 816.13
	333200 Renewed Services	\$ 738.52	\$ (73.85)	\$ 664.67
	333200 Renewed Services	\$ 4,500.77	\$ (450.08)	\$ 4,050.69
		\$ 10,685.96	\$ (1,068.60)	\$ 9,617.36

#### **14. 2021 Radios (1000) W/O 2101627, \$101,644.04**

The 2021 approved budget was for \$130,000 for 1,000 radios to be purchased according to Exhibit DLW 1, page 3. In 2021, 1,048 radios were purchased for a total of \$101,644.04. PEU submitted a detailed work order and meter sheets for the purchased radios. Work order 2101627 evidences a total material cost of \$94,498.05 plus a note indicating \$7,145.97 of radios transferred in to PEU from another Pennichuck subsidiary, Pittsfield Aqueduct Company, Inc. (PAC). PEU provided the supporting detailed journal entry showing the \$7,145.94 debit to general ledger account 334100 Radios for Metering, and the offsetting credit to GL account 233600 INTERCO Pay/Rec: PEU/PAC. They also recorded the appropriate accumulated depreciation from PAC to PEU in the amount of \$146.41 to account 108000. Audit confirmed to the detailed general ledger these entries were posted on 12/31/21, and an immaterial difference of \$0.03 between the journal entry back up and the detailed general ledger regarding the \$7,145.94 entry. Audit notes that the request to transfer the radios per the intercompany email PEU provided is dated January 13, 2022, but CPR records note that "Date of Capitalization" was 6/1/21, but as indicated above, the journal entries were recorded as of 12/31/21. **AUDIT ISSUE #8**

Work order 2101627 also indicates a single radio averaging a cost between \$95.18 and \$98.72 and were replaced in various towns.

Audit confirmed the appropriate entries were booked to the following general ledger account on 3/1/21, 6/1/21, 9/1/21, 12/1/21 and 12/31/21:

<b>Work Order 2101627 2021 Radios (1000)</b>				
<b>Account</b>	<b>Description</b>	<b>Gross Plant</b>	<b>COR</b>	<b>Gross Book</b>
	334100 Radios for Metering	\$ 7,145.97	\$ -	\$ 7,145.97
	334100 Radios for Metering	\$ 2,692.35	\$ -	\$ 2,692.35
	334100 Radios for Metering	\$ 29,567.93	\$ -	\$ 29,567.93
	334100 Radios for Metering	\$ 57,552.33	\$ -	\$ 57,552.33
	334100 Radios for Metering	\$ 4,685.46	\$ -	\$ 4,685.46
		\$ 101,644.04	\$ -	\$ 101,644.04

### **15. Install New Water Service W/O 2200375, \$4,387.45**

Work order 2200375 consisted of one invoice from contractor Gordon T. Burke & Sons Inc. The detailed invoice consisted of excavation work, tapping a main line and installing shut offs to a house in North Conway. The work order indicates the work was closed/completed 12/31/21.

Audit reviewed the work order costs and any cost of removal charges, and confirmed project costs were posted to the following general ledger account on 12/1/21:

<b>Work Order 2200375 Install New Water Service</b>				
<b>Account</b>	<b>Description</b>	<b>Gross Plant</b>	<b>COR</b>	<b>Gross Book</b>
	333200 Renewed Services	\$ 4,387.45	\$ (438.74)	\$ 3,948.71
		\$ 4,387.45	\$ (438.74)	\$ 3,948.71

### **Revenues**

The 2019 QCPAC of 2.98% was approved per Order 26,313 issued on December 6, 2019, for effect January 1, 2020, through December 31, 2020. Due to the timing of the 2020 QCPAC Order, the 2.98% was charged on customer invoices from January 2021 through August 2021. From August 2021 through December 2021 the QCPAC recovery rate was re-set to 0% per Commission Order 26,508. Audit verified that the rate differences were correctly calculated on commercial, municipal, and residential customers for specific bills taken from March 2021 and December 2021.

The recoupment of the 2020 QCPAC will begin in April 2022 at the rate of 4.02% per Order 26,608 and is “*effective as of September 29, 2021*”. According to Donald Ware’s Testimony, the Company is seeking an additional 0.84% for 2021 QCP’s on top of the 2020 4.02% for a total of 4.86% to be billed.

### **Summary**

In Summary, the Company submitted projects for \$897,936 and an initial tax impact of \$19,816 totaling \$917,752. After reviewing the material submitted, it appears that each of the tested projects were used, useful and in service by the end of December 2021.

There are, however, Audit Issues following, which address certain accounting or calculation items that may impact the filing, but not by material amounts.



## **Audit Issue #1 Union Overhead Rate**

### **Background**

The Company assess union and non-union overhead rates on job cost totals with rates that vary each year.

### **Issue**

Work Order 2101972 shows the 2020 rate of 66.20% union overhead was used instead of the 2021 overhead rate of 71.49%.

### **Recommendation**

The Company must be able to specifically identify work performed in 2020 was allocated to the work orders in 2021.

The Company must ensure that the proper overhead rates are charged as appropriate. The noted \$11.57 variance is immaterial.

### **Company Response**

Overhead rates each year are updated at the end of Q1. Work orders booked from January to March may have prior year overhead rates applied to them before the current year overhead rates are updated. In the future, the company will indicate the overhead rates used.

### **Audit Conclusion**

Audit agrees with the Company's response of indicating which overhead rate is being utilized on a work order.

**Audit Issue #2**  
**Reclassified 2021 Capital Expense**

**Background**

The Company booked \$14,800.92 in costs to a maintenance expense account 673002 (MAINT MAINS: GATE PROGRAM) and \$296.02 to account 233700 (INTERCO PAY/REC: PEU/PWW) in overhead charges for a total of \$15,096.94.

**Issue**

The \$15,096.94 should have been capitalized. The incorrect posting was not detected by the Company until December 2021 and was inadvertently excluded from the 2021 PEU QCPAC filing.

**Recommendation**

The Company should include the \$15,096.94 in the 2021 QCPAC total for recovery.

**Company Response**

Company capitalized costs when discovered. We agree with recommendation.

**Audit Conclusion**

Audit concludes that the \$15,096.94 should be included in the 2021 QCPAC calculation.

### Audit Issue #3 Property Taxes

#### **Background**

The Company uses an average of tax rates to calculate the “various” tax rate for projects involving multiple towns/cities.

#### **Issue**

The Company selects only certain municipalities in its calculation but fails to account for all the actual towns/cities where work was performed for the year.

#### **Recommendation**

PEU should use tax rates based on an average of all tax rates from all the towns/cities serviced according to their annual report. The rates would be adjusted to reflect if work was performed in an area that has a supplemental village tax rate such as was the case with the Conway tax calculation. Below is a base rate calculation (so not inclusive of any village tax rates) for the “various” tax rate calculation based on the 2021 Department of Revenue tax rates:

<b>Municipality</b>	<b>Municipal</b>	<b>County</b>	<b>Local Ed.</b>	<b>Total Rate</b>
Atkinson	\$ 2.17	\$ 0.66	\$ 8.11	\$ 10.94
Barnstead	\$ 5.36	\$ 1.06	\$ 13.67	\$ 20.09
Bow	\$ 7.15	\$ 2.48	\$ 14.00	\$ 23.63
Chester	\$ 6.49	\$ 0.89	\$ 11.52	\$ 18.90
Conway	\$ 5.19	\$ 1.20	\$ 8.06	\$ 14.45
Derry	\$ 7.22	\$ 0.86	\$ 14.82	\$ 22.90
Exeter	\$ 5.79	\$ 0.94	\$ 15.29	\$ 22.02
Hooksett	\$ 5.73	\$ 2.65	\$ 11.66	\$ 20.04
Lee	\$ 4.56	\$ 2.04	\$ 13.65	\$ 20.25
Litchfield	\$ 3.81	\$ 0.97	\$ 11.97	\$ 16.75
Londonderry	\$ 4.16	\$ 0.80	\$ 11.77	\$ 16.73
Middleton	\$ 8.33	\$ 2.83	\$ 14.34	\$ 25.50
Pelham	\$ 4.74	\$ 0.83	\$ 8.98	\$ 14.55
Plaistow	\$ 4.66	\$ 0.79	\$ 11.84	\$ 17.29
Raymond	\$ 3.76	\$ 0.77	\$ 12.32	\$ 16.85
Sandown	\$ 5.01	\$ 0.99	\$ 20.91	\$ 26.91
Tilton	\$ 5.99	\$ 0.98	\$ 7.59	\$ 14.56
Weare	\$ 3.04	\$ 0.88	\$ 11.82	\$ 15.74
Windham	\$ 3.10	\$ 0.83	\$ 12.84	\$ 16.77

Total Average \$ 18.68  
Average + Utility Tax Rate \$6.60 **\$ 25.28**  
**Suggested 2021 Rate**

Using an average from all towns/cities listed in the PEU annual report would avoid a municipality being missed where work was performed.

### **Company Response**

The Company agrees that the “various” tax rate should be based on an average of the tax rates in each community served with one change in that the tax rates should be customer weighted so that the tax rate of a community with more customers and more assets has a heavier impact on the “various” tax rate. The Company proposes that “various” tax rate be calculated by taking each of the PEU tax rates, by Community, as listed above (based on the December 2021 tax rate) times the number of customers in each of those communities and then totaling those numbers and dividing by the total number of PEU customers to come up with a customer weighted “various” tax rate to apply to the small assets, such as radios, meters, etc., which are not tracked directly to each community.

### **Audit Conclusion**

The Department of Energy Regulatory Staff and the Company should determine the most appropriate manner of calculating the “various” property tax rate.

## Audit Issue #4 Depreciation / Amortization

### **Background**

PEU amortized the following assets in accounts 186xxx:

Asset Code	Purchase Cost	Cost of Removal	Additions	Acc Depn	NBV
186271-7000-001	\$ 11,819.58	\$ -	\$ 11,819.58	\$ 140.71	\$ 11,678.87
186310-7000-001	\$ 2,000.00	\$ -	\$ 2,000.00	\$ 4.48	\$ 1,995.52
186311-7000-001	\$ 3,755.00	\$ -	\$ 3,755.00	\$ 71.29	\$ 3,683.71
186310-7000-001	\$ 6,000.00	\$ -	\$ 6,000.00	\$ 13.45	\$ 5,986.55
186311-7000-001	\$ 117,000.00	\$ -	\$ 117,000.00	\$ 262.31	\$ 116,737.69
186271-7000-001	\$ 649.44	\$ -	\$ 649.44	\$ 7.73	\$ 641.71
186272-7000-001	\$ 2,461.80	\$ -	\$ 2,461.80	\$ 29.31	\$ 2,432.49
186281-7000-001	\$ 4,861.60	\$ -	\$ 4,861.60	\$ -	\$ 4,861.60
TOTAL				<b>\$ 529.28</b>	

### **Issue**

The Company amortized \$529.28 on eight assets booked to Miscellaneous Deferred Debits, account numbers 186xxx. By Order 26,586, the Company was authorized to amortize these types of assets, beginning on January 1, 2022.

The Company was not authorized to amortize the 186xxx assets during 2021.

### **Recommendation**

Audit recommends that the Company follow the PUC Orders as documented. The \$529.28 is immaterial and does not require refiling of the 2021 QCPAC.

### **Company Response**

The Company has an email from Jayson LaFlamme (see attached) in regard to when the Company needs to seek approval of deferred assets. Per the attached email, it is the Company's understanding that the amortization expense for deferred assets can be booked by the Company between rate cases but that the approval of the amortization of these assets occurs as part of the next rate case where the amortization expense for the deferred assets is reviewed and a decision is made as to whether the amortization expense will be allowed in the revenue requirement of next rate case.

**From:** Howe, Carol Ann <[carolann.howe@PENNICHUCK.com](mailto:carolann.howe@PENNICHUCK.com)>  
**Sent:** Friday, May 31, 2019 4:30 PM  
**To:** Ware, Don <[donald.ware@PENNICHUCK.com](mailto:donald.ware@PENNICHUCK.com)>; Goodhue, Larry <[larry.goodhue@PENNICHUCK.com](mailto:larry.goodhue@PENNICHUCK.com)>; Torres, George <[george.torres@PENNICHUCK.com](mailto:george.torres@PENNICHUCK.com)>; Marotte, Maria <[maria.marotte@PENNICHUCK.com](mailto:maria.marotte@PENNICHUCK.com)>; Buckawicki, Jessica <[jessica.buckawicki@pennichuck.com](mailto:jessica.buckawicki@pennichuck.com)>  
**Cc:** Douglas, Lori <[lori.douglas@PENNICHUCK.com](mailto:lori.douglas@PENNICHUCK.com)>; Cheever, Madison <[madison.cheever@PENNICHUCK.com](mailto:madison.cheever@PENNICHUCK.com)>; Kerrigan, Jay <[jay.kerrigan@PENNICHUCK.com](mailto:jay.kerrigan@PENNICHUCK.com)>  
**Subject:** Approval of Deferred Asset Process with PUC

Hello,

I reached out Jayson LaFlamme to confirm what is needed related to approval of any deferred assets we are accounting for. As you can see from the communications in the emails below, it does not appear that we need to seek any separate approval of accounting for deferred asset additions and it will be reviewed during any rate case or other PUC audits.

Based on our recent discussions in regards to this issue – it doesn't appear that my signature line should any longer be required on the blue worksheet as I would not be the approving party of this accounting determination.

George/Larry/Don – are you in agreement. If so, when Maria works with IT on June 6 to discuss the automation of the Blue, the signature line for Regulatory approval can be removed.

Your thoughts.

Thank you.



Carol Ann Howe, CPA  
Assistant Treasurer & Director of Regulatory Affairs and Business Services  
Pennichuck Water  
25 Manchester St.  
Merrimack, New Hampshire 03054  
Ph: (603) 913-2320

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**From:** Howe, Carol Ann <[carolann.howe@PENNICHUCK.com](mailto:carolann.howe@PENNICHUCK.com)>  
**Sent:** Friday, May 31, 2019 2:29 PM  
**To:** Laflamme, Jayson <[Jayson.Laflamme@puc.nh.gov](mailto:Jayson.Laflamme@puc.nh.gov)>  
**Subject:** RE: Approval of Deferred Asset Process

Hello Jayson,

Thank you for confirming the process and based on your comments, we will no longer put in special request for approval of deferred assets as they will be addressed in future rate case reviews and audits.

Hope you enjoy this beautiful weather and weekend.

Regards,



Carol Ann Howe, CPA  
Assistant Treasurer & Director of Regulatory Affairs and Business Services  
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**From:** Laflamme, Jayson <[Jayson.Laflamme@puc.nh.gov](mailto:Jayson.Laflamme@puc.nh.gov)>  
**Sent:** Friday, May 31, 2019 10:53 AM  
**To:** Howe, Carol Ann <[carolann.howe@PENNICHUCK.com](mailto:carolann.howe@PENNICHUCK.com)>  
**Subject:** RE: Approval of Deferred Asset Process

Hi Carol Anne:

Yes. That's what's been done in the past, and is probably the most efficient way to handle these.

Thanks,

*Jayson Laflamme*

Assistant Director, Gas-Water Division  
New Hampshire Public Utilities Commission  
21 South Fruit Street, Suite 10  
Concord, New Hampshire 03301-2429  
(603) 271-6322  
[jayson.laflamme@puc.nh.gov](mailto:jayson.laflamme@puc.nh.gov)

**From:** Howe, Carol Ann <[carolann.howe@PENNICHUCK.com](mailto:carolann.howe@PENNICHUCK.com)>  
**Sent:** Friday, May 31, 2019 10:47 AM  
**To:** Laflamme, Jayson <[Jayson.Laflamme@puc.nh.gov](mailto:Jayson.Laflamme@puc.nh.gov)>  
**Subject:** RE: Approval of Deferred Asset Process

**ATTENTION:** This email has originated from outside of the organization. Do not open attachments or click on links unless you recognize the sender and know the content is safe.

Hi Jayson,

Thank you for the timely response. So if I am understanding you correctly, there is no need for us to request approval for deferred assets throughout the year as they are captured and reviewed during rate case audits. Is this correct?  
Please confirm.

Regards,  
Carol Ann



Carol Ann Howe, CPA  
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**From:** Laflamme, Jayson <[Jayson.Laflamme@puc.nh.gov](mailto:Jayson.Laflamme@puc.nh.gov)>  
**Sent:** Friday, May 31, 2019 8:28 AM  
**To:** Howe, Carol Ann <[carolann.howe@PENNICHUCK.com](mailto:carolann.howe@PENNICHUCK.com)>  
**Subject:** RE: Approval of Deferred Asset Process

Hi Carol Ann:

Actually, these items are usually approved as part of the Company's revenue requirement. That is, the Company usually records certain items in deferred assets between rate cases. During the rate proceedings, Staff and other parties review these items, and unless they are objected to for some reason, they are incorporated into a utilities revenue requirement approved by the Commission. Hope that helps.

Thanks,

*Jayson*

**From:** Howe, Carol Ann <[carolann.howe@PENNICHUCK.com](mailto:carolann.howe@PENNICHUCK.com)>  
**Sent:** Thursday, May 30, 2019 5:01 PM  
**To:** Laflamme, Jayson <[Jayson.Laflamme@puc.nh.gov](mailto:Jayson.Laflamme@puc.nh.gov)>  
**Subject:** Approval of Deferred Asset Process

Hello Jayson,

I would like to ask you about the regulatory requirements related to the approval of accounting for deferred assets.

In the past, we would seek approval from Mark Naylor when we had certain assets that we determined needed to be deferred. Can you provide me some guidance on the regulatory requirements of this process. For instance, is there a certain dollar value requirement of the assets requiring approval. Also, if we have similar like assets that we have received prior repeated approval, is there a need to continue to seek approval for those same type of assets (ie studies) that we have continuously received approval in the past?

Also, is there a regulation you can direct me to which explains this requirement. Should I be directing these approval requests to your attention going forward.

Your assistance is appreciated. Thank you.



Carol Ann Howe, CPA  
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## **Audit Conclusion**

The email provided and the response given are not appropriate authority to amortize deferred assets. The Company should again follow PUC Orders as documented. The amount is immaterial and does not affect the filing.



## **Audit Issue #5**

### **Contractor/Bidder Discrepancy**

#### **Background**

PEU submitted a bid tabulation and responded that they chose FL Merrill Construction as the contractor for the Locke Lake Intake Project.

#### **Issue**

Audit found no evidence FL Merrill worked on this project. Audit did find Scherbon Construction worked on this project however they are not shown as submitting a bid proposal.

#### **Recommendation**

The Company needs to further explain how FL Merrill was associated with this project.

#### **Company Response**

Locke Lake “Intake” project was 3 parts. FL Merrill was used specifically on the Airstrip Station which was one part of the Locke Lake project. This vendor was used on WO #2101758.

#### **Audit Conclusion**

Audit appreciates the Company’s response. In the future the Company should indicate who the lead contractor is when it is not apparent from the submitted work orders.

## **Audit Issue #6**

### **Budget vs. Actual**

#### **Background**

Within the filing, PEU included budgeted figures for all projects and actual figures.

#### **Issue**

The Pelham Main Replacement/Addition projects 2105634 and 2105635 included a total of 3 work orders. Audit sampled two of the three work orders. The original budget for all three work orders totaled \$40,000 with the final costs totaling \$100,351.

Audit questioned why the final costs were significantly over budget. The Company explained these were paving projects and due to “*COVID-19 and weather conditions at the end of 2020 that prevented preparation for and the installation of base paving, this work had to carry over into 2021*”.

#### **Recommendation**

The Company needs to provide additional information relating to the cost overrun of 251%.

#### **Company Response**

The difference between \$100,351 and \$40,000 is \$60,351. The \$60,351 was work that was planned for 2020 but was not and could not be completed before December 31, 2020 to be included in the 2021 QCPAC filing. The \$40,000 was budgeted for work that remained to be completed in 2021 for inclusion in this QCPAC filing. During the budgeting process for 2021, we missed carrying over the \$60,351 and adding it to the \$40,000. This made it appear that the project QCPAC budget had an overrun. In reality, \$100,351 was going to be expended on the project but not over 2020 and 2021 as originally planned. The work that the \$100,351 had to be done in 2021.

#### **Audit Conclusion**

Audit appreciates the Company’s explanation. In the future the Company should ensure that all costs are accurately reflected in their filing, along with sufficient explanations of any variances.

**Audit Issue #7**  
**Delayed 2020 Work Clarification**

**Background**

PEU provided the Continuing Property Records for the filed 2021 projects and General Ledger details for 2021.

**Issue**

The Airstrip Station Decommissioning work order 2101758 was budgeted to cost \$40,000 with the project's actual cost totaling \$77,613. The Company stated the actual costs exceed their planned budget due to bids for demolition and electrical work higher than anticipated. Furthermore, there were legal fees associated with easements that *"took significantly more time than anticipated"*.

**Recommendation**

The Company should provide more specific information regarding the cost overrun, which resulted in the expense being 192% higher than budgeted.

**Company Response**

The estimated budgeted amount of \$40,000 was just that an estimate based on similar experiences with other similar projects and based on a preliminary design and scope of work in 2020. When the work scope and design was final and once bids were received, the price to complete the work was \$77,613.

**Audit Conclusion**

The Company should have adjusted the budgeted figure when the work scope and design were finalized.

**Audit Issue #8**  
**Lack of Consistent Dates CPR and General Ledger**

**Background**

PEU provided the Continuing Property Records for the filed 2021 projects and General Ledger details for 2021.

**Issue**

For Work Order 2101627, the Continuing Property Records indicate a capitalization date of June 1, 2021, for Radios/Meters totaling 7,145.94. The General Ledger detail indicates the asset was booked to 334100, Radios for Metering, on December 31, 2021.

**Recommendation**

The Company should ensure that its financial records and continuing property records are consistent regarding dates of capitalization.

**Company Response**

The December date is from a reclass. The assets were originally booked to PAC in June 2021 and during an inventory count it was discovered that the assets belonged to PEU and not PAC. The assets should have been in PEU since June 2021, but they were reclassified in December 2021 along with the depreciation expense.

**Audit Conclusion**

Audit concurs with the Company's response.

**ATTACHMENT C**

**Engineering Consulting Report – DW 22-005**

**Douglas W. Brogan, P.E.**

**December 5, 2022**

**MEMO REPORT**

Date: December 5, 2022

**From:** Douglas W. Brogan, P.E.**To:** Jayson Laflamme, Asst. Director - Water Group, Regulatory Support Div., NH Dept. of Energy**Re:** DW 22-005 Pennichuck East Utility, Inc.  
Petition for Approval of 2022 Qualified Capital Project Annual Adjustment Charge

I am writing this memo report as an engineering consultant to the Water Group, Regulatory Support Division to summarize my findings in the above-referenced docket. The Qualified Capital Project Annual Adjustment Charge (QCPAC) program was initially authorized for Pennichuck East Utility, Inc. (PEU or company) in DW 17-128 (Order 26,179, October 4, 2018). In the current docket PEU is seeking approval of a QCPAC surcharge for projects completed in 2021; preliminary approval of projects proposed for 2022; and has provided its capital budgets for 2023 and 2024 for informational purposes. My review is limited primarily to the engineering and operational aspects of the filing and is based on review of the filing; case discovery and subsequent updates (in particular the Exhibit DLW-1 capital expenditure schedules provided on November 17, 2022 in response to Department of Energy data request set 3); E-22 forms (Reports of Proposed Expenditures for Additions, Extensions and Capital Improvements to Fixed Capital); and associated materials.

**2021 Projects**

A small amount of work carried over into 2021 to complete a \$4 million, several year project involving supply, treatment and distribution upgrades in the company's Locke Lake system in Barnstead. The 2021 work included site restoration, painting, finished carpentry, final SCADA system and treatment process adjustments, and a source water protection plan for the NH Department of Environmental Services, and was completed at a cost of \$252,821. A related project, decommissioning of the Airstrip Station in the same system, was completed for \$77,613. The combined cost of these efforts (**\$330,434**) accounted for 37 percent of total QCPAC-eligible expenditures for plant placed in service by December 31, 2021.

Another carryover project involved replacement of problematic mains in the company's Williamsburg system in Pelham in 2020. Work completed in 2021 consisted of final road reconstruction and related restoration work, at a cost of **\$100,351**, accounting for 11 percent of total expenditures in 2021.

Other projects included planned replacement of aging meter radios (at **\$101,644**, for another 11 percent of 2021 expenditures) and various smaller items such as gate valves, pumps, meters, service lines and treatment equipment. The company has affirmed that all of the included items were in service and used and useful as of December 31, 2021 (testimony of Donald L. Ware, p. 7, lines 10-11).

## **2022 Projects**

Two of the more significant projects proposed for 2022 include:

- 1) Main replacements in the Gage Hill system in Pelham. This project will replace 4,600 feet of 60 year old, small diameter, thin-walled black polyethylene pipe having high breakage rates, with approved PVC water main. Total cost of new mains, services and temporary paving in 2022 is estimated at **\$725,000**, with final paving and restoration carrying into 2023. The work has been on the company's list of capital improvements for several years. Delay of other projects (see below) allowed it to be initiated in 2022.
- 2) Interconnection of the 200-plus customer, stand-alone W&E system in Windham with the town of Salem water system. The interconnection will bring supplemental water to address increasing water quantity and quality limitations of the W&E system's existing wells. It is made possible by a recent Southern NH Regional Water Project pipeline bringing water from Manchester to Salem; a franchise transfer from PEU to Salem approved in docket DW 20-080; and grant and loan funding through the NH Drinking Water and Groundwater Trust Fund approved in DW 22-013. Work began in late fall of 2021 and became used and useful in late spring of this year. Total cost of the project was **\$692,335**.

Several projects were deferred, the largest of which was the Londonderry tank project. This \$1,600,000 project involves a special contract with a private developer, approved in DW 18-101, for construction of a 1.25 million gallon tank and related facilities in conjunction with the Woodmont Commons development. The water system improvements continue to work their way through various local land use approval and permitting processes. Construction is now expected to occur in 2023 and 2024.

## **Conclusion**

For 2021 projects, I would support a finding that each of the listed projects indicated as completed and in service at year end was prudent, used and useful.

For 2022, while the typical juggling of projects to balance project deferrals and funding availability is evident, the projects as proposed appear reasonable.

**ATTACHMENT D**

**Department of Energy Discover Requests  
and PEU Responses – DW 22-005**



**Pennichuck East Utility, Inc.**  
**DW 22-005**  
2022 QCPAC - Qualified Capital Project Adjustment Charge  
Responses to DOE Data Requests –Set 1

Date Request Received: 8/16/22  
Request No. DOE 1-1

Date of Response: 08/29/22  
Witness: Donald L. Ware

---

**REQUEST:**

**Re: Exhibit DLW-1, Page 3 (2021 CapEx), Lines 19 and 23:** Please indicate the current status of the following projects relating to the Londonderry core system, including any evaluation or study results:

- a) Londonderry Core Re-Chloramination.
- b) Litchfield- Londonderry Evaluation.

**RESPONSE:**

- a) The Londonderry Core Re-Chloramination project is on hold. Manchester Water Works (MWW) switched to the use of Free Chlorine in December of 2021 for about four months in conjunction with PEU flushing efforts in Londonderry eliminated the bacterial regrowth issues in the Londonderry distribution system. MWW converted back to disinfecting with chloramines in the spring of 2022. MWW is now delivering water to Londonderry with a strong chloramine residual. In turn PEU is now seeing a strong chloramine residual throughout the Londonderry system. MWW had last used free chlorine around 2013 and determined, in conjunction with the NHDES, that a more frequent switch to Chloramine as its primary disinfectant, will eliminate the bacterial regrowth issues that resulted from low chloramine residuals that all of Manchester's wholesale customers were experiencing in 2021. MWW's ability to deliver water to Londonderry with a strong chloramine residual will likely eliminate the need for PEU to re-chloramine. This project will not proceed forward at present.
- b) This project was completed by Pennichuck's internal engineering staff to provide information to assist the NHDES understand where future water supply for the PFOA contaminated private wells in Londonderry may originate. The NHDES is working with Manchester Water Works and Pennichuck to determine which utility could provide up to about 1 MGD of source water to Londonderry. The study performed by Pennichuck was to determine what size piping, pumping stations and storage might be required to move water from Pennichuck's Nashua water treatment plant through Litchfield and into Londonderry. The work on this project has been completed and passed along to the NHDES for use in their assessment. The results of the NHDES evaluation are forthcoming.

**Pennichuck East Utility, Inc.**  
**DW 22-005**  
2022 QCPAC - Qualified Capital Project Adjustment Charge  
Responses to DOE Data Requests –Set 1

Date Request Received: 8/16/22  
Request No. DOE 1-2

Date of Response: 08/29/22  
Witness: Donald L. ware

---

**REQUEST:**

**Re: Exhibit DLW-1, Page 3 (2021 CapEx), Line 39 and Testimony of John J. Boisvert, Page 13 (Bates 51), Line 7 through Page 14 (Bates 52), Line 12, Interconnect the W&E CWS to the Town of Salem Water System:** Please clarify whether the company is requesting recovery of any portion of this project in the QCPAC surcharge for projects completed in 2021; and if so, what portion.

**RESPONSE:**

The Company is not seeking to recover any of the portion of the W&E interconnect in the 2021 QCPAC surcharge.

**Pennichuck East Utility, Inc.**  
**DW 22-005**  
2022 QCPAC - Qualified Capital Project Adjustment Charge  
Responses to DOE Data Requests –Set 1

Date Request Received: 8/16/22  
Request No. DOE 1-3

Date of Response: 08/29/22  
Witness: John J. Boisvert

---

**REQUEST:**

**Re: Exhibit DLW-1, Page 4 (2022 CapEx), Line 8 and Testimony of John J. Boisvert, Page 12 (Bates 50), Lines 16 - 19, Londonderry System Improvements (\$1.6M):**

- a) Please indicate the current status of the project including permitting efforts.
- b) Please explain the reference in Mr. Boisvert's testimony to the apparent need for "re-approval of the [Woodmont Commons] Special contract by the Commission".

**RESPONSE:**

- a) The revised Water Storage Tank and Water Booster Station site plans have been submitted to the Town of Londonderry. Those plans have been referred by the Town of Londonderry to their consulting engineer for review. It is anticipated that Town's consulting engineering will complete their review on or about September 1, 2022, based on information provided by the Londonderry Planning Department. It is expected that review comments will be addressed by the Company and the project will advance to a Planning Board meeting in the September time frame. The Company must wait for the local permitting process to run its course before the project can advance to final design, bidding and construction.
- b) The sentence in question "*The Company hopes to complete some the project (used and useful) in 2022 with the remainder to be completed in 2023. However, this all depends upon the timing of the granting of local permits (Planning Board) and a re-approval of the Special contract by the Commission.*"

*The sentence should read "The Company hopes to complete some of the project (used and useful) in 2022 with the remainder to be completed in 2023. However, the ability to initiate and complete any portion of this project depends upon the timing of the granting of local permits (Planning Board)." The Company will file a revised version of Mr. Boisvert's testimony, a copy of which is attached.*

The re-approval of the Special Contract was approved by the Commission on April 21, 2021 in DW 18-101 Order No. 26,473.

**Pennichuck East Utility, Inc.**  
**DW 22-005**  
2022 QCPAC - Qualified Capital Project Adjustment Charge  
Responses to DOE Data Requests –Set 1

Date Request Received: 8/16/22  
Request No. DOE 1-4

Date of Response: 08/29/22  
Witness: Donald L. Ware

---

**REQUEST:**

**Re: Petition; Page 3, Item 7:** The petition states, “Attached as Exhibit DLW-1, Page 3 to Mr. Ware’s testimony is the detailed list of Qualified Capital Projects (“QCPs”) that were completed, in service, and used and useful as a utility infrastructure by **December 31, 2020.**” [emphasis added] Please confirm that the company intended to use December 31, 2020. If the date is incorrect, please indicate the correct date.

**RESPONSE:**

The correct date is December 31, 2021, not December 31, 2020. The Company will file a revised version of Page 3 of the Petition, a copy of which is attached.

**Pennichuck East Utility, Inc.**

**DW 22-005**

**2022 QCPAC - Qualified Capital Project Adjustment Charge  
Responses to DOE Data Requests –Set 1**

Date Request Received: 8/16/22  
Request No. DOE 1-5

Date of Response: 08/29/22  
Witness: Donald L. Ware

---

**REQUEST:**

**Re: Petition; Page 4, Item 9:** The petition states: “The Company is also requesting a QCPAC that is calculated to recover 1.1 times the principal and interest payments for the long-term debt incurred to fund the capital expenditures on projects that were completed, in service and used and useful on or before **December 31, 2020**, as well as recovering the projected property tax expenses on the completed slate of 2021 QCPs.” [emphasis added] Please confirm that the company intended to use December 31, 2020. If the date is incorrect, please provide the correct date.

**RESPONSE:**

The correct date is December 31, 2021, not December 31, 2020. The Company will file a revised version of Page 4 of the Petition, a copy of which is attached.

**Pennichuck East Utility, Inc.**  
**DW 22-005**  
2022 QCPAC - Qualified Capital Project Adjustment Charge  
Responses to DOE Data Requests –Set 1

Date Request Received: 8/16/22  
Request No. DOE 1-6

Date of Response: 08/29/22  
Witness: Donald L. Ware

---

**REQUEST:**

**Re: Petition; Page 4, Item 10(a):** The Petition states that the SRF loan approved in 2019, totaling \$4,240,000, had a remaining balance of which \$232,853 was used for assets completed, used and useful between January and May 2021. The Testimony of Donald L. Ware, Page 4 (Bates 14), states a remaining loan amount of \$232,000. Please clarify this discrepancy and provide the correct amount to be used in recovery.

**RESPONSE:**

At the time my testimony was prepared our Engineering team gave me a figure of \$232,853 of the NHDES SRF Locke Lake loan would be available to help pay for the remaining 2021 Locke Lake Work. I do not know why I used \$232,000 in my testimony. Upon review of the Locke Lake Loan proceeds the actual amount of the NHDES SRF loan that was available and used to fund 2021 Locke Lake work was \$232,853. The attached, revised Exhibit DLW-1, Page 3 has been corrected to reflect this available amount of funding. The Company will file a revised version of Pages 4 and 5 of Mr. Ware's Testimony, a copy of which is attached.

**Pennichuck East Utility, Inc.**  
**DW 22-005**  
2022 QCPAC - Qualified Capital Project Adjustment Charge  
Responses to DOE Data Requests –Set 1

Date Request Received: 8/16/22  
Request No. DOE 1-7

Date of Response: 08/29/22  
Witness: Donald L. Ware

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**REQUEST:**

**Re: Testimony of Donald L. Ware; Page 7 (Bates 17), Lines 17-18:** Mr. Ware’s testimony states: “The projects for which the Company is seeking a QCPAC surcharge for in 2021 are detailed on Exhibit DLW-1, page 2.” This reference directs the reader to “2020 used and useful QCP’s.” Should not the testimony direct the reader to Exhibit DLW-1, page 3, “2021 used and useful QCP’s”?

**RESPONSE:**

The correct reference would be to Exhibit DLW-1, page 3, not page 2. The Company will file a revised version of Page 7 of Mr. Ware’s Testimony, a copy of which is attached.

**Pennichuck East Utility, Inc.**  
**DW 22-005**  
2022 QCPAC - Qualified Capital Project Adjustment Charge  
Responses to DOE Data Requests –Set 1

Date Request Received: 8/16/22  
Request No. DOE 1-8

Date of Response: 08/29/22  
Witness: Donald L. Ware

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**REQUEST:**

**Re: Testimony of Donald L. Ware; Page 9 (Bates 19), Line 1:** Mr. Ware’s testimony states: “Descriptions of the planned 2022 QCP’s are provided on Page 3 of Exhibit DLW-1.” This reference directs the reader to “2021 used and useful QCP’s.” Should not the testimony direct the reader to Exhibit DLW-1, page 4, “Projected 2022 QCPAC Capital Expenditures”?

**RESPONSE:**

The correct reference would be to Exhibit DLW-1, page 4, not page 3. The Company will file a revised version of Page 9 of Mr. Ware’s Testimony, a copy of which is attached.



**Pennichuck East Utility, Inc.**  
**DW 22-005**  
2022 QCPAC - Qualified Capital Project Adjustment Charge  
Responses to DOE Data Requests –Set 1

Date Request Received: 8/16/22  
Request No. DOE 1-9

Date of Response: 08/29/22  
Witness: Donald L. Ware

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**REQUEST:**

**Re: Testimony of Donald L. Ware; Page 5 (Bates 15), Line 19 through Page 6 (Bates 16), Line 3:**

- a) Regarding Exhibit DLW-1, Pages 2-3 (Bates 25-26), please confirm the specific project(s) and construction year, i.e., 2021 or 2022, to which the \$211,500 DWGTF grant will be applied.
- b) Regarding Exhibit DLW-1, Pages 2-3 (Bates 25-26), please confirm the specific project(s) and construction year (i.e., 2021 or 2022) to which the \$493,500 DWGTF loan will apply.

**RESPONSE:**

- a) “Interconnect the W&E CWS to the Tow of Salem Water system” project. The project was constructed over two calendar years, beginning in the Fall of 2021 and completed in the late Spring of 2022. The project phases can be found in Row 39 on DLW Exhibit 1, page 3 and Rows 9 and 10 on DLW Exhibit 1, page 4. The total estimated project cost of about \$711,000 will be funded with the combination of the \$211,500 DWGTF grant, the \$493,500 DWGTF loan and any amount over the available \$705,000 from the DWGTF will be paid for with a loan from CoBank or with 0.1 DSRR funds.
- b) The DWGTF funds, both loan and grant are directed at the W&E interconnection project as a whole, not individual phases of the project.

**Pennichuck East Utility, Inc.**  
**DW 22-005**  
2022 QCPAC - Qualified Capital Project Adjustment Charge  
Responses to DOE Data Requests –Set 1

Date Request Received: 8/16/22  
Request No. DOE 1-10

Date of Response: 08/29/22  
Witness: Donald L. Ware

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**REQUEST:**

**Re: Exhibit DLW-1; Page 1 – Computation of QCPAC Surcharge (Bates 24); Cell D14 (2020 QCP Debt Service: \$270,861):** The Settlement Agreement filed in DW 21-022 states this amount as \$270,766 (See DW 21-022 Settlement Agreement; Attachment A; Page 1 – Computation of QCPAC Surcharge (Bates 19) (Cell D18), a difference of \$95. Please reconcile and explain this difference between these two schedules.

**RESPONSE:**

The difference between the DW 21-022 Settlement Schedule and the schedule submitted in DW 22-005 was the interest on the CoBank Loan. The Settlement Schedule had the interest on the CoBank Fixed Asset Line of Credit (FALOC) as \$16,158 while the DW 22-005 Schedule has the interest on the CoBank FALOC as \$17,608. Please find an attached, revised Exhibit DLW-1 Schedule, with the amount of the CoBank FALOC loan changed to the settlement amount of \$16,158 (See Cell P52 on Page 2). With this change the Total expected P&I found in Cell D18 changes from \$270,861 to \$270,766 which matches the Settlement Schedule.

**Pennichuck East Utility, Inc.**  
**DW 22-005**  
 2022 QCPAC - Qualified Capital Project Adjustment Charge  
 Responses to DOE Data Requests –Set 1

Date Request Received: 8/16/22  
 Request No. DOE 1-11

Date of Response: 08/29/22  
 Witness: Donald L. Ware

**REQUEST:**

**Re: Exhibit DLW-1; Page 2 – 2020 Used and Useful QCPs (Bates 25) and DW 21-022 Settlement Agreement; Attachment A; Page 2 – 2020 Used and Useful QCPs (Bates 20):**  
 Please reconcile and explain the following differences between these two schedules:

<u>Description</u>	<u>DW 22-005 Filing</u>	<u>DW 21-022 Settlement</u>
<u>Difference</u>		
a) Interest on CoBank FALOC:	\$ 17,608 (Cell P52)	\$ 16,158 (Cell P52)
b) Capital Investment less 0.1 DSRR:	\$5,144,005 (Cell P55)	\$5,142,555 (Cell P54)
	1,450	
c) Funded with CoBank Loan:	\$1,136,859 (Cell P56)	\$1,135,409 (Cell P55)
	1,450	
d) CoBank Annual P&I:	\$ 74,164 (Cell P59)	\$ 74,069 (Cell P58)
Total Annual P&I:	\$ 270,861 (Cell P63)	\$ 270,766 (Cell P62)
		95

**RESPONSE:**

- a) Correct amount of CoBank FALOC, per the response in DOE 1-10 and per the Settlement schedule in DW 21-022 is \$16,158.
- b) The CoBank FALOC interest on the submitted DW22-005 Exhibit DLW-1, page 2 should have been \$16,158, not \$17,608. This has been corrected on the revised Exhibit DLW-1, Page 2. When this correction is made, the total Capital Investment less 0.1 DSRR became \$5,142,555 (Cell P56) which matches the DW 21-022 Settlement schedule.
- c) The CoBank FALOC interest on the submitted the DW22-005 Exhibit DLW-1, page 2 should have been \$16,158, not \$17,608. This has been corrected on the revised Exhibit DLW-1, Page 2. When this correction is made, the total Funded with CoBank Loan became \$1,135,409 (Cell P57) which matches the DW 21-022 Settlement schedule.
- d) The CoBank FALOC interest on the submitted the DW22-005 Exhibit DLW-1, page 2 should have been \$16,158, not \$17,608. This has been corrected on the revised Exhibit DLW-1, Page 2. When this correction is made, the CoBank Loan Annual P&I became \$74,069 which matches the DW 21-022 Settlement schedule. The Total Annual P&I became \$270,766 (Cell P64) which matches the DW 21-022 Settlement schedule.

**Pennichuck East Utility, Inc.**  
**DW 22-005**  
2022 QCPAC - Qualified Capital Project Adjustment Charge  
Responses to DOE Data Requests –Set 1

Date Request Received: 8/16/22  
Request No. DOE 1-12

Date of Response: 08/29/22  
Witness: Donald L. Ware

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**REQUEST:**

**Re: Exhibit DLW-1; Page 3 – 2021 Used and Useful QCPs (Bates 26); Line 39 – Interconnect the W&E CWS to the Town of Salem Water System:**

- a) Please provide further explanation regarding what the project cost of \$221,788 (Cell P39) represents.
- b) Please confirm that the underlying asset represented by the project cost of \$221,788 (Cell P39) was completed, in service, and used and useful as of 12/31/21.
- c) Please provide further explanation and clarification regarding the Company's entry contained in Cell U39, especially regarding the statement, "Work will not be Used and Useful in 2021." Does this statement pertain to the W&E/Town of Salem Interconnection project in its entirety and/or regarding the indicated cost portion for 2021 of \$221,788?

**RESPONSE:**

- a) The \$221,288 reflects funds expended on the Interconnect the W&E CWS to the town of Salem Water System project that were expended in 2021. These funds included engineering expenses associated with the project design, purchase of MSDC credits from the Town of Windham and the prepurchase of the interconnect water meter.
- b) The \$221,788 invested by the Company in the W&E CWS to Town of Salem Water System was in assets that were not used and useful as of 12/31/2021. The funding of \$221,788 invested by the Company in this project in 2021 were not included in the total debt P&I reflected in Cell J61. The spreadsheet does not make this clear. I have corrected the spreadsheet to reflect this project is not QCAPC eligible in 2021 (Cell K29) and removed the \$221,788 from the total amount of QCPAC eligible project in 2021 (Cell P50).
- c) The entirety of the W&E interconnection project, inclusive of the \$221,788 invested in 2021 will be booked as used and useful in 2022. All rate payer expenses associated with this entire project will be incorporated into the 2023 QCPAC filing to recover the expenses associated with capital projects that went used and useful in 2022.

**Pennichuck East Utility, Inc.**  
**DW 22-005**  
2022 QCPAC - Qualified Capital Project Adjustment Charge  
Responses to DOE Data Requests –Set 1

Date Request Received: 8/16/22  
Request No. DOE 1-13

Date of Response: 08/29/22  
Witness: Donald L. Ware

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**REQUEST:**

**Re: Exhibit DLW-1; Page 3 – 2021 Used and Useful QCPs (Bates 26); Cell P55 – W&E project to be funded with DWGTF Loan/Grant in 2022 - \$221,788:** Does the contemplated DWGTF funding specific to the indicated 2021 project cost of \$221,788 represent the DWGTF loan of \$493,500, or the DWGTF grant of \$211,500, or some combination of both the loan and the grant? Please explain.

**RESPONSE:**

As explained in the response to DR 1-9 above, the W&E interconnect project shows up in three places in PEU's capital budget, Row 39 of the 2021 QCPAC budget and Rows 9 & 10 of the 2022 QCPAC budget. These three rows all need to be completed in order for the W&E Interconnect project to function. No project can stand on its own. The total estimated W&E project cost of about \$711,000 will be funded with the combination of the \$211,500 DWGTF grant, the \$493,500 DWGTF loan and any amount over available \$705,000 from the DWGTF will be paid for with a loan from CoBank or with 0.1 DSRR funds. The DWGTF funds, both loan and grant are directed at the W&E interconnection project as a whole, not individual phases of the project. The loan/grant used to fund the W&E interconnect project has no impact on the 2021 QCPAC being sought because \$221,788 of expenses associated with this project in 2021 was not used and useful in 2021.

**Pennichuck East Utility, Inc.**  
**DW 22-005**  
2022 QCPAC - Qualified Capital Project Adjustment Charge  
Responses to DOE Data Requests –Set 1

Date Request Received: 8/16/22  
Request No. DOE 1-14

Date of Response: 08/29/22  
Witness: Donald L. ware

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**REQUEST:**

**Re: Exhibit DLW-1; Page 3 – 2021 Used and Useful QCPs (Bates 26); Cell J60:** Based on the formula contained in this cell, it appears that the \$10,288 remaining portion of the 2021 project cost for the W&E/Town of Salem Interconnection project after application of the DWGTF grant (\$221,788 - \$211,500) will be financed by the Locke Lake SRF loan at an interest rate of 2.704%.

- a) Please confirm and explain.
- b) Please explain why the remaining portion for this project will not be financed by the contemplated DWGTF loan at an anticipated interest rate of 1.57%.

**RESPONSE:**

- a) The formula is not correct and staff's interpretation of the cell is correct. Row 60 was meant to calculate the P&I associated with the amount used of the remaining \$232,853 of the Locke Lake SRF loan money to fund a portion of the work completed in Locke Lake in 2021. Row 9, Locke Lake Treatment at \$252,821 (initial budget of \$200,000) and Row 19, Air Strip Station Decommissioning at \$77,613 (initial budget of \$40,000) or a total of \$330,434 of capital investment. The difference of \$97,581 between the available SRF funds of \$232,853 and the total Locke Lake SRF eligible capital investment of \$339,434 will be funded with the CoBank loan. Row 60 data has been changed to reflect the correct funding in the revised Exhibit DLW-1.

The W&E project amount of \$221,288 is not used and useful and could not be funded with the Locke Lake SRF funds. The W&E project will be funded with the DWGWTF Grant/Loan of \$705,000 in 2022 when it is completed.

- b) Please see Row 46 on Exhibit DLW 1, Page 4 for the impact of the DWGWTF Loan/Grant on the QCPAC for 2022 capex. Please note the formula in Row 46 uses the anticipated interest rate of 1.57% applied against the \$493,500 loan portion of the \$705,000 of funding being provided by the DWGWTF.

**Pennichuck East Utility, Inc.**  
**DW 22-005**  
2022 QCPAC - Qualified Capital Project Adjustment Charge  
Responses to DOE Data Requests –Set 1

Date Request Received: 8/16/22  
Request No. DOE 1-15

Date of Response: 08/29/22  
Witness: Donald L. Ware

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**REQUEST:**

**Re: Exhibit DLW-1; Page 3 – 2021 Used and Useful QCPs (Bates 26); Column S – Tax Rate:**

- a) Please provide supporting documentation and calculations for the tax rates identified as “Various” in the amount of \$24.14 indicated in this column.
- b) Please provide supporting documentation and calculations for the indicated Town of Middleton property tax rate of \$33.56 in Cell S18.

**RESPONSE:**

- a) See Attachment DOE 1-15a for the requested various tax rate calculation. The various tax rate was calculated by taking the average of the tax rates of the 7 PEU communities that were scheduled to have work performed in them during 2021. Upon review, the Middleton and Atkinson Tax rates should not have been included in the calculation as the Middleton and Atkinson projects were not QCPAC eligible and did not create any property tax impact. A second various tax calculation is included which excludes the Middleton and Atkinson Tax rates and results in a various tax rate of \$23.58. The various tax rate for the 2021 QCPAC projects and the proposed 2022 - 2024 QCPAC projects have been changed to \$23.58 on the attached, revised Exhibit DLW-1.
- b) A copy of one of the 2021 Middleton Property Tax bills is attached as Attachment DOE 1-15b. The tax rate of \$13.48 on the bill is  $\frac{1}{2}$  of the previous year’s final tax rate. The rate used for Middleton was  $2 \times \$13.38 + \$6.60 = \$33.56$ . Please note that the 2021 project in Middleton was the design of the replacement station of the Sunrise Estates Community Water System Station. This work, as noted in Exhibit DLW-1, page 3, is not QCPAC eligible and showed no property tax expense in the QCPAC calculation.

**Pennichuck East Utility, Inc.**  
**DW 22-005**  
2022 QCPAC - Qualified Capital Project Adjustment Charge  
Responses to DOE Data Requests –Set 1

Date Request Received: 8/16/22  
Request No. DOE 1-16

Date of Response: 08/29/22  
Witness: Donald L. Ware

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**REQUEST:**

**Re: Exhibit DLW-1; Page 4 – 2022 Projected QCPAC Expenditures (Bates 27); Cell L35:**

Please explain why the 2021 W&E/Town of Salem Interconnection project of \$221,788 is being factored into the calculation of the projected 2022 CoBank Loan Annual P&I payment (See Cells L36 and F44). (Note: The amount indicated in Cell L36, which is inclusive of the \$221,788 project amount from 2021, is identified as, “Total Capex to be funded in 2022 with QCPAC.”)

**RESPONSE:**

Per Exhibit DLW-1, Page 4 the total amount of projected capex expenditures that are QCPAC eligible that will be used and useful by 12/31/2022 and not funded with 0.1 DSRF funds will be \$3,082,888. That total includes the \$221,788 of funds invested in 2021 in the W&E interconnection project that are not being funded or recovered in 2021 and needs to be funded and recovered in 2022. The plan to fund the \$3,082,888 in Capital investment is to use \$493,500 of loan money and \$211,300 in grant money from the DWGTF \$705,000 loan/grant and the remaining \$2,377,888 in the form of a loan from CoBank ( $\$3,082,888 - \$493,500 - \$211,500 = \$2,377,888$ ). Therefore, the P&I associated with the CoBank loan of \$2,377,888 does not include the funding the \$221,788 of work completed on the W&E project in 2021 that was not yet used and useful in 2021.



**Pennichuck East Utility, Inc.**  
**DW 22-005**  
2022 QCPAC - Qualified Capital Project Adjustment Charge  
Responses to DOE Data Requests –Set 1

Date Request Received: 8/16/22  
Request No. DOE 1-17

Date of Response: 08/29/22  
Witness: Donald L. Ware

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**REQUEST:**

**Re: Exhibit DLW-1; Page 4 – 2022 Projected QCPAC Expenditures (Bates 27); Cell L39:**  
Please explain why the contemplated DWGTF grant for W&E/Town of Salem Interconnection project of \$211,500 is being factored into the calculation of the projected 2022 CoBank Loan Annual P&I payment (See Cells L37 and F44). (Note: It appears that the DWGTF grant amount of \$211,500 was previously factored into the determination of the 2021 projected SRF Loan Annual P&I payment. (See Exhibit DLW-1; Page 3 (Bates 26); Cell J60))

**RESPONSE:**

As noted in response to DOE 1-16 above, the \$211,500 is not part of the projected \$2,377,888 CoBank loan but instead was used to pay for part of the \$3,082,888 in projected Capex spending that is QCPAC eligible in 2022. Per the response to DOE 1-14, the \$211,500 grant was incorrectly factored into the Annual P&I payment calculated in Exhibit DLW-1, Page 3, Cell J60. That error has been corrected on the revised, attached Exhibit DLW-1, Page 3.

**Pennichuck East Utility, Inc.**  
**DW 22-005**  
2022 QCPAC - Qualified Capital Project Adjustment Charge  
Responses to DOE Data Requests –Set 1

Date Request Received: 8/16/22  
Request No. DOE 1-18

Date of Response: 08/29/22  
Witness: Donald L. ware

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**REQUEST:**

**Re: Exhibit DLW-1; Page 4 – 2022 Projected QCPAC Expenditures (Bates 27); Cell F45:**  
Please explain why the 2022 Projected DWGTF Loan Annual P&I payment of \$24,019 appears to be based on the full amount of the contemplated DWGTF Loan of \$493,500 (See Cell L38) even though the total of the 2022 W&E Treatment and Water Main Projects appear to sum to only \$489,000 (\$35,000 (Cell L9) + \$454,000 (Cell L10)); a difference of \$4,500.

**RESPONSE:**

As explained in the response to DOE 1-9 above, the DWGTF loan/grant of \$705,000 is being used to fund the total W&E interconnect project which is represented in Row 39 on DLW Exhibit 1, page 3 and Rows 9 and 10 on DLW Exhibit 1, page 4 with a total estimated project cost of about \$711,000. This will be funded with the combination of the \$211,500 DWGTF grant, the \$493,500 DWGTF loan and any amount over available \$705,000 from the DWGTF will be paid for with a loan from CoBank or with 0.1 DSRR funds. The entire \$493,500 of the DWGTF loan will be used and the entire amount of the P&I associated with that loan must be recovered through the QCPAC that will be sought in 2023 for the W&E interconnect project.

**Pennichuck East Utility, Inc.**  
**DW 22-005**  
2022 QCPAC - Qualified Capital Project Adjustment Charge  
Responses to DOE Data Requests –Set 1

Date Request Received: 8/16/22  
Request No. DOE 1-19

Date of Response: 08/29/22  
Witness: Donald L. Ware

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**REQUEST:**

**Re: Testimony of John J. Boisvert; Page 14 (Bates 52); Lines 8-11:** Please identify the specific components within Exhibit DLW-1 (Bates 24-29) that correspond with the total estimated project cost of \$705,000.

**RESPONSE:**

Per the response in DOE 1-9 above, the estimated \$705,000 in projected expenses referred to in Mr. Boisvert's testimony is the total of the following components:

Exhibit DLW-1, Page 3, Row 39, Cell P39 - \$ 211,788  
Exhibit DLW-1, Page 4, Row 9, Cell F9 - \$ 35,000  
Exhibit DLW-1, Page 4, Row 10, Cell F10 - \$ 454,000  
Total projected W&E Interconnection costs - \$ 710,788

**Pennichuck East Utility, Inc.**  
**DW 22-005**  
2022 QCPAC - Qualified Capital Project Adjustment Charge  
Responses to DOE Data Requests –Set 1

Date Request Received: 8/16/22  
Request No. DOE 1-20

Date of Response: 08/29/22  
Witness: Donald L. Ware

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**REQUEST:**

**Re: Final Audit Report dated 06/23/22; Page 22, Audit Issue # 2 – Reclassified 2021 Capital Expense:** Please update Exhibit DLW-1 to reflect the agreed-upon adjustment for 2021 to reclassify \$15,096.94 of expense to a capitalized asset. Please indicate the financing source for this asset.

**RESPONSE:**

The attached, revised Exhibit DLW-1 has been updated (Row 43, Gate Replacements, 2021 QCPAC tab) to reflect the reclassification of \$15,096.94 from an operating expense to a capital asset. This resulted in the total in the row for investment in gate replacements changing from \$27,917 to \$43,014. The source of funding for this project will be via 0.1 DSRR funds.

Pennichuck East Utilities, Inc.  
DW 22-005  
Computation of QCPAC Surcharge  
2/10/2022  
Revised per responses to DOE DR 1's.  
8/29/2022

PEU QCPAC Filing  
Exhibit DLW-1  
Page 1

	Requested DW 20-156 Revenue Requirements		Projected 2020 Qualified Capital Project pro formas		Projected QCPAC Surcharge for 2020 Capital Additions		Projected 2021 Qualified Capital Project pro formas		Projected QCPAC Surcharge for 2021 Capital Additions		Projected 2022 Qualified Capital Project pro formas		Projected QCPAC Surcharge for 2022 Capital Additions		Projected QCPAC For 2023 Capital Additions pro formas		Projected QCPAC Surcharge for 2023 Capital Additions		Projected QCPAC For 2024 Capital Additions pro formas		Projected QCPAC Surcharge for 2024 Capital Additions		
City Bond Fixed Revenue Requirement (CBFRR)	\$	926,309			\$	926,309	\$	-	\$	926,309	\$	-	\$	926,309	\$	-	\$	926,309	\$	-	\$	926,309	
Material Operating Expense Revenue Requirement (MOERR)	\$	6,982,335	(1)	\$	109,255	(5)(11)	\$	7,091,590	\$	19,935	(5)	\$	7,111,525	\$	(3,513)	(5)(10)	\$	7,108,011	\$	33,218	(5)	\$	7,141,229
Operating Expense Contingency		1.04	(2)					1.04					1.04					1.04				1.04	
Material Operating Expense Revenue Requirement (MOERR) (12)		7,261,628						7,370,883					7,390,818					7,387,305				7,420,522	
Non Material Operating Expense Revenue Requirement (NOERR)	\$	7,163						7,163	\$	7,163			7,163	\$	7,163			7,163				7,163	
Amortization Expense (not subject to MOEF)	\$	52,281						52,281	\$	52,281			52,281	\$	52,281			52,281				52,281	
Debt Service Revenue Requirement (DSRR 1.0)	\$	1,739,398	(3)	\$	270,766	(6)	\$	2,010,164	\$	58,619	(7)	\$	2,068,784	\$	201,289	(13)	\$	2,270,073	\$	90,466	(13)	\$	2,360,539
Principal and Interest Coverage Requirement		1.10						1.10					1.10					1.10				1.10	
Total Debt Service Revenue Requirement including the .01 DSRR	\$	1,913,338						2,211,181					2,275,662					2,497,080				2,596,593	
Revenue Requirement exclusive of NCCRS	\$	10,160,719						10,567,817					10,652,233					10,870,138				11,002,869	
Less Other Operating Revenues	\$	30,188	(4)					30,188					30,188					30,188				30,188	
Revenues required from Customer Classes exclusive of NCCRS	\$	10,130,531						10,537,629					10,622,045					10,839,950				10,972,681	
Revenues subject to QCPAC	\$	10,130,531						10,537,629					10,622,045					10,839,950				10,972,681	
Projected QCPAC Increase (8)								4.02%					0.83%					2.15%				1.31%	
Cumulative QCPAC increase (9)								4.02%					4.85%					7.00%				8.31%	
Cumulative QCPAC monthly increase in average single family residential bill								\$ 3.39					\$ 4.09					\$ 5.90				\$ 7.01	
Average monthly single family residential bill with QCPAC								\$ 87.70					\$ 88.40					\$ 90.21				\$ 91.32	

Notes:

(1) Operating Expense Revenue requirement is the sum of the Total Operating Expenses and Property Tax Expense sought in DW20-156. It does not include Amortization Expense.

(2) Material operating expense factor requested in DW20-156.

(3) Annual Principal and interest payments for PEU debt associated with plant in service being sought in DW20-156 less Georgetown project in Lock Lake.

(4) Other Revenues from 2019 Test Year in DW20-156.

(5) QCPAC operating expense proformas are based on the property taxes for plant added during the year.

(6) See Calculation of annual principal and interest payments on spreadsheet titled "2020 QCPAC PEU Additions."

(7) Portion of Annual Principal and interest payments paid to CoBank for debt associated with plant a placed in service between 1/1/2021 and 12/31/2021 for designated year based on 25 year term loan with an actual total all in interest rate of 5.00% that was not recovered in DW20-156.

(8) QCPAC percent revenue surcharges based on increase in revenues over the revenues requested in DW20-156.

(9) Cumulative surcharge percentage is based on total surcharge revenues collected divided by the revenues requested in DW20-156.

(10) QCPAC operating expense proforma associated with property taxes is reduced by \$ 70,000 to reflect reduction in purchased water costs associated with the completion of the Londonderry Storage Tank.

(11) QCPAC operating expense proforma associated with property taxes is reduced by \$ 28,000 to reflect reduction in arsenic treatment costs associated with the completion of the Locke Lake raw water well line to the Peacham Road Treatment plant.

(12) MOEF is not applied to QCPAC expenses

(7) Portion of Annual Principal and interest payments paid to CoBank for debt associated with plant a placed in service between 1/1 and 12/31 in 2022, 2023 and 2024 based on a 25 year term loan with an actual total all in interest rate of 5.50% that was not recovered in DW20-156.

Impact on PEU Single Family Residential Home:			
Monthly meter charge requested in DW20-156.	\$	22.56	
Average Single Family Consumption (CCF)		6.50	
Consumption Charge requested in DW20-156.	\$	9.50	per CCF
Average Single Family monthly bill with rates requested in DW20-156	\$	84.31	

Pennichuck East Utilities, Inc.  
DW 22-005  
2020 used and useful QCP's  
2/10/2022  
Revised per responses to DOE DR 1's.  
8/29/2022

PEU QCPAC Filing  
Exhibit DLW-1  
Page 2

Project Name/Description	Project Description	Work Order #	Board Approved 2020 Capex Budget	Financing Docket No.	NHPUC Order No.	Date of NHPUC Order	Source of Funding	Eligible for 2021 QCPAC Surcharge	Eligible for 2021 QCPAC Surcharge	Estimated Project Cost as of 6/30/2020	Estimated Project Cost as of 9/30/2020	Estimated Project Cost as of 11/30/2020	Final Project cost as of 12/31/2020	Community	Taxable	Tax Rate (t)	2021 QCPAC Eligible Property Tax Expense	Explanation for Change/Addition/Deletion since Petition Filing
Elevated Storage Tank in Londonderry2	Construct 1.25 MG Elevated Storage Tank.	1818349, 1901641, 2000372	\$ 1,545,000	DW21-102	26,507	8/6/2021	CoBank	No	\$ -	\$ -	\$ -	\$ -	\$ -	Londonderry	Yes	\$ 24.78	\$ -	Project deferred to 2021 due to permitting.
Middleton Station Re-build	Re-build Sunrise Estates CWS Station. Existing Station is over 40 years old.	n/a	\$ -	DW21-102	26,507	8/6/2021	CoBank	No	\$ -	\$ 340,000	\$ -	\$ -	\$ -	Middleton	Yes	\$ 33.55	\$ -	Project deferred to 2021 due to the need to install additional treatment due to lower Arsenic standard.
Airstrip alternative arsenic treatment	Raw Water Pipeline from Air Strip well to Peacham Road WTP.	1901642, 2000371	\$ 540,000	DW18-132	26,189	11/16/2018	SRF	Yes	\$ 540,000	\$ 633,000	\$ 600,000	\$ 633,000	\$ 618,531	Barnstead	Yes	\$ 27.84	\$ 17,220	Based on final low bid and actual construction. Different soil conditions encountered than bid estimate during construction
Georgetown Drive water main replacement	Replace 4800 LF of 4 inch schedule 40 PVC with 6 inch C900 PVC.	2000363	\$ 10,000	DW18-132	26,189	11/16/2018	SRF	Yes	\$ 10,000	\$ 10,000	\$ -	\$ -	\$ 966,252	Barnstead	Yes	\$ 27.84	\$ 26,900	Recovery of these 2019 used and useful Capex was sought in DW20-019 filing. While the projects are completed the Company will not be closing on the loan supporting these capital improvements until June 2021 so it is seeking the P&I associated with these projects in 2021 QCPAC as opposed to the 2020 QCPAC.
Bradford Lane water main replacement	Replace 1825 LF of 4 inch schedule 40 PVC with 6 inch C900 PVC.	2000364	\$ 10,000	DW18-132	26,189	11/16/2018	SRF	Yes	\$ 10,000	\$ 10,000	\$ -	\$ 1,056,000	\$ -	Barnstead	Yes	\$ 27.84	\$ -	Based on final low bid and actual construction.
N.Barnstead Road - Eliminate deadend piping	Add 680 LF of 4 inch C-900 PVC to eliminate dead end. Replace 275 LF of 4 inch sch 40 PVC with 6 inch C900 PVC.	2000365	\$ 239,000	DW18-132	26,189	11/16/2018	SRF	Yes	\$ 239,000	\$ 265,620	\$ 255,000	\$ 255,000	\$ 244,214	Barnstead	Yes	\$ 27.84	\$ 6,799	Based on final low bid and actual construction.
Belmont Drive water main replacement	Replace 500 LF of 4 inch schedule 40 PVC with 6 inch C900 PVC.	2000366	\$ 5,000	DW18-132	26,189	11/16/2018	SRF	Yes	\$ 5,000	\$ 5,000	\$ -	\$ -	\$ -	Barnstead	Yes	\$ 27.84	\$ -	Deferred
Route 28 Replacement	Replace 720 LF of 2" PE with 720 LF of 4" C-900 PVC.	2000370	\$ 80,000	DW18-132	26,189	11/16/2018	SRF	Yes	\$ 80,000	\$ 59,500	\$ 59,500	\$ 56,500	\$ 69,061	Barnstead	Yes	\$ 27.84	\$ 1,923	Based on final low bid and actual construction.
Locke Lake Surface Water Treatment4	Intake & Treatment Facility Construction	1813409, 1900433, 2000369	\$ 835,000	DW18-132	26,189	11/16/2018	SRF	Yes	\$ -	\$ 1,490,000	\$ 1,700,000	\$ 2,050,000	\$ 2,109,088	Barnstead	Yes	\$ 27.84	\$ 58,717	Existing Arsenic filters failed in Sept 2020. Increase in price reflects replacement of those filters. More work was completed in 2020 than anticipated, therefore there will be less cost in 2021
Locke Lake Surface Water Treatment4	Intake & Treatment Facility Construction	1813409, 1900433, 2000369	\$ -	DW21-102	26,507	8/6/2021	CoBank	Yes					\$ 175,334	Barnstead	Yes	\$ 27.84	\$ 4,881	Locke Lake project investment that exceeds the available loan amount of \$4,240,000. The \$240,000 of remaining funds available via SRF will be drawn down in 2021.
Rolling Hills Water Main Replacement - Site Restoration from 2019 Project	Replace substandard 2 inch diameter pipe with 4 inch C900 PVC.	2000392	\$ 32,000	DW21-102	26,507	8/6/2021	CoBank	Yes	\$ 32,000	\$ 32,000	\$ 32,000	\$ 32,000	\$ 27,400	Phistow	Yes	\$ 26.20	\$ 718	
Pelham Main Replacement/Addition	Replace 1600 LF of 3 inch PE with 12 in C-900 and add 775 LF of 12 in C-900 Monticello & Lane.	2001241	\$ 285,000	DW21-102	26,507	8/6/2021	CoBank	Yes	\$ 285,000	\$ 590,550	\$ 658,600	\$ 658,600	\$ 332,855	Pelham	Yes	\$ 24.86	\$ 8,275	Project scope expanded for streets listed below over original budget.
Pelham Main Replacement/Addition	Replace Lane Road.	2003563	\$ -	DW21-102	26,507	8/6/2021	CoBank	Yes	\$ -	\$ -	\$ -	\$ -	\$ 182,102	Pelham	Yes	\$ 24.86	\$ 4,527	Work on this street is in project total for Monticello & Lane Project above.
Pelham Main Replacement/Addition	Replace Simpson Road.	2003564	\$ -	DW21-102	26,507	8/6/2021	CoBank	Yes	\$ -	\$ -	\$ -	\$ -	\$ 19,527	Pelham	Yes	\$ 24.86	\$ 485	Work on this street is in project total for Monticello & Lane Project above.
Pelham Main Replacement/Addition	Replace Andrea Lane.	2003565	\$ -	DW21-102	26,507	8/6/2021	CoBank	Yes	\$ -	\$ -	\$ -	\$ -	\$ -	Pelham	Yes	\$ 24.86	\$ -	Work on this street is in project total for Monticello & Lane Project above.
Pelham Main Replacement/Addition	Replace Mount Vernon Drive.	2004325	\$ -	DW21-102	26,507	8/6/2021	CoBank	Yes	\$ -	\$ -	\$ -	\$ -	\$ 60,561	Pelham	Yes	\$ 24.86	\$ 1,506	Work on this street is in project total for Monticello & Lane Project above.
1 x revenue investments Normal Run Rate	Per Tariff	n/a	\$ 100,000	DW21-102	26,507	8/6/2021	CoBank	Yes	\$ 100,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 62,949	Various	Yes	\$ 27.23	\$ 1,714	103 Developer Installed Services Installed thru 12/31/2020.
Sunrise Estates	Station Replacement (design)	2003613	\$ 40,000	0.1 DSRP			0.1 DSRP	No	\$ -	\$ -	\$ 30,000	\$ 30,000	\$ 7,805	Middleton	No	\$ 33.55	\$ -	
Londonderry Core Re-Chloramination	Re-chloramination Evaluation and Preliminary Design	2003760	\$ 35,000	0.1 DSRP			0.1 DSRP	No	\$ -	\$ 35,000	\$ 35,000	\$ 35,000	\$ 11,820	Londonderry	No	\$ 24.78	\$ -	Design costs incorporated into Station rebuild above.
Atkinson Booster pump station design	Atkinson Booster pump station design	2000717	\$ 30,000	0.1 DSRP			0.1 DSRP	No	\$ -	\$ -	\$ -	\$ 3,000	\$ -	Atkinson	Yes	\$ 22.84	\$ -	Costs incorporated in Atkinson Station rebuild below.
Booster Pump replacement/rebuild	Booster Pump replacement/rebuild	760 - 763 workorders	\$ 40,000	DW21-102	26,507	8/6/2021	CoBank	Yes	\$ 40,000	\$ 35,000	\$ 25,000	\$ 18,000	\$ 15,241	Various	Yes	\$ 27.23	\$ 415	5 Booster Pump Replace/Rebuilds through 12/31/2020.
Well Pump replacements	Well Pump replacements	760 - 763 workorders	\$ 40,000	DW21-102	26,507	8/6/2021	CoBank	Yes	\$ 40,000	\$ 16,000	\$ 15,000	\$ 15,000	\$ 14,665	Various	Yes	\$ 27.23	\$ 399	4 Well Pumps Repaired/Replaced through 12/31/2020.
Chemical Feed pump replacements	Chemical Feed pump replacements	760 - 763 workorders	\$ 10,000	DW21-102	26,507	8/6/2021	CoBank	Yes	\$ 10,000	\$ 5,000	\$ 2,000	\$ 2,000	\$ 1,695	Various	Yes	\$ 27.23	\$ 46	1 Chemical Feed Pump Repaired/Replaced through 12/31/2020.
Install/replace treatment systems in small CWS	Install/replace treatment systems in small CWS.	n/a	\$ 25,000	DW21-102	26,507	8/6/2021	CoBank	Yes	\$ 25,000	\$ -	\$ -	\$ -	\$ -	Various	Yes	\$ 27.23	\$ -	None completed during 2020.
Misc. Structural Improvements	Misc. Structural Improvements	n/a	\$ 20,000	DW21-102	26,507	8/6/2021	CoBank	Yes	\$ 20,000	\$ 10,000	\$ 5,000	\$ -	\$ -	Various	Yes	\$ 27.23	\$ -	None completed during 2020.
Miscellaneous Fencing and Security projects	Miscellaneous Fencing and Security projects	n/a	\$ 10,000	DW21-102	26,507	8/6/2021	CoBank	Yes	\$ 10,000	\$ 5,000	\$ -	\$ -	\$ -	Various	Yes	\$ 27.23	\$ -	None completed during 2020.
Miscellaneous SCADA/Electrical	Miscellaneous SCADA/Electrical	n/a	\$ 30,000	DW21-102	26,507	8/6/2021	CoBank	Yes	\$ 30,000	\$ 27,602	\$ 5,000	\$ -	\$ -	Various	Yes	\$ 27.23	\$ -	See projects below.
Miscellaneous SCADA/Electrical	Replace Well #1 VFD, Lamplighter Village	2001215	\$ -	DW21-102	26,507	8/6/2021	CoBank	Yes	\$ -	\$ 2,398	\$ 2,398	\$ 2,398	\$ 2,398	Windham	Yes	\$ 23.89	\$ 57	
Miscellaneous SCADA/Electrical	Replace Pump #4 VFD, Liberty Tree	2005248	\$ -	DW21-102	26,507	8/6/2021	CoBank	Yes	\$ -	\$ -	\$ 1,735	\$ 1,735	\$ 1,735	Raymond	Yes	\$ 30.53	\$ 53	
Miscellaneous SCADA/Electrical	Replace Pump #1 VFD, Liberty Tree	2006387	\$ -	DW21-102	26,507	8/6/2021	CoBank	Yes	\$ -	\$ -	\$ 1,735	\$ 1,735	\$ 1,735	Raymond	Yes	\$ 30.53	\$ 53	
Well Rehabilitation	Well Rehabilitation	n/a	\$ 60,000	DW21-102	26,507	8/6/2021	CoBank	No	\$ -	\$ 15,000	\$ 15,000	\$ -	\$ -	Various	Yes	\$ 27.23	\$ -	None completed during 2020.
Atkinson Station Rebuild	Station cannot provide required fire flow. Hydropneumatic tank is in need of	n/a	\$ 500,000	DW21-102	26,507	8/6/2021	CoBank	No	\$ -	\$ -	\$ -	\$ -	\$ -	Atkinson	Yes	\$ 22.84	\$ -	Project deferred into 2021 subject to evaluation of financial analysis of rebuilding the station vs. interconnection with HAWC.
Install web based communication equipment, 4 locations.	Install web based communication equipment, 4 locations.	n/a	\$ 20,000	DW21-102	26,507	8/6/2021	CoBank	Yes	\$ 20,000	\$ 17,901	\$ 17,901	\$ 17,901	\$ -	Various	Yes	\$ 27.23	\$ -	
Install web based communication equipment, 4 locations.	Fletcher's Corner, Install Cellular Based Communication	2002270	\$ -	DW21-102	26,507	8/6/2021	CoBank	Yes	\$ -	\$ 2,099	\$ 2,099	\$ 2,099	\$ 2,099	Various	Yes	\$ 27.23	\$ 57	
Interconnect the W&E CWS to the Town of Salem Water System.	Interconnect the W&E CWS to the Town of Salem Water System.	2004243	\$ -	DW21-102	26,507	8/6/2021	DWGT/CoBank	No	\$ -	\$ 125,000	\$ 125,000	\$ -	\$ -	Windham	Yes	\$ 23.89	\$ -	Added as part of PEU-Salem Windham Franchise exchange. MSDC charge paid for by PEU. Work will not be Used and Useful in 2020.
New Services (5)	Single Family, Owner Build, New Homes	720 workorders	\$ 25,000	DW21-102	26,507	8/6/2021	CoBank	Yes	\$ 25,000	\$ 15,000	\$ 7,950	\$ 10,586	\$ 10,586	Various	Yes	\$ 27.23	\$ 288	2 new services installed through 12/31/2020.
Renewed Services (10)	Replacement of failed services.	721 & 722 workorders	\$ 55,000	DW21-102	26,507	8/6/2021	CoBank	Yes	\$ 55,000	\$ 1,912	\$ 7,014	\$ 7,014	\$ 10,137	Various	Yes	\$ 27.23	\$ 276	5 Renewed Service installed through 12/31/2020.
Hydrants (5)	Replacement of non-functional hydrants.	730 & 731 workorders	\$ 30,000	DW21-102	26,507	8/6/2021	CoBank	Yes	\$ 30,000	\$ 18,000	\$ 18,000	\$ 6,000	\$ -	Various	Yes	\$ 27.23	\$ -	None completed during 2020.
Meters 5/8"-6" Lead Meter Exchange - PEU (600)	Replace High lead brass meter with new no lead brass meter.	750 workorders	\$ 22,000	DW21-102	26,507	8/6/2021	CoBank	Yes	\$ 22,000	\$ 30,000	\$ 26,000	\$ 26,000	\$ 25,672	Various	Yes	\$ 27.23	\$ 699	235 Meters installed/replaced through 12/31/2020 - This is new and replacements together.
Gates (8)	Replacement of Failed Gate Valves	712 workorders	\$ 32,000	DW21-102	26,507	8/6/2021	CoBank	Yes	\$ 32,000	\$ 6,109	\$ 18,000	\$ 17,954	\$ 17,872	Various	Yes	\$ 27.23	\$ 487	5 Gates Installed/Repaired through 12/31/2020.
Radios (300)	New Customers (220) and replaced failed radios (80) for meter reading.	754 workorders	\$ 32,000	DW21-102	26,507	8/6/2021	CoBank	Yes	\$ 32,000	\$ 18,500	\$ 15,023	\$ 21,000	\$ 24,231	Various	Yes	\$ 27.23	\$ 660	236 Radios installed/replaced through 12/31/2020.
Meters (Growth) 5/8"-2" - PEU (220)	New meters for new customers (220).	750 workorders	\$ -	DW21-102	26,507	8/6/2021	CoBank	Yes	\$ -	\$ -	\$ -	\$ -	\$ -	Various	Yes	\$ 27.23	\$ -	Incorporated in Row 48 above.
PEU-PWW Interconnection	PEU-PWW Interconnection	2007474	\$ -	DW21-102	26,507	8/6/2021	CoBank	Yes	\$ -	\$ -	\$ -	\$ -	\$ 3,449	Merrimack	Yes	\$ 28.84	\$ 99	
MSDC Payment to Manchester Water Works	MSDC Payment to Manchester Water Works	2009024	\$ -	DW21-102	26,507	8/6/2021	CoBank	Yes	\$ -	\$ -	\$ -	\$ -	\$ 127,007	Various	No	\$ 27.23	\$ -	
Interest on CoBank FALOC	Short term interest from 11/23/2020 - 7/31/2021		\$ -	DW21-102	26,507	8/6/2021	CoBank	Yes	\$ -	\$ -	\$ -	\$ 16,000	\$ 16,158	Various	No	\$ 27.23	\$ -	Anticipates closing on CoBank long term loan to pay off CoBank FALOC on 8/1/2021.
Pennichuck East Utilities Projected 2020 Total Capital Expenditure Budget -			\$ 4,737,000															
										\$ 1,692,000	\$ 3,861,191	\$ 3,714,955	\$ 5,019,522	\$ 5,162,180	Projected annual property tax expenses for QCPAC eligible projects -			\$ 137,255
										\$ -	\$ -	\$ 35,000	\$ 65,000	\$ 68,000				\$ 19,624
Pennichuck East Utilities Projected 2020 QCPAC Eligible Capital Investment less 0.1 DSRP funded projects -										\$ 1,692,000	\$ 3,826,191	\$ 3,649,955	\$ 4,951,522	\$ 5,142,555				\$ 5,142,555
Funded with CoBank Loan7 -										\$ 1,692,000	\$ 2,336,191	\$ 1,949,955	\$ 979,022	\$ 1,135,409				\$ 1,135,409
Funded with SRF12 -										\$ -	\$ 1,490,000	\$ 1,700,000	\$ 3,972,500	\$ 4,007,147				\$ 4,007,147
										\$ 152,403	\$ 127,206	\$ 63,867	\$ 74,069				\$ 74,069	
										\$ 73,139	\$ 83,447	\$ 194,997	\$ 196,697				\$ 196,697	
Total projected P&I on debt incurred to support 2020 used and useful capex -										\$ 225,542	\$ 210,654	\$ 258,864	\$ 270,766				\$ 232,853	

1. Tax rate is the sum of the local community rate plus the Statewide Utility tax rate of \$6.00/\$1000.  
2. The 2020 PEU Capital Expenditures Budget presented were approved by the Board in January 2020.  
3. Projected CoBank Loan Terms are 25 Years at 4.18% resulting in P&I of  
4. Remainder of Locke Lake Surface Water Treatment project to completed in early 2021 at a total projected cost of \$ 232,853  
5. Projected SRF Terms for Locke Lake project are 30 Years at 2.704% resulting in P&I of

Project Name/Description	Project Description	Work Order #	2021 Board Approved Budgeted	Financing Doc# No.	NHPUC Order No.	Date of NHPUC Order	Source of Funding	Eligible for 2021 QCPAC Surcharge	Eligible for 2021 QCPAC Surcharge	Estimated Project Cost as of 6/30/2021	Estimated Project Cost as of 9/30/2021	Estimated Project Cost as of 11/30/2021	Final Project cost as of 12/31/2021	Community	Taxable	Tax Rate (%)	QCPAC Eligible Property Tax Expense	Explanation for Change /Addition/Deletion since Petition Filing	
Locke Lake Surface Water Treatment <sup>1</sup>	Phase A Treatment Facility Construction	2101132	\$ 250,000	DW18-132	-	11/30/2018	SRF	Yes	\$ 240,000	\$ 240,000	\$ 240,000	\$ 240,000	\$ 252,621	Barnstead	Yes	\$ 26.65	\$ 6,758	Total project cost incurred between 2017 through 2021 when project became Used and Useful.	
Peabham Main Replacement/Addition	Replace 1600 LF of 3 inch P.V. with 12 in C-600 and add 775 LF of 12 in C-600 on Monticello, Mt. Vernon and Lane Road - Fresh Paving	2105414	\$ 40,000	-	-	-	Colback	Yes	\$ 40,000	\$ 40,000	\$ 40,000	\$ 47,566	\$ 52,569	Peabham	Yes	\$ 21.13	\$ 495	Actual Final Paving and restoration costs	
Peabham Main Replacement/Addition	Fresh Paving	2105435	-	-	-	-	Colback	Yes	-	-	-	-	\$ 48,649	Peabham	Yes	\$ 21.13	\$ 1,352	Included in NW 2105434 final paving.	
Peabham Main Replacement/Addition	Fresh Paving	2105436	-	-	-	-	Colback	Yes	-	-	-	-	\$ 3,132	Peabham	Yes	\$ 21.13	\$ 107	Included in NW 2105434 final paving.	
Londonderry System Improvements	Tank, Transmission Main, & Booster Station	2102351	\$ 1,600,000	-	0.1 DSRR	-	0.1 DSRR	No	\$ 1,600,000	\$ 100,000	\$ 100,000	\$ 15,000	\$ 13,078	Londonderry	No	\$ 23.33	\$ -	Engineering only in 2021. Project delay in permitting will require carry over into 2022	
Adkinson Booster pump station design	Adkinson Booster pump station design	2102366	\$ 30,000	-	0.1 DSRR	-	0.1 DSRR	No	\$ 30,000	\$ 30,000	\$ 30,000	\$ -	\$ -	Adkinson	No	\$ 17.54	\$ -	Deferred	
Locke Lake Filter Replacement	Replace two failed (structural-collapse of screen supports) iron, manganese, & arsenic filters.	n/a	\$ 30,000	-	-	-	Colback	Yes	\$ 30,000	\$ -	\$ 10,000	\$ -	-	Barnstead	Yes	\$ 26.65	\$ -	Completed in 2020	
Airstrip Station Decommissioning	Abandon unused wells and Station	2101758	\$ 40,000	DW18-132	26149	11/26/2018	SRF	Yes	\$ 40,000	\$ 78,000	\$ 78,000	\$ 78,000	\$ 77,633	Barnstead	No	\$ 26.65	\$ -	Completed	
1 x revenue investments Normal Run Rate	Per Tariff	Routine	\$ 100,000	-	-	-	Colback	Yes	\$ 100,000	\$ 170,000	\$ 155,000	\$ 149,729	Various	Yes	\$ 23.58	\$ 3,531	110 New Developer Installed in 2021.		
Sunrise Estates	Station Replacement (design)	2102007	\$ -	-	0.1 DSRR	-	0.1 DSRR	No	\$ -	\$ 8,000	\$ 8,000	\$ 3,000	\$ 2,764	Middleboro	No	\$ 33.56	\$ -	Deferred - monies shown for engineering design	
Londonderry Core Re-Chloramination	Re-chloramination Evaluation and Preliminary Design	2005760 & 2102008	\$ -	-	0.1 DSRR	-	0.1 DSRR	No	\$ -	\$ 700	\$ 700	\$ 700	\$ 12,469	Londonderry	No	\$ 23.33	\$ -	Deferred - monies shown for engineering design	
Neskenkag Well Decommission	Neskenkag Well Decommission	2104691	\$ -	-	0.1 DSRR	-	0.1 DSRR	No	\$ -	\$ 19,000	\$ 20,000	\$ 20,000	\$ 19,690	Londonderry	No	\$ 23.33	\$ -	Completed.	
Londonderry RRA and ERP	Londonderry RRA and ERP	2105446	\$ -	-	0.1 DSRR	-	0.1 DSRR	No	\$ -	\$ 26,130	\$ 26,130	\$ 26,130	\$ 2,462	Londonderry	No	\$ 23.33	\$ -	Moved in original budget. Reopened by NHDES under American Water Infrastructure Act	
Litchfield RRA and ERP	Litchfield RRA and ERP	2105447	\$ -	-	0.1 DSRR	-	0.1 DSRR	No	\$ -	\$ 26,130	\$ 26,130	\$ 26,130	\$ 4,962	Litchfield	No	\$ 23.33	\$ -	Moved in original budget. Reopened by NHDES under American Water Infrastructure Act	
Litchfield - Londonderry Evaluation	Litchfield - Londonderry Evaluation	2105687	\$ -	-	0.1 DSRR	-	0.1 DSRR	No	\$ -	\$ -	\$ 10,000	\$ 10,000	\$ 15,305	Lund/Litchfield	No	\$ 23.34	\$ -	Reopened in addition to NHDES. Invoiced Engineering Staff. Unable to access water from Nathan	
Castle Reach, Replace VFD, Pump #2	Booster Pump replacement/rebuild	2107680	\$ -	-	DW21-112	-	Colback	Yes	\$ -	\$ 1,300	\$ 1,300	\$ 1,291	Windham	Yes	\$ 23.37	\$ 30			
Liberty Trees, Replace VFD, Pump #1	Booster Pump replacement/rebuild	2109974	\$ -	-	-	-	Colback	Yes	\$ 1	\$ -	\$ -	\$ -	\$ 1,788	Barnstead	Yes	\$ -	\$ -		
Booster Pump replacement/rebuild	Booster Pump replacement/rebuild	Routine	\$ 40,000	-	-	-	Colback	Yes	\$ 40,000	\$ 30,000	\$ 25,000	\$ 20,000	\$ 15,865	Various	Yes	\$ 23.58	\$ 174	Installed/ Replaced 5 pumps in 2021.	
Well Pump replacements	Well Pump replacements	Routine	\$ 40,000	-	-	-	Colback	Yes	\$ 40,000	\$ 30,000	\$ 30,000	\$ 25,000	\$ 20,643	Various	Yes	\$ 23.58	\$ 405	Installed/ Replaced 7 well pumps in 2021.	
Chemical Feed pump replacements	Chemical Feed pump replacements	Routine	\$ 10,000	-	-	-	Colback	Yes	\$ 10,000	\$ 8,000	\$ 6,000	\$ 6,000	\$ 3,748	Various	Yes	\$ 23.58	\$ 89	Installed/ Replaced 2 chem feed pumps in 2021.	
Insoluble/Reduce treatment systems in small CWS (supplemental Arsenic treatment)	Install/Replace treatment systems in small CWS (supplemental Arsenic treatment systems).	n/a	\$ 50,000	-	-	-	Colback	Yes	\$ 50,000	\$ 27,000	\$ 27,000	\$ -	-	Various	Yes	\$ 23.58	\$ -		
Install Poly Phosphate Sequestration System, Skyview Estates, Peabham	Install Poly Phosphate Sequestration System, Skyview Estates, Peabham	2104665	Install/Replace Treatment - See above	-	-	-	Colback	Yes	\$ -	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,136	Peabham	Yes	\$ 21.13	\$ 66		
Insoluble/Reduce treatment systems in small CWS (supplemental Arsenic treatment)	Install PFAS Removal Treatment System, Harvest Village, Londonderry	2104692	Install/Replace Treatment - See above	-	-	-	Colback	Yes	\$ -	\$ 20,000	\$ 20,000	\$ 20,000	\$ 13,176	Londonderry	Yes	\$ 23.33	\$ 207		
Misc. Structural Improvements	Misc. Structural Improvements	n/a	\$ 20,000	-	-	-	Colback	Yes	\$ 20,000	\$ 5,750	\$ 5,750	\$ -	-	Various	Yes	\$ 23.58	\$ -		
Pay Access Road to Stone Shed Station	Misc. Structural Improvements	2103983	Misc. Structural Imp - See above	-	-	-	Colback	Yes	\$ -	\$ 14,250	\$ 14,250	\$ 14,250	\$ 14,250	Various	Yes	\$ 23.58	\$ 336		
Miscellaneous Fencing and Security projects	Miscellaneous Fencing and Security projects	n/a	\$ 10,000	-	-	-	Colback	Yes	\$ 10,000	\$ 10,000	\$ 5,000	\$ -	-	Various	Yes	\$ 23.58	\$ -		
Miscellaneous SCADA/Electrical	Miscellaneous SCADA/Electrical	n/a	\$ 30,000	-	-	-	Colback	Yes	\$ -	\$ 30,000	\$ 20,000	\$ -	-	Various	Yes	\$ 23.58	\$ -		
Well Rehabilitation	Well Rehabilitation	n/a	\$ 60,000	-	-	-	Colback	Yes	\$ 60,000	\$ 51,000	\$ 13,651	\$ -	-	Various	Yes	\$ 23.58	\$ -		
Well Rehabilitation	Well Rehabilitation	2102279	\$ -	-	-	-	Colback	Yes	\$ -	\$ 8,300	\$ 8,300	\$ 8,300	\$ 8,300	Barnstead	Yes	\$ 26.65	\$ 224		
Install web based communication equipment, 4 locations	Install web based communication equipment, 4 locations	n/a	\$ 20,000	-	-	-	Colback	Yes	\$ 20,000	\$ 20,000	\$ 20,000	\$ 5,000	Various	Yes	\$ 23.58	\$ -			
Interconnect the WAE CWS to the Town of Salem Water System.	Interconnect the WAE CWS to the Town of Salem Water System.	2004243 & 2101750	\$ -	-	-	-	DWCTF	No	\$ -	\$ 365,000	\$ 175,000	\$ 250,000	\$ 221,768	Windham	No	\$ 23.37	\$ -	Added as part of PEU-Salem Windham Franchise exchange. MSDC charge paid for by PEU. Work will not be Used and Useful in 2021. Includes dechloramination. \$175,000 in MSDC was budgeted in 2020, minimal carry over. Well #3 capacity and quality changed dramatically in 2020 as changing this connection from water to year round and requiring the additional \$350,000 investment. Pipeline and burner work deferred into 2022 due as materials are being available.	
New Services (5)	Single Family, Owner Build, New Homes.	Routine	\$ 25,000	-	-	-	Colback	Yes	\$ 25,000	\$ 11,000	\$ 20,000	\$ 26,435	\$ 26,435	Various	Yes	\$ 23.58	\$ 424	Installed 3 new services in 2021.	
Renewed Services (20)	Replacement of failed services (focus on Locke Lake Services).	Routine	\$ 110,000	-	-	-	Colback	Yes	\$ 110,000	\$ 50,000	\$ 40,000	\$ 14,010	\$ 10,685	Various	Yes	\$ 23.58	\$ 252	Renewed 4 services in 2021.	
Hydrants (5)	Replacement of non-functional hydrants	Routine	\$ 30,000	-	-	-	Colback	Yes	\$ 30,000	\$ 30,000	\$ 12,000	\$ 12,000	\$ 3,489	Various	Yes	\$ 23.58	\$ 82	Replaced 1 hydrant replacements in 2021	
Gates (5)	Replacement of Failed Gate Valves	Routine	\$ 32,000	-	-	-	Colback/0.1 DSRR	Yes	\$ 32,000	\$ 40,000	\$ 35,000	\$ 33,000	\$ 43,014	Various	Yes	\$ 23.58	\$ 1,014	Replaced/ Replaced 4 gates in 2021	
Radars (300)	New Customers (220) and replaced failed radars (80) for meter reading.	Routine	\$ 31,500	-	-	-	Colback	Yes	\$ 31,500	\$ 27,000	\$ 20,000	\$ 12,400	\$ 11,972	Various	Yes	\$ 23.58	\$ 262	Installed/ Replaced 143 radars in 2021	
New meters for new customers (220). Replacement of failed meters (80)	New meters for new customers (220) and replacement meters (80).	Routine	\$ 30,000	-	-	-	Colback	Yes	\$ 30,000	\$ 50,000	\$ 38,000	\$ 32,000	\$ 31,954	Various	Yes	\$ 23.58	\$ 754	Installed/ Replaced 228 meters in 2021	
Meters 5/8"-6" Lead Meter Exchange - PEU (400)	Replace High lead brass meter with new no lead brass meter.	Routine	\$ 40,000	-	-	-	Colback	Yes	\$ 40,000	\$ -	\$ -	\$ -	-	Various	Yes	\$ 23.58	\$ -	Included in line above	
2021 Radars (1000)	Year 1 of 10 year replacement of all PEU radars (initial radars occurred in 2008)	2101647	\$ 130,000	-	-	-	Colback	Yes	\$ 130,000	\$ 106,000	\$ 95,000	\$ 95,000	\$ 101,644	Various	Yes	\$ 23.58	\$ 2,907	Replaced 1048 Radars in 2021.	
Install New Water Service	Install New Water Service	2201975	\$ -	-	-	-	Colback	Yes	\$ -	\$ -	\$ -	\$ -	\$ 4,367	North Conway	Yes	\$ 22.14	\$ 97		
Interest on Colback Fall OC	Short term interest from 9/29/2021 - 7/31/2022	-	\$ -	-	-	-	Colback	Yes	\$ -	\$ -	\$ -	\$ 13,650	\$ 14,870	\$ 11,591	Various	No	\$ 23.58	\$ -	Anticipate closing out Colback long term loan to pay off Colback Fall OC on 8/1/2022.
Penntech East Utilities Projected 2021 Total Capital Expenditure Budget -										\$ 2,788,501	\$ 1,827,300	\$ 1,392,950	\$ 1,305,031	\$ 964,269	Projected annual property tax expenses for QCPAC eligible projects:				\$ 19,935
2021 0.1 DSRR funded projects -										\$ 30,000	\$ 138,300	\$ 221,000	\$ 197,000	\$ 86,363	includes				\$ 15,096.94 to fund replacement of the gate valve that was capitalized in response to Audit Request #2
Penntech East Utilities Projected 2021 QCPAC Eligible Capital Investment less 0.1 DSRR funded projects -										\$ 2,688,501	\$ 1,689,000	\$ 1,171,950	\$ 1,108,031	\$ 897,936					
Funded with Colback Loans <sup>2</sup> -										\$ 2,495,648	\$ 1,436,347	\$ 939,590	\$ 866,031	\$ 665,083					
Funded with SRF Loans <sup>3</sup> -										\$ 232,853	\$ 232,853	\$ 232,000	\$ 232,000	\$ 232,843					
WAE project to be funded with DWCTF Loan/Grant in 2022 -										\$ -	\$ -	\$ -	\$ -	\$ 221,768					

1. The tax rate is the sum of the local community rate plus the Statewide Utility tax rate of \$6.60/\$1000.  
2. The 2021 PEU Capital Expenditures Budget presented was approved by the Board in January 2021.  
3. Projected Colback Loan Terms are:  
4. Projected SRF Terms for Locke Lake project are:

	6/30/2021 Update	9/30/2021 Update	11/30/2021 Update	12/31/2021
resulting in P&I of	\$ 174,234	\$ 101,098	\$ 66,052	\$ 66,542
resulting in P&I of	\$ 114,300	\$ 11,430	\$ 11,308	\$ 11,388
	\$ 185,694	\$ 113,528	\$ 77,360	\$ 77,930

Pennichuck East Utilities, Inc.  
DW 22-005  
Projected 2022 QCPAC Capital Expenditures  
2/10/2022  
Revised per responses to DOE DR 1's.  
8/29/2022

PEU QCPAC Filing  
Exhibit DLW-1  
Page 4

Project Name/Description	Project Description	Work Order #	2022 Approved Budgeted Amount (2)	Financing Docket No.	NHPUC Order No.	Date of NHPUC Order	Source of Funding	Eligible for 2022 QCPAC Surcharge	Eligible for 2022 QCPAC Surcharge	Community	Taxable	Tax Rate (1)	QCPAC Eligible Property Tax Expense	Explanation for Change/Addition/Deletion since Petition Filing
Londonderry System Improvements	1.25 MG Tank, 16 Inch Transmission Main, & 3,500 gpm Booster Station		\$ 1,600,000	CoBank		Pending Filing	CoBank	Yes	\$ 1,600,000	Londonderry	Yes	\$ 23.33	\$ 37,328	
W&E Treatment Improvements	Station Improvements to dechloramine and rechlorinate		\$ 35,000	DW/GTF		Pending Filing	DW/GTF	Yes	\$ 35,000	Windham	Yes	\$ 23.37	\$ 818	
W&E Water Main Improvements	Interconnection to Sothern NH Regional Water Sys.		\$ 454,000	DW/GTF/CoBank		Pending Filing	DW/GTF	Yes	\$ 454,000	Windham	Yes	\$ 23.37	\$ 10,610	
Investment in Developer Services	1x Annual Revenue	2102351	\$ 100,000	CoBank		Pending Filing	CoBank	Yes	\$ 100,000	Various	Yes	\$ 23.58	\$ 2,358	
Booster Pump replacement/rebuild	Booster Pump replacement/rebuild		\$ 40,000	CoBank		Pending Filing	CoBank	Yes	\$ 40,000	Various	Yes	\$ 23.58	\$ 943	
Well Pump replacements	Well Pump replacements		\$ 40,000	CoBank		Pending Filing	CoBank	Yes	\$ 40,000	Various	Yes	\$ 23.58	\$ 943	
Chemical Feed pump replacements	Chemical Feed pump replacements		\$ 10,000	CoBank		Pending Filing	CoBank	Yes	\$ 10,000	Various	Yes	\$ 23.58	\$ 236	
Install/replace treatment systems in small CWS (supplemental Arsenic treatment systems)	Install/replace treatment systems in small CWS (supplemental Arsenic treatment systems)		\$ 50,000	CoBank		Pending Filing	CoBank	Yes	\$ 50,000	Various	Yes	\$ 23.58	\$ 1,179	
Misc. Structural Improvements	Misc. Structural Improvements		\$ 20,000	CoBank		Pending Filing	CoBank	Yes	\$ 20,000	Various	Yes	\$ 23.58	\$ 472	
Miscellaneous Fencing and Security projects	Miscellaneous Fencing and Security projects		\$ 10,000	CoBank		Pending Filing	CoBank	Yes	\$ 10,000	Various	Yes	\$ 23.58	\$ 236	
Miscellaneous SCADA/Electrical	Miscellaneous SCADA/Electrical		\$ 40,000	CoBank		Pending Filing	CoBank	Yes	\$ 40,000	Various	Yes	\$ 23.58	\$ 943	
Well Rehabilitation	Well Rehabilitation		\$ 60,000	CoBank		Pending Filing	CoBank	Yes	\$ 60,000	Various	Yes	\$ 23.58	\$ 1,415	
replace PLC W and E station	replace PLC W and E station		\$ 18,000	CoBank		Pending Filing	CoBank	Yes	\$ 18,000	Windham	Yes	\$ 23.37	\$ 421	
Replace SCADA HMI Locke Lake	Replace SCADA HMI Locke Lake		\$ 10,000	CoBank		Pending Filing	CoBank	Yes	\$ 10,000	Barnstead	Yes	\$ 23.58	\$ 236	
install web based communication equipment, 4 locations	install web based communication equipment, 4 locations		\$ 20,000	CoBank		Pending Filing	CoBank	Yes	\$ 20,000	Various	Yes	\$ 23.58	\$ 472	
North Conway Water Precinct Well #2 upgrade	Contractual contribution to North Conway Water Precinct Well #2 upgrade		\$ 50,000	0.1 DSRR			0.1 DSRR	No	\$ 50,000	Various	No	\$ 23.58	\$ -	
New Services (5)	Single Family, Owner Build, New Homes		\$ 25,000	CoBank		Pending Filing	CoBank	Yes	\$ 25,000	Various	Yes	\$ 23.58	\$ 590	
Renewed Services (10)	Replacement of failed services (Focus on Locke Lake System)		\$ 55,000	CoBank		Pending Filing	CoBank	Yes	\$ 55,000	Various	Yes	\$ 23.58	\$ 1,297	
Hydrants (5)	Replacement of non functional hydrants		\$ 30,000	CoBank		Pending Filing	CoBank	Yes	\$ 30,000	Various	Yes	\$ 23.58	\$ 707	
Gates (10)	Replacement of Failed Gate Valves		\$ 40,000	CoBank		Pending Filing	CoBank	Yes	\$ 40,000	Various	Yes	\$ 23.58	\$ 943	
Radios (220)	New Customers (220)		\$ 23,100	CoBank		Pending Filing	CoBank	Yes	\$ 23,100	Various	Yes	\$ 23.58	\$ 545	
New meters for new customers (220). Replacement of failed meters (80)	New meters for new customers (220)		\$ 30,000	CoBank		Pending Filing	CoBank	Yes	\$ 30,000	Various	Yes	\$ 23.58	\$ 707	
Meters 5/8"-6" Lead Meter Exchange - PEU (400)	Replace High lead brass meter with new no lead brass meter		\$ 40,000	CoBank		Pending Filing	CoBank	Yes	\$ 40,000	Various	Yes	\$ 23.58	\$ 943	
2022 Radios (700)	Year 2 of 10 year replacement of all PEU radios (initial radios occurred in 2008)		\$ 91,000	CoBank		Pending Filing	CoBank	Yes	\$ 91,000	Various	Yes	\$ 23.58	\$ 2,146	
CoBank Fixed Asset Line of Credit	Short term interest from 8/1/2022 - 7/31/2023		\$ 20,000	CoBank		Pending Filing	CoBank	Yes	\$ 20,000	N/A	No	N/A	\$ -	Anticipates closing on CoBank long term loan to pay off CoBank FALOC on 8/1/2023.
Pennichuck East Utilities Projected 2022 Total Capital Expenditure Budget -			\$ 2,911,100	Projected annual property tax expenses for QCPAC eligible projects -										\$ 66,487

Pennichuck East Utilities Projected 2022 QCPAC Eligible Capital Investment -	\$ 2,861,100
Add in 2021 W&E connection expenditures to be funded by DWGTF Loan/Grant -	\$ 221,788
Total Capex to be funded in 2022 with QCPAC -	\$ 3,082,888
Funded with CoBank Loan <sup>3</sup> -	\$ 2,377,888
Funded with DWGTF loan <sup>4</sup> -	\$ 493,500
Funded with DWGWTF Grant -	\$ 211,500
Funding with 0.1 DSRR -	\$ 50,000 (Row 23 above, not included in total in Cell L34)

1. Tax rate is the sum of the local community rate plus the Statewide Utility tax rate of \$6.60/\$1000  
2. The 2022 PEU Capital Expenditures Budget presented were approved by the Board in January 2022.  
3. Projected CoBank Loan Terms are  
4. Project Funded with pending Drinking Water Ground Water Trust Fund Loan/Grant

25 Years at	5.5%	resulting in P&I of	\$ 177,270
25 Years at	1.57%	resulting in P&I of	\$ 24,019
Total P&I to support proposed QCPAC eligible 2022 Capex -			\$ 201,289



Pennichuck East Utilities, Inc.  
DW 22-005  
Projected 2023 QCPAC Capital Expenditures  
2/10/2022  
Revised per responses to DOE DR 1's.  
8/29/2022

PEU QCPAC Filing  
Exhibit DLW-1  
Page 5

Project Name/Description	Project Description	Work Order #	2023 Approved Budgeted Amount (2)	Financing Docket No.	NHPUC Order No.	Date of NHPUC Order	Source of Funding	Eligible for 2023 QCPAC Surcharge	Eligible for 2023 QCPAC Surcharge	Community	Taxable	Tax Rate (1)	QCPAC Eligible Property Tax Expense
Sunrise Estates	Booster Station and Storage Tank Replacement		\$ 500,000	CoBank		Pending Filing	CoBank	Yes	\$ 500,000	Middleton	Yes	\$ 33.56	\$ 16,780
Investment in Developer Services	1x Annual Revenue		\$ 100,000	CoBank		Pending Filing	CoBank	Yes	\$ 100,000	Various	Yes	\$ 23.58	\$ 2,358
Booster Pump replacement/rebuild	Booster Pump replacement/rebuild		\$ 40,000	CoBank		Pending Filing	CoBank	Yes	\$ 40,000	Various	Yes	\$ 23.58	\$ 943
Well Pump replacements	Well Pump replacements		\$ 40,000	CoBank		Pending Filing	CoBank	Yes	\$ 40,000	Various	Yes	\$ 23.58	\$ 943
Chemical Feed pump replacements	Chemical Feed pump replacements		\$ 10,000	CoBank		Pending Filing	CoBank	Yes	\$ 10,000	Various	Yes	\$ 23.58	\$ 236
Install/replace treatment systems in small CWS	Install/replace treatment systems in small CWS		\$ 25,000	CoBank		Pending Filing	CoBank	Yes	\$ 25,000	Various	Yes	\$ 23.58	\$ 590
Misc. Structural Improvements	Misc. Structural Improvements		\$ 20,000	CoBank		Pending Filing	CoBank	Yes	\$ 20,000	Various	Yes	\$ 23.58	\$ 472
Miscellaneous Fencing and Security projects	Miscellaneous Fencing and Security projects		\$ 10,000	CoBank		Pending Filing	CoBank	Yes	\$ 10,000	Various	Yes	\$ 23.58	\$ 236
Miscellaneous SCADA/Electrical	Miscellaneous SCADA/Electrical		\$ 40,000	CoBank		Pending Filing	CoBank	Yes	\$ 40,000	Various	Yes	\$ 23.58	\$ 943
Well Rehabilitation	Well Rehabilitation		\$ 60,000	CoBank		Pending Filing	CoBank	Yes	\$ 60,000	Various	Yes	\$ 23.58	\$ 1,415
Web based Communications 3 locations	Web based Communications 3 locations		\$ 18,000	CoBank		Pending Filing	CoBank	Yes	\$ 18,000	Various	Yes	\$ 23.58	\$ 424
New Services (5)	Single Family, Owner Build, New Homes		\$ 25,000	CoBank		Pending Filing	CoBank	Yes	\$ 25,000	Various	Yes	\$ 23.58	\$ 590
Renewed Services (10)	Replacement of failed services (Focus on Locke Lake System)		\$ 55,000	CoBank		Pending Filing	CoBank	Yes	\$ 55,000	Various	Yes	\$ 23.58	\$ 1,297
Hydrants (5)	Replacement of non functional hydrants		\$ 30,000	CoBank		Pending Filing	CoBank	Yes	\$ 30,000	Various	Yes	\$ 23.58	\$ 707
Gates (10)	Replacement of Failed Gate Valves		\$ 40,000	CoBank		Pending Filing	CoBank	Yes	\$ 40,000	Various	Yes	\$ 23.58	\$ 943
Radios (220)	New Customers (220)		\$ 23,100	CoBank		Pending Filing	CoBank	Yes	\$ 23,100	Various	Yes	\$ 23.58	\$ 545
New meters for new customers (220). Replacement of failed meters (80)	New meters for new customers (220)		\$ 30,000	CoBank		Pending Filing	CoBank	Yes	\$ 30,000	Various	Yes	\$ 23.58	\$ 707
Meters 5/8"-6" Lead Meter Exchange - PEU (400)	Replace High lead brass meter with new no lead brass meter		\$ 40,000	CoBank		Pending Filing	CoBank	Yes	\$ 40,000	Various	Yes	\$ 23.58	\$ 943
2022 Radios (700)	Year 3 of 10 year replacement of all PEU radios (initial radios occurred in 2008)		\$ 91,000	CoBank		Pending Filing	CoBank	Yes	\$ 91,000	Various	Yes	\$ 23.58	\$ 2,146
Interest on CoBank FALOC	Short term interest from 8/1/2023 - 7/31/2024		\$ 16,410	CoBank		Pending Filing	CoBank	Yes	\$ 16,410	N/A	No	N/A	\$ -

Pennichuck East Utilities Projected 2023 Total Capital Expenditure Budget - \$ 1,213,510

Projected annual property tax expenses for QCPAC eligible projects - \$ 33,218

Pennichuck East Utilities Projected 2023 QCPAC Eligible Capital Investment - \$ 1,213,510

Funded with CoBank Loan<sup>3</sup> - \$ 1,213,510

1. Tax rate is the sum of the local community rate plus the Statewide Utility tax rate of \$6.60/\$1000

2. The 2023 PEU Capital Expenditures Budget presented were approved by the Board in January 2022.

3. Projected CoBank Loan Terms are 25 Years at 5.5% resulting in P&I of \$ 90,466

Pennichuck East Utilities, Inc.  
DW 22-005  
Projected 2023 QCPAC Capital Expenditures  
2/10/2022  
Revised per responses to DOE DR 1's.  
8/29/2022

PEU QCPAC Filing  
Exhibit DLW-1  
Page 6

Project Name/Description	Project Description	Work Order #	2024 Approved Budgeted Amount (2)	Financing Docket No.	NHPUC Order No.	Date of NHPUC Order	Source of Funding	Eligible for 2023 QCPAC Surcharge	Eligible for 2023 QCPAC Surcharge	Community	Taxable	Tax Rate (1)	QCPAC Eligible Property Tax Expense	
New Services (5)	Single Family, Owner Build, New Homes		\$ 25,000	CoBank	Pending Filing		CoBank	Yes	\$ 25,000	Various	Yes	\$ 23.58	\$ 590	
Renewed Services (10)	Replacement of failed services (Focus on Locke Lake System)		\$ 55,000	CoBank	Pending Filing		CoBank	Yes	\$ 55,000	Various	Yes	\$ 23.58	\$ 1,297	
Hydrants (5)	Replacement of non functional hydrants		\$ 30,000	CoBank	Pending Filing		CoBank	Yes	\$ 30,000	Various	Yes	\$ 23.58	\$ 707	
Gates (10)	Replacement of Failed Gate Valves		\$ 40,000	CoBank	Pending Filing		CoBank	Yes	\$ 40,000	Various	Yes	\$ 23.58	\$ 943	
Radios (220)	New Customers (220)		\$ 23,100	CoBank	Pending Filing		CoBank	Yes	\$ 23,100	Various	Yes	\$ 23.58	\$ 545	
New meters for new customers (220). Replacement of failed meters (80)	New meters for new customers (220)		\$ 30,000	CoBank	Pending Filing		CoBank	Yes	\$ 30,000	Various	Yes	\$ 23.58	\$ 707	
Meters 5/8"-6" Lead Meter Exchange - PEU (400)	Replace High lead brass meter with new no lead brass meter		\$ 40,000	CoBank	Pending Filing		CoBank	Yes	\$ 40,000	Various	Yes	\$ 23.58	\$ 943	
2022 Radios (700)	Year 4 of 10 year replacement of all PEU radios (initial radios occurred in 2008)		\$ 91,000	CoBank	Pending Filing		CoBank	Yes	\$ 91,000	Various	Yes	\$ 23.58	\$ 2,146	
Investment in Developer Services	1x Annual Revenue		\$ 100,000	CoBank	Pending Filing		CoBank	Yes	\$ 100,000	Various	Yes	\$ 23.58	\$ 2,358	
Atkinson Pioneer Park	Booster Station and Storage Tank Replacement		\$ 800,000	CoBank	Pending Filing		CoBank	Yes	\$ 800,000	Atkinson	Yes	\$ 23.58	\$ 18,864	
Booster Pump replacement/rebuild	Booster Pump replacement/rebuild		\$ 40,000	CoBank	Pending Filing		CoBank	Yes	\$ 40,000	Various	Yes	\$ 23.58	\$ 943	
Well Pump replacements	Well Pump replacements		\$ 40,000	CoBank	Pending Filing		CoBank	Yes	\$ 40,000	Various	Yes	\$ 23.58	\$ 943	
Chemical Feed pump replacements	Chemical Feed pump replacements		\$ 10,000	CoBank	Pending Filing		CoBank	Yes	\$ 10,000	Various	Yes	\$ 23.58	\$ 236	
Install/replace treatment systems in small CWS	Install/replace treatment systems in small CWS		\$ 25,000	CoBank	Pending Filing		CoBank	Yes	\$ 25,000	Various	Yes	\$ 23.58	\$ 590	
Misc. Structural Improvements	Misc. Structural Improvements		\$ 20,000	CoBank	Pending Filing		CoBank	Yes	\$ 20,000	Various	Yes	\$ 23.58	\$ 472	
Miscellaneous Fencing and Security projects	Miscellaneous Fencing and Security projects		\$ 10,000	CoBank	Pending Filing		CoBank	Yes	\$ 10,000	Various	Yes	\$ 23.58	\$ 236	
Miscellaneous SCADA/Electrical	Miscellaneous SCADA/Electrical		\$ 40,000	CoBank	Pending Filing		CoBank	Yes	\$ 40,000	Various	Yes	\$ 23.58	\$ 943	
Well Rehabilitation	Well Rehabilitation		\$ 60,000	CoBank	Pending Filing		CoBank	Yes	\$ 60,000	Various	Yes	\$ 23.58	\$ 1,415	
Interest on CoBank FALOC	Short term interest from 8/1/2024 - 7/31/2025		\$ 14,100	CoBank	Pending Filing		CoBank	Yes	\$ 14,100	Various	No	N/A	\$ -	
Pennichuck East Utilities Projected 2024 Total Capital Expenditure Budget -			\$ 1,493,200								Projected annual property tax expenses for QCPAC eligible projects -			\$ 34,877
Pennichuck East Utilities Projected 2024 QCPAC Eligible Capital Investment -									\$ 1,493,200					
Funded with CoBank Loan <sup>3</sup> -									\$ 1,493,200					

1. Tax rate is the sum of the local community rate plus the Statewide Utility tax rate of \$6.60/\$1000  
2. The 2024 PEU Capital Expenditures Budget presented were approved by the Board in January 2022.  
3. Projected CoBank Loan Terms are 25 Years at 5.5% resulting in P&I of \$ 111,317

**Pennichuck East Utilities, Inc.**  
**DW 22-005**  
**Attachment DOE 1-15a**  
**5/18/2022**

Community	Tax Rate (1)	
Barnstead	\$ 26.69	
Pelham	\$ 21.15	
Londonderry	\$ 23.33	
Atkinson	\$ 17.54	
Middleton	\$ 33.56	
Litchfield	\$ 23.35	
Windham	\$ 23.37	
<b>Various Rate</b>	<b>\$ 24.14</b>	with Middleton and Atkinson
<b>Various Rate</b>	<b>\$ 23.58</b>	without Middleton and Atkinson

1) Tax rate includees \$6.60 per \$1000 Statewide Utility Tax

TOWN OF MIDDLETON  
182 Kings Highway  
Middleton, NH 03887  
Temp - Return Service Requested

PENNICHUCK EAST UTILITY  
25 MANCHESTER STREET  
PO BOX 1947  
MERRIMACK, NH 03054-1947

**2021 MIDDLETON PROPERTY TAX -- BILL 1 OF 2**

Invoice: 2021P01013904  
Billing Date: 06/02/2021  
Payment Due Date: 07/06/2021  
Amount Due: \$ 6,014.00

**8% APR Charged After 07/06/2021**

Please see the back of this tax bill for more information on RSA 76:11-a

Property Owner			
Owner: PENNICHUCK EAST UTILITY			
Tax Rates		Assessments	
County:	\$ 1.29	Land:	26,900
School:	\$ 7.35	Current Use Credit:	0
Town:	\$ 4.55	Buildings:	419,300
VILLAGE:	\$ 0.29	Total:	446,200

Property Description		
Map: 000003	Lot: 000016	Sub: 000000
Location: BEECH & JORDAN Acres: 1.560		
Summary Of Taxes		
First Bill:		\$ 6,014.00
- Abated/Paid:		\$ 0.00
- Veteran Credits:		\$ 0.00

**Amount Due By 07/06/2021: \$ 6,014.00**

Total Tax Rate: **\$ 13.48 \*** Net Value: 446,200  
\* First Bill Tax Rate Equals 1/2 Last Year's Final Tax Rate

**Mailed To:**  
PENNICHUCK EAST UTILITY  
25 MANCHESTER STREET  
PO BOX 1947  
MERRIMACK, NH 03054-1947

**Remit To:**  
TOWN OF MIDDLETON  
182 Kings Highway  
Middleton, NH 03887  
Temp - Return Service Requested

**2021 MIDDLETON PROPERTY TAX -- BILL 1 OF 2**

TOWN OF MIDDLETON  
Monday, Tuesday, Wednesday 10am-6pm  
Last Sat 9-12  
(603) 473-5210  
Tax Collector: Janelle Guarino

Owner: PENNICHUCK EAST UTILITY

Location: BEECH & JORDAN  
Map: 000003 Lot: 000016 Sub: 000000  
Invoice: 2021P01013904

**Amount Due By 07/06/2021: \$ 6,014.00**

Payments can be made at [www.nhtaxkiosk.com](http://www.nhtaxkiosk.com)

**RETURN THIS PORTION WITH PAYMENT**

**REMITTED AMOUNT:** Page 088

**Pennichuck East Utility, Inc.**  
**DW 22-005**  
2022 QCPAC - Qualified Capital Project Adjustment Charge  
Responses to DOE Data Requests –Set 2

Date Request Received: 9/14/22  
Request No. DOE 2-1

Date of Response: 9/22/2022  
Witness: Donald L. ware

---

**REQUEST:**

**Re: Final Audit Report dated 06/23/22; Pages 23-24, Audit Issue # 3 – Property Taxes:**

The Company Response on Page 24 of the Final Audit Report reads:

“The Company agrees that the “various” tax rate should be based on an average of the tax rates in each community served with one change in that the tax rates should be customer weighted so that the tax rate of a community with more customers and more assets has a heavier impact on the “various” tax rate. The Company proposes that “various” tax rate be calculated by taking each of the PEU tax rates, by Community, as listed above (based on the December 2021 tax rate) times the number of customers in each of those communities and then totaling those numbers and dividing by the total number of PEU customers to come up with a customer weighted “various” tax rate to apply to the small assets, such as radios, meters, etc., which are not tracked directly to each community.”

- a) Based on the methodology proposed by the Company in its response to this audit issue, please provide a spreadsheet detailing the calculation of the Company’s proposed “various” tax rate.
- b) Please adjust Exhibit DLW-1 to reflect the “various” tax rate calculated above which is based on the methodology proposed by the Company in its response to this audit issue.

**RESPONSE:**

- a) Attached please find the Company’s calculation of the “various” tax rate in Attachment DOE 2-1. The Company, per the audit, concurs with the audit staff that all PEU Community tax rates need to be included in this calculation and that the tax rates in each PEU Community should be weighted by the number of customers in each Community.
- b) Please see the revised Exhibit DLW-1 reflecting the “various” tax rate calculated in Attachment DOE 2-1.

**Pennichuck East Utility, Inc.**  
**DW 22-005**  
2022 QCPAC - Qualified Capital Project Adjustment Charge  
Responses to DOE Data Requests –Set 2

Date Request Received: 9/14/22  
Request No. DOE 2-2

Date of Response: 9/22/2022  
Witness: Donald L. Ware

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**REQUEST:**

**Re: Updated Exhibit DLW-1, Page 3 – 2021 Used and Useful QCPs:** Please verify and confirm the following loan terms for the CoBank Loan that the Company was anticipating closing on by 08/01/22. (Cell U49) Please also provide documentation in support of the following loan terms.

- a) Loan Term – 25 years (Cell B59)
- b) Interest Rate – 5.00% (Cell D59)
- c) Loan Amount - \$665,083 (Cell P53)

**RESPONSE:**

This loan has not yet closed. CoBank’s credit committee was reviewing the file as of Thursday 9/15/2022, and approved the loan to go to legal and closing as of 9/20/2022. Based upon that being completed, it is anticipated the loan will finally close sometime in the next 1-2 weeks. The term will be for 25 years, and the loan amount will be as cited above. The interest rate will not be known with certainty until it is locked down at closing of the loan. And, based upon movements of the Fed rate that are occurring in real time (75 basis points increase during this week, and another 125 basis points forecasted to occur before the end of the year), which affects the underlying market rates (the SOFR rate), it is not advisable for the Company to assert or predict what that rate will be in this response. The impact of changes to the interest rates that the Fed announced this week are currently being factored into borrowing rates, and perhaps could occur again before we close. As such, the attached, revised Exhibit DLW-1 continues to reflect the loan term, rate and amount noted in the request.

**Pennichuck East Utility, Inc.**  
**DW 22-005**  
2022 QCPAC - Qualified Capital Project Adjustment Charge  
Responses to DOE Data Requests –Set 2

Date Request Received: 9/14/22  
Request No. DOE 2-3

Date of Response: 9/22/2022  
Witness: Donald L. Ware

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**REQUEST:**

**Re: Updated Exhibit DLW-1, Page 4 – Projected 2022 QCPAC Capital Expenditures:** The tax rate contained in Cell S22 appears to be the Company’s proposed “Various” tax rate of \$23.58. However, Cell Q22 indicates this project is to be in the Town of Barnstead that would appear to have an applied tax rate of \$26.69 per the Company’s response to DOE 1-15. Please explain why the “Various” tax rate of \$23.58 is applied to this project.

**RESPONSE:**

The “Various” tax rate should not be applied to this project. The Town of Barnstead tax rate should be applied to this project. Exhibit DLW-1, Page 4 – Projected 2022 QCPAC Capital Expenditures (Cell S22) has been corrected to reflect the Town of Barnstead tax rate of \$26.69.

**Pennichuck East Utility, Inc.**  
**DW 22-005**  
2022 QCPAC - Qualified Capital Project Adjustment Charge  
Responses to DOE Data Requests –Set 2

Date Request Received: 9/14/22  
Request No. DOE 2-4

Date of Response: 9/22/2022  
Witness: Donald L. Ware

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**REQUEST:**

**Re: Updated Exhibit DLW-1, Page 6 – Projected [2024]\* QCPAC Capital Expenditures:** The tax rate contained in Cell S18 appears to be the Company’s proposed “Various” tax rate of \$23.58. However, Cell Q18 indicates this project is to be in the Town of Atkinson that would appear to have an applied tax rate of \$17.54 per the Company’s response to DOE 1-15. Please explain why the “Various” tax rate of \$23.58 is applied to this project. (\*Note: Cell A3 indicates this schedule is “Projected 2023 QCPAC Capital Expenditures”. However, this schedule appears to be, in fact, the Company’s “Projected 2024 QCPAC Capital Expenditures”).

**RESPONSE:**

The “Various” tax rate should not be applied to this project. The Town of Atkinson tax rate should be applied to this project. Exhibit DLW-1, Page 6 – Projected 2024 QCPAC Capital Expenditures (Cell S18) has been corrected to reflect the Town of Atkinson tax rate of \$17.54.



**Pennichuck East Utility, Inc.**  
**DW 22-005**  
2022 QCPAC - Qualified Capital Project Adjustment Charge  
Responses to DOE Data Requests –Set 2

Date Request Received: 9/14/22  
Request No. DOE 2-5

Date of Response: 9/22/2022  
Witness: Donald L. Ware

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**REQUEST:**

**Re: Response to DOE 1-1 (a):** Please elaborate on the following sentence, especially regarding the frequency or extent of anticipated future switching between free chlorine and chloramines by MWW: MWW had last used free chlorine around 2013 and determined, in conjunction with the NHDES, that a more frequent switch to Chloramine as its primary disinfectant, will eliminate the bacterial regrowth issues that resulted from low chloramine residuals that all of Manchester's wholesale customers were experiencing in 2021.

**RESPONSE:**

The Company cannot speak to the frequency or extent of anticipated switching between free chlorine and chloramine by MWW, as that is a decision made by MWW. In conjunction with its wholesale water purchasers and the NHDES, MWW will closely monitor levels of chloramine residual, nitrates and chloroform bacteria levels to assess the correct time to complete future temporary conversions from the use of chloramines to chlorine.

**Pennichuck East Utility, Inc.**  
**DW 22-005**  
2022 QCPAC - Qualified Capital Project Adjustment Charge  
Responses to DOE Data Requests –Set 2

Date Request Received: 9/14/22  
Request No. DOE 2-6

Date of Response: 9/22/2022  
Witness: John J. Boisvert

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**REQUEST:**

**Re: Responses to DOE 1-1 (b) and DOE 1-3 (a):** Are the results of NHDES’s Londonderry evaluation as described in DOE 1-1 (b) expected to impact the size, cost or timing of the Londonderry System Improvements discussed in DOE 1-3 (a)? Please explain.

**RESPONSE:**

No, the evaluation and improvements discussed in DOE 1-1(b) are associated with the potential option for public water system expansion, currently being evaluated by the NHDES, into areas of Londonderry to address contamination of private wells by perfluorooctanoic acid (the predominant contaminant of concern among others).

The improvements discussed in DOE 1-3(a) fall under the Company’s Special Contract (DW 18-101) with Pillsbury LLC (the Woodmont Commons developer). These improvements are currently before the Town of Londonderry for local land use approval.

The improvements contemplated in DOE 1-1(b) would be in addition to those in DOE 1-3(a).

Pennichuck East Utilities, Inc.  
DW 22-005  
Computation of QCPAC Surcharge  
2/10/2022  
9/22/2022, Revised per responses to DOE DR 2’s.

PEU QCPAC Filing  
Exhibit DLW-1  
Page 1

	Requested DW 20-156 Revenue Requirements		Projected 2020 Qualified Capital Project pro formas		Projected QCPAC Surcharge for 2020 Capital Additions		Projected 2021 Qualified Capital Project pro formas		Projected QCPAC Surcharge for 2021 Capital Additions		Projected 2022 Qualified Capital Project pro formas		Projected QCPAC Surcharge for 2022 Capital Additions		Projected QCPAC For 2023 Capital Additions pro formas		Projected QCPAC Surcharge for 2023 Capital Additions		Projected QCPAC For 2024 Capital Additions pro formas		Projected QCPAC Surcharge for 2024 Capital Additions		
City Bond Fixed Revenue Requirement (CBFRR)	\$	926,309			\$	926,309	\$	-	\$	926,309	\$	-	\$	926,309	\$	-	\$	926,309	\$	-	\$	926,309	
Material Operating Expense Revenue Requirement (MOERR)	\$	6,982,335	(1)	\$	109,255	(5)(11)	\$	7,091,590	\$	20,174	(5)	\$	7,111,764	\$	(3,140)	(5)(10)	\$	7,108,624	\$	33,081	(5)	\$	7,141,705
Operating Expense Contingency		1.04	(2)					1.04					1.04					1.04				1.04	
Material Operating Expense Revenue Requirement (MOERR) (12)		7,261,628						7,370,883					7,391,058					7,387,917				7,420,999	
Non Material Operating Expense Revenue Requirement (NOERR)	\$	7,163						7,163	\$	7,163			7,163	\$	7,163			7,163				7,163	
Amortization Expense (not subject to MOEF)	\$	52,281						52,281	\$	52,281			52,281	\$	52,281			52,281				52,281	
Debt Service Revenue Requirement (DSRR 1.0)	\$	1,739,398	(3)	\$	270,766	(6)	\$	2,010,164	\$	58,619	(7)	\$	2,068,784	\$	201,289	(13)	\$	2,270,073	\$	90,466	(13)	\$	2,360,539
Principal and Interest Coverage Requirement		1.10						1.10					1.10					1.10				1.10	
Total Debt Service Revenue Requirement including the .01 DSRR	\$	1,913,338						2,211,181					2,275,662					2,497,080				2,596,593	
Revenue Requirement exclusive of NCCRS	\$	10,160,719						10,567,817					10,652,472					10,870,750				11,003,345	
Less Other Operating Revenues	\$	30,188	(4)					30,188					30,188					30,188				30,188	
Revenues required from Customer Classes exclusive of NCCRS	\$	10,130,531						10,537,629					10,622,284					10,840,562				10,973,157	
Revenues subject to QCPAC	\$	10,130,531						10,537,629					10,622,284					10,840,562				10,973,157	
Projected QCPAC Increase (8)								4.02%					0.84%					2.15%				1.31%	
Cumulative QCPAC increase (9)								4.02%					4.85%					7.01%				8.32%	
Cumulative QCPAC monthly increase in average single family residential bill								\$ 3.39					\$ 4.09					\$ 5.91				\$ 7.01	
Average monthly single family residential bill with QCPAC								\$ 87.70					\$ 88.40					\$ 90.22				\$ 91.32	

Notes:  
(1) Operating Expense Revenue requirement is the sum of the Total Operating Expenses and Property Tax Expense sought in DW20-156. It does not include Amortization Expense.  
(2) Material operating expense factor requested in DW20-156.  
(3) Annual Principal and interest payments for PEU debt associated with plant in service being sought in DW20-156 less Georgetown project in Lock Lake.  
(4) Other Revenues from 2019 Test Year in DW20-156.  
(5) QCPAC operating expense proformas are based on the property taxes for plant added during the year.  
(6) See Calculation of annual principal and interest payments on spreadsheet titled "2020 QCPAC PEU Additions."  
(7) Portion of Annual Principal and interest payments paid to CoBank for debt associated with plant a placed in service between 1/1/2021 and 12/31/2021 for designated year based on 25 year term loan with an actual total all in interest rate of 5.00% that was not recovered in DW20-156.  
(8) QCPAC percent revenue surcharges based on increase in revenues over the revenues requested in DW20-156.  
(9) Cumulative surcharge percentage is based on total surcharge revenues collected divided by the revenues requested in DW20-156.  
(10) QCPAC operating expense proforma associated with property taxes is reduced by \$ 70,000 to reflect reduction in purchased water costs associated with the completion of the Londonderry Storage Tank.  
(11) QCPAC operating expense proforma associated with property taxes is reduced by \$ 28,000 to reflect reduction in arsenic treatment costs associated with the completion of the Locke Lake raw water well line to the Peacham Road Treatment plant.  
(12) MOEF is not applied to QCPAC expenses  
(7) Portion of Annual Principal and interest payments paid to CoBank for debt associated with plant a placed in service between 1/1 and 12/31 in 2022, 2023 and 2024 based on a 25 year term loan with an actual total all in interest rate of 5.50% that was not recovered in DW20-156.

Impact on PEU Single Family Residential Home:			
Monthly meter charge requested in DW20-156.	\$	22.56	
Average Single Family Consumption (CCF)		6.50	
Consumption Charge requested in DW20-156.	\$	9.50	per CCF
Average Single Family monthly bill with rates requested in DW20-156	\$	84.31	

Pennichuck East Utilities, Inc.  
DW 22-005  
2020 used and useful QCP's  
2/10/2022  
9/22/2022, Revised per responses to DOE DR 2's.

PEU QCPAC Filing  
Exhibit DLW-1  
Page 2

Project Name/Description	Project Description	Work Order #	Board Approved 2020 Capex Budget	Financing Docket No.	NHPUC Order No.	Date of NHPUC Order	Source of Funding	Eligible for 2021 QCPAC Surcharge	Eligible for 2021 QCPAC Surcharge	Estimated Project Cost as of 6/30/2020	Estimated Project Cost as of 9/30/2020	Estimated Project Cost as of 11/30/2020	Final Project cost as of 12/31/2020	Community	Taxable	Tax Rate (t)	2021 QCPAC Eligible Property Tax Expense	Explanation for Change/Addition/Deletion since Petition Filing
Elevated Storage Tank in Londonderry2	Construct 1.25 MG Elevated Storage Tank.	1818349, 1901641, 2000372	\$ 1,545,000	DW21-102	26,507	8/6/2021	CoBank	No	\$ -	\$ -	\$ -	\$ -	\$ -	Londonderry	Yes	\$ 24.78	\$ -	Project deferred to 2021 due to permitting.
Middleton Station Re-build	Re-build Sunrise Estates CWS Station. Existing Station is over 40 years old.	n/a	\$ -	DW21-102	26,507	8/6/2021	CoBank	No	\$ -	\$ 340,000	\$ -	\$ -	\$ -	Middleton	Yes	\$ 33.55	\$ -	Project deferred to 2021 due to the need to install additional treatment due to lower Arsenic standard.
Airstrip alternative arsenic treatment	Raw Water Pipeline from Air Strip well to Peacham Road WTP.	1901642, 2000371	\$ 540,000	DW18-132	26,189	11/16/2018	SRF	Yes	\$ 540,000	\$ 633,000	\$ 600,000	\$ 633,000	\$ 618,531	Barnstead	Yes	\$ 27.84	\$ 17,220	Based on final low bid and actual construction. Different soil conditions encountered than bid estimate during construction
Georgetown Drive water main replacement	Replace 4600 LF of 4 inch schedule 40 PVC with 6 inch C900 PVC.	2000363	\$ 10,000	DW18-132	26,189	11/16/2018	SRF	Yes	\$ 10,000	\$ 10,000	\$ -	\$ -	\$ 966,252	Barnstead	Yes	\$ 27.84	\$ 26,900	Recovery of these 2019 used and useful Capex was sought in DW20-019 filing. While the projects are completed the Company will not be closing on the loan supporting these capital improvements until June 2021 so it is seeking the P&I associated with these projects in 2021 QCPAC as opposed to the 2020 QCPAC.
Bradford Lane water main replacement	Replace 1825 LF of 4 inch schedule 40 PVC with 6 inch C900 PVC.	2000364	\$ 10,000	DW18-132	26,189	11/16/2018	SRF	Yes	\$ 10,000	\$ 10,000	\$ -	\$ 1,056,000	\$ -	Barnstead	Yes	\$ 27.84	\$ -	Based on final low bid and actual construction.
N.Barnstead Road - Eliminate deadend piping	Add 680 LF of 4 inch C-900 PVC to eliminate dead end. Replace 275 LF of 4 inch sch 40 PVC with 6 inch C900 PVC.	2000365	\$ 239,000	DW18-132	26,189	11/16/2018	SRF	Yes	\$ 239,000	\$ 265,620	\$ 255,000	\$ 255,000	\$ 244,214	Barnstead	Yes	\$ 27.84	\$ 6,799	Based on final low bid and actual construction.
Belmont Drive water main replacement	Replace 500 LF of 4 inch schedule 40 PVC with 6 inch C900 PVC.	2000366	\$ 5,000	DW18-132	26,189	11/16/2018	SRF	Yes	\$ 5,000	\$ 5,000	\$ -	\$ -	\$ -	Barnstead	Yes	\$ 27.84	\$ -	Deferred
Route 28 Replacement	Replace 720 LF of 2" PE with 720 LF of 4" C-900 PVC.	2000370	\$ 80,000	DW18-132	26,189	11/16/2018	SRF	Yes	\$ 80,000	\$ 59,500	\$ 59,500	\$ 56,500	\$ 69,061	Barnstead	Yes	\$ 27.84	\$ 1,923	Based on final low bid and actual construction.
Locke Lake Surface Water Treatment <sup>4</sup>	Intake & Treatment Facility Construction	1813409, 1900433, 2000369	\$ 835,000	DW18-132	26,189	11/16/2018	SRF	Yes	\$ -	\$ 1,490,000	\$ 1,700,000	\$ 2,050,000	\$ 2,109,088	Barnstead	Yes	\$ 27.84	\$ 58,717	Existing Arsenic filters failed in Sept 2020. Increase in price reflects replacement of those filters. More work was completed in 2020 than anticipated, therefore there will be less cost in 2021
Locke Lake Surface Water Treatment <sup>4</sup>	Intake & Treatment Facility Construction	1813409, 1900433, 2000369	\$ -	DW21-102	26,507	8/6/2021	CoBank	Yes					\$ 175,334	Barnstead	Yes	\$ 27.84	\$ 4,881	Locke Lake project investment that exceeds the available loan amount of \$4,240,000. The \$240,000 of remaining funds available via SRF will be drawn down in 2021.
Rolling Hills Water Main Replacement - Site Restoration from 2019 Project	Replace substandard 2 inch diameter pipe with 4 inch C900 PVC.	2000392	\$ 32,000	DW21-102	26,507	8/6/2021	CoBank	Yes	\$ 32,000	\$ 32,000	\$ 32,000	\$ 32,000	\$ 27,400	Phistow	Yes	\$ 26.20	\$ 718	
Pelham Main Replacement/Addition	Replace 1600 LF of 3 inch PE with 12 in C-900 and add 775 LF of 12 in C-900 Monticello & Lane.	2001241	\$ 285,000	DW21-102	26,507	8/6/2021	CoBank	Yes	\$ 285,000	\$ 590,550	\$ 658,600	\$ 658,600	\$ 332,855	Pelham	Yes	\$ 24.86	\$ 8,275	Project scope expanded for streets listed below over original budget.
Pelham Main Replacement/Addition	Replace Lane Road.	2003563	\$ -	DW21-102	26,507	8/6/2021	CoBank	Yes	\$ -	\$ -	\$ -	\$ -	\$ 182,102	Pelham	Yes	\$ 24.86	\$ 4,527	Work on this street is in project total for Monticello & Lane Project above.
Pelham Main Replacement/Addition	Replace Simpson Road.	2003564	\$ -	DW21-102	26,507	8/6/2021	CoBank	Yes	\$ -	\$ -	\$ -	\$ -	\$ 19,527	Pelham	Yes	\$ 24.86	\$ 485	Work on this street is in project total for Monticello & Lane Project above.
Pelham Main Replacement/Addition	Replace Andrea Lane.	2003565	\$ -	DW21-102	26,507	8/6/2021	CoBank	Yes	\$ -	\$ -	\$ -	\$ -	\$ -	Pelham	Yes	\$ 24.86	\$ -	Work on this street is in project total for Monticello & Lane Project above.
Pelham Main Replacement/Addition	Replace Mount Vernon Drive.	2004325	\$ -	DW21-102	26,507	8/6/2021	CoBank	Yes	\$ -	\$ -	\$ -	\$ -	\$ 60,561	Pelham	Yes	\$ 24.86	\$ 1,506	Work on this street is in project total for Monticello & Lane Project above.
1 x revenue investments Normal Run Rate	Per Tariff	n/a	\$ 100,000	DW21-102	26,507	8/6/2021	CoBank	Yes	\$ 100,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 62,949	Various	Yes	\$ 27.23	\$ 1,714	103 Developer Installed Services Installed thru 12/31/2020.
Sunrise Estates	Station Replacement (design)	2003613	\$ 40,000	0.1 DSR			0.1 DSR	No	\$ -	\$ -	\$ 30,000	\$ 30,000	\$ 7,805	Middleton	No	\$ 33.55	\$ -	Design costs incorporated into Station rebuild above.
Londonderry Core Re-Chloramination	Re-chloramination Evaluation and Preliminary Design	2003760	\$ 35,000	0.1 DSR			0.1 DSR	No	\$ -	\$ 35,000	\$ 35,000	\$ 35,000	\$ 11,820	Londonderry	No	\$ 24.78	\$ -	Costs incorporated in Atkinson Station rebuild below.
Atkinson Booster pump station design	Atkinson Booster pump station design	2000717	\$ 30,000	0.1 DSR			0.1 DSR	No	\$ -	\$ -	\$ -	\$ 3,000	\$ -	Atkinson	Yes	\$ 22.84	\$ -	5 Booster Pump Replace/Rebuilds through 12/31/2020.
Booster Pump replacement/rebuild	Booster Pump replacement/rebuild	760 - 763 workorders	\$ 40,000	DW21-102	26,507	8/6/2021	CoBank	Yes	\$ 40,000	\$ 35,000	\$ 25,000	\$ 18,000	\$ 15,241	Various	Yes	\$ 27.23	\$ 415	4 Well Pumps Repaired/Replaced through 12/31/2020.
Well Pump replacements	Well Pump replacements	760 - 763 workorders	\$ 40,000	DW21-102	26,507	8/6/2021	CoBank	Yes	\$ 40,000	\$ 16,000	\$ 15,000	\$ 15,000	\$ 14,665	Various	Yes	\$ 27.23	\$ 399	1 Chemical Feed Pump Repaired/Replaced through 12/31/2020.
Chemical Feed pump replacements	Chemical Feed pump replacements	760 - 763 workorders	\$ 10,000	DW21-102	26,507	8/6/2021	CoBank	Yes	\$ 10,000	\$ 5,000	\$ 2,000	\$ 2,000	\$ 1,695	Various	Yes	\$ 27.23	\$ 46	None completed during 2020.
Install/replace treatment systems in small CWS	Install/replace treatment systems in small CWS.	n/a	\$ 25,000	DW21-102	26,507	8/6/2021	CoBank	Yes	\$ 25,000	\$ -	\$ -	\$ -	\$ -	Various	Yes	\$ 27.23	\$ -	None completed during 2020.
Misc. Structural Improvements	Misc. Structural Improvements	n/a	\$ 20,000	DW21-102	26,507	8/6/2021	CoBank	Yes	\$ 20,000	\$ 10,000	\$ 5,000	\$ -	\$ -	Various	Yes	\$ 27.23	\$ -	None completed during 2020.
Miscellaneous Fencing and Security projects	Miscellaneous Fencing and Security projects	n/a	\$ 10,000	DW21-102	26,507	8/6/2021	CoBank	Yes	\$ 10,000	\$ 5,000	\$ -	\$ -	\$ -	Various	Yes	\$ 27.23	\$ -	None completed during 2020.
Miscellaneous SCADA/Electrical	Miscellaneous SCADA/Electrical	n/a	\$ 30,000	DW21-102	26,507	8/6/2021	CoBank	Yes	\$ 30,000	\$ 27,602	\$ 5,000	\$ 5,000	\$ -	Various	Yes	\$ 27.23	\$ -	See projects below.
Miscellaneous SCADA/Electrical	Replace Well #1 VFD, Lamplighter Village	2001215	\$ -	DW21-102	26,507	8/6/2021	CoBank	Yes	\$ -	\$ 2,398	\$ 2,398	\$ 2,398	\$ 2,398	Windham	Yes	\$ 23.89	\$ 57	
Miscellaneous SCADA/Electrical	Replace Pump #4 VFD, Liberty Tree	2005248	\$ -	DW21-102	26,507	8/6/2021	CoBank	Yes	\$ -	\$ -	\$ 1,735	\$ 1,735	\$ 1,735	Raymond	Yes	\$ 30.53	\$ 53	
Miscellaneous SCADA/Electrical	Replace Pump #1 VFD, Liberty Tree	2006387	\$ -	DW21-102	26,507	8/6/2021	CoBank	Yes	\$ -	\$ -	\$ 1,735	\$ 1,735	\$ 1,735	Raymond	Yes	\$ 30.53	\$ 53	
Well Rehabilitation	Well Rehabilitation	n/a	\$ 60,000	DW21-102	26,507	8/6/2021	CoBank	No	\$ -	\$ 15,000	\$ 15,000	\$ -	\$ -	Various	Yes	\$ 27.23	\$ -	None completed during 2020.
Atkinson Station Rebuild	Station cannot provide required fire flow. Hydropneumatic tank is in need of	n/a	\$ 500,000	DW21-102	26,507	8/6/2021	CoBank	No	\$ -	\$ -	\$ -	\$ -	\$ -	Atkinson	Yes	\$ 22.84	\$ -	Project deferred into 2021 subject to evaluation of financial analysis of rebuilding the station vs. interconnection with HAWC.
Install web based communication equipment, 4 locations.	Install web based communication equipment, 4 locations.	n/a	\$ 20,000	DW21-102	26,507	8/6/2021	CoBank	Yes	\$ 20,000	\$ 17,901	\$ 17,901	\$ 17,901	\$ -	Various	Yes	\$ 27.23	\$ -	
Install web based communication equipment, 4 locations.	Fletcher's Corner, Install Cellular Based Communication	2002270	\$ -	DW21-102	26,507	8/6/2021	CoBank	Yes	\$ -	\$ 2,099	\$ 2,099	\$ 2,099	\$ 2,099	Various	Yes	\$ 27.23	\$ 57	
Interconnect the W&E CWS to the Town of Salem Water System.	Interconnect the W&E CWS to the Town of Salem Water System.	2004243	\$ -	DW21-102	26,507	8/6/2021	DWGT/CoBank	No	\$ -	\$ 125,000	\$ 125,000	\$ -	\$ -	Windham	Yes	\$ 23.89	\$ -	Added as part of PEU-Salem Windham Franchise exchange. MSDC charge paid for by PEU. Work will not be Used and Useful in 2020.
New Services (5)	Single Family, Owner Build, New Homes	720 workorders	\$ 25,000	DW21-102	26,507	8/6/2021	CoBank	Yes	\$ 25,000	\$ 15,000	\$ 7,950	\$ 10,586	\$ 10,586	Various	Yes	\$ 27.23	\$ 288	2 new services installed through 12/31/2020.
Renewed Services (10)	Replacement of failed services.	721 & 722 workorders	\$ 55,000	DW21-102	26,507	8/6/2021	CoBank	Yes	\$ 55,000	\$ 1,912	\$ 7,014	\$ 7,014	\$ 10,137	Various	Yes	\$ 27.23	\$ 276	5 Renewed Service installed through 12/31/2020.
Hydrants (5)	Replacement of non-functional hydrants.	730 & 731 workorders	\$ 30,000	DW21-102	26,507	8/6/2021	CoBank	Yes	\$ 30,000	\$ 18,000	\$ 18,000	\$ 6,000	\$ -	Various	Yes	\$ 27.23	\$ -	None completed during 2020.
Meters 5/8"-6" Lead Meter Exchange - PEU (600)	Replace High lead brass meter with new no lead brass meter.	750 workorders	\$ 22,000	DW21-102	26,507	8/6/2021	CoBank	Yes	\$ 22,000	\$ 30,000	\$ 26,000	\$ 26,000	\$ 25,672	Various	Yes	\$ 27.23	\$ 699	235 Meters installed/replaced through 12/31/2020 - This is new and replacements together.
Gates (8)	Replacement of Failed Gate Valves	712 workorders	\$ 32,000	DW21-102	26,507	8/6/2021	CoBank	Yes	\$ 32,000	\$ 6,109	\$ 18,000	\$ 17,954	\$ 17,872	Various	Yes	\$ 27.23	\$ 487	5 Gates Installed/Repaired through 12/31/2020.
Radios (300)	New Customers (220) and replaced failed radios (80) for meter reading.	754 workorders	\$ 32,000	DW21-102	26,507	8/6/2021	CoBank	Yes	\$ 32,000	\$ 18,500	\$ 15,023	\$ 21,000	\$ 24,231	Various	Yes	\$ 27.23	\$ 660	236 Radios installed/replaced through 12/31/2020.
Meters (Growth) 5/8"-2" - PEU (220)	New meters for new customers (220).	750 workorders	\$ -	DW21-102	26,507	8/6/2021	CoBank	Yes	\$ -	\$ -	\$ -	\$ -	\$ -	Various	Yes	\$ 27.23	\$ -	Incorporated in Row 48 above.
PEU-PWW Interconnection	PEU-PWW Interconnection	2007474	\$ -	DW21-102	26,507	8/6/2021	CoBank	Yes	\$ -	\$ -	\$ -	\$ -	\$ 3,449	Merrimack	Yes	\$ 28.84	\$ 99	
MSDC Payment to Manchester Water Works	MSDC Payment to Manchester Water Works	2009024	\$ -	DW21-102	26,507	8/6/2021	CoBank	Yes	\$ -	\$ -	\$ -	\$ -	\$ 127,007	Various	No	\$ 27.23	\$ -	
Interest on CoBank FaLOC	Short term interest from 11/23/2020 - 7/31/2021		\$ -	DW21-102	26,507	8/6/2021	CoBank	Yes	\$ -	\$ -	\$ -	\$ -	\$ 16,000	Various	No	\$ 27.23	\$ -	Anticipates closing on CoBank long term loan to pay off CoBank FaLOC on 8/1/2021.
Pennichuck East Utilities Projected 2020 Total Capital Expenditure Budget -			\$ 4,737,000															
									\$ 1,692,000	\$ 3,861,191	\$ 3,714,955	\$ 5,019,522	\$ 5,162,180	Projected annual property tax expenses for QCPAC eligible projects -				\$ 137,255
									\$ -	\$ -	\$ 35,000	\$ 65,000	\$ 68,000					\$ 19,624
									\$ 1,692,000	\$ 2,336,191	\$ 1,949,955	\$ 979,022	\$ 1,135,409					\$ 1,135,409
									\$ 1,692,000	\$ 1,490,000	\$ 1,700,000	\$ 3,972,500	\$ 4,007,147					\$ 4,007,147

1. Tax rate is the sum of the local community rate plus the Statewide Utility tax rate of \$6.00/\$1000.  
2. The 2020 PEU Capital Expenditures Budget presented were approved by the Board in January 2020.  
3. Projected CoBank Loan Terms are 25 Years at 4.18% resulting in P&I of  
4. Remainder of Locke Lake Surface Water Treatment project to completed in early 2021 at a total projected cost of \$ 232,853  
5. Projected SRF Terms for Locke Lake project are 30 Years at 2.704% resulting in P&I of

Total projected P&I on debt incurred to support 2020 used and useful capex -

Total projected annual P&I for 2020 used and useful QCP's

Project Name/Description	Project Description	Work Order #	2021 Board Approved Budgeted	Financing Docket No.	NHPUC Order No.	Date of NHPUC Order	Source of Funding	Eligible for 2021 QCPAC Surcharge	Eligible for 2021 QCPAC Surcharge	Estimated Project Cost as of 6/30/2021	Estimated Project Cost as of 9/30/2021	Estimated Project Cost as of 11/30/2021	Final Project cost as of 12/31/2021	Community	Taxable	Tax Rate (f)	QCPAC Eligible Property Tax Expense	Explanation for Change/Addition/Deletion since Petition Filing	
Locke Lake Surface Water Treatment <sup>1</sup>	Intake & Treatment Facility Construction	2101752	\$ 200,000	DW18-132	26,189	11/26/2018	SRF	Yes	\$ 200,000	\$ 240,000	\$ 200,000	\$ 240,000	\$ 252,821	Barnstead	Yes	\$ 26.69	\$ 6,748	Total project cost incurred between 2019 through 2021 when project became Used and Useful.	
Pelham Main Replacement/Addition	Replace 1600 LF of 3 inch PE with 12 in C-900 and add 775 LF of 12 in C-900 on Monticello, Mt. Vernon and Lane Road - Finish Paving	2105634	\$ 40,000		Pending Filing		CoBank	Yes	\$ 40,000	\$ 40,000	\$ 40,000	\$ 87,366	\$ 32,369	Pelham	Yes	\$ 21.15	\$ 685	Actual Final Paving and restoration costs	
Pelham Main Replacement/Addition	Finish Paving	2105635			Pending Filing		CoBank	Yes	\$ -	\$ -	\$ -		\$ 62,849	Pelham	Yes	\$ 21.15	\$ 1,329	included in WO 2105634 final paving	
Pelham Main Replacement/Addition	Finish Paving	2105636			Pending Filing		CoBank	Yes	\$ -	\$ -	\$ -		\$ 5,132	Pelham	Yes	\$ 21.15	\$ 109	included in WO 2105634 final paving	
Londonderry System Improvements	Tank, Transmission Main, & Booster Station	2102351	\$ 1,600,000		0.1 DSR		0.1 DSR	No	\$ 1,600,000	\$ 100,000	\$ 100,000	\$ 15,000	\$ 13,698	Londonderry	No	\$ 23.34	\$ -	Engineering only in 2021. Project delay in permitting will require carry over into 2022	
Atkinson Booster pump station design	Atkinson Booster pump station design	2102306	\$ 30,000		0.1 DSR		0.1 DSR	No	\$ 30,000	\$ 30,000	\$ 30,000	\$ -	\$ -	Atkinson	No	\$ 17.54	\$ -	Deferred	
Locke Lake Filter Replacement	Replace two failed (structural-collapse of screen supports) iron, manganese, & arsenic filters.	n/a	\$ 30,000		Pending Filing		CoBank	Yes	\$ 30,000	\$ -	\$ 10,000	\$ -		Barnstead	Yes	\$ 26.69	\$ -	Completed in 2020	
Airstrip Station Decommissioning	Abandon unused wells and Station	2101758	\$ 40,000	DW18-132	26,189	11/26/2018	SRF	Yes	\$ 40,000	\$ 78,000	\$ 78,000	\$ 78,000	\$ 77,613	Barnstead	No	\$ 26.69	\$ -	Complete	
1 x revenue investments Normal Run Rate	Per Tariff	Routine	\$ 100,000		Pending Filing		CoBank	Yes	\$ 100,000	\$ 170,000	\$ 155,000	\$ 160,000	\$ 149,759	Various	Yes	\$ 24.03	\$ 3,599	110 New Developer Installed in 2021.	
Sunrise Estates	Station Replacement (design)	2102007	\$ -		0.1 DSR		0.1 DSR	No	\$ -	\$ 8,000	\$ 8,000	\$ 3,000	\$ 2,764	Middleton	No	\$ 32.66	\$ -	Deferred - monies shown for engineering design	
Londonderry Core Re-Chloramination	Re-chloramination Evaluation and Preliminary Design	2003760 & 2102008	\$ -		0.1 DSR		0.1 DSR	No	\$ -	\$ 700	\$ 700	\$ 700	\$ 12,469	Londonderry	No	\$ 23.34	\$ -	Deferred - monies shown for engineering design	
Nesenkeag Well Decomission	Nesenkeag Well Decomission	2104691	\$ -		0.1 DSR		0.1 DSR	No	\$ -	\$ 19,600	\$ 20,000	\$ 20,000	\$ 19,600	Londonderry	No	\$ 23.34	\$ -	Complete	
Londonderry RRA and ERP	Londonderry RRA and ERP	2105486	\$ -		0.1 DSR		0.1 DSR	No	\$ -	\$ -	\$ 26,150	\$ 26,150	\$ 2,462	Londonderry	No	\$ 23.34	\$ -	Missed in original budget. Required by NHDES under American Water Infrastructure Act	
Litchfield RRA and ERP	Litchfield RRA and ERP	2105487	\$ -		0.1 DSR		0.1 DSR	No	\$ -	\$ -	\$ 26,150	\$ 26,150	\$ 4,862	Litchfield	No	\$ 23.34	\$ -	Missed in original budget. Required by NHDES under American Water Infrastructure Act	
Litchfield- Londonderry Evaluation	Litchfield- Londonderry Evaluation	2105687	\$ -		0.1 DSR		0.1 DSR	No	\$ -	\$ -	\$ 10,000	\$ 16,000	\$ 15,362	Lond/Litchfield	No	\$ 23.34	\$ -	Requested evaluation by NHDES - Internal Engineering Staff. Ability to serve water from Nashua	
Castle Reach, Replace VFD, Pump #2	Booster Pump replacement/rebuild	2107680	\$ -		DW21-102		CoBank	Yes	\$ -	\$ -	\$ 1,300	\$ 1,300	\$ 1,295	Windham	Yes	\$ 23.37	\$ 30		
Liberty Tree, Replace VFD, Pump #1	Booster Pump replacement/rebuild	2109974	\$ 1		Pending Filing		CoBank	Yes	\$ 1				\$ 1,788	Rymond	Yes	\$ 23.46	\$ 42		
Booster Pump replacement/rebuild	Booster Pump replacement/rebuild	Routine	\$ 40,000		Pending Filing		CoBank	Yes	\$ 40,000	\$ 30,000	\$ 25,000	\$ 20,000	\$ 15,865	Various	Yes	\$ 24.03	\$ 381	Installed/Repaired 5 pumps in 2021.	
Well Pump replacements	Well Pump replacements	Routine	\$ 40,000		Pending Filing		CoBank	Yes	\$ 40,000	\$ 30,000	\$ 30,000	\$ 25,000	\$ 25,643	Various	Yes	\$ 24.03	\$ 616	Installed/Repaired 7 well pumps in 2021.	
Chemical Feed pump replacements	Chemical Feed pump replacements	Routine	\$ 10,000		Pending Filing		CoBank	Yes	\$ 10,000	\$ 8,000	\$ 6,000	\$ 6,000	\$ 3,768	Various	Yes	\$ 24.03	\$ 91	Installed/Repaired 2 chem feed pumps in 2021.	
Install/replace treatment systems in small CWS (supplemental Arsenic treatment	Install/replace treatment systems in small CWS (supplemental Arsenic treatment systems).	n/a	\$ 50,000		Pending Filing		CoBank	Yes	\$ 50,000	\$ 27,000	\$ 27,000	\$ -		Various	Yes	\$ 24.03	\$ -		
Install Poly Phosphate Sequestration System, Skyview Estates, Pelham	Install Poly Phosphate Sequestration System, Skyview Estates, Pelham	2104065	Install/Replace Treatment - See above		Pending Filing		CoBank	Yes	\$ -	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,126	Pelham	Yes	\$ 21.15	\$ 66		
Install/replace treatment systems in small CWS (supplemental Arsenic treatment	Install PFAs Removal Treatment System, Harvest Village, Londonderry	2104692	Install/Replace Treatment - See above		Pending Filing		CoBank	Yes	\$ -	\$ 20,000	\$ 20,000	\$ 20,000	\$ 13,170	Londonderry	Yes	\$ 23.34	\$ 307		
Misc. Structural Improvements	Misc. Structural Improvements	n/a	\$ 20,000		Pending Filing		CoBank	Yes	\$ 20,000	\$ 5,750	\$ 5,750	\$ -		Various	Yes	\$ 24.03	\$ -		
Pave Access Road to Stone Sled Station	Misc. Structural Improvements	2103983	Misc. Structural Imp. - See above		Pending Filing		CoBank	Yes	\$ -	\$ 14,250	\$ 14,250	\$ 14,250	\$ 14,250	Various	Yes	\$ 24.03	\$ 342		
Miscellaneous Fencing and Security projects	Miscellaneous Fencing and Security projects	n/a	\$ 10,000		Pending Filing		CoBank	Yes	\$ 10,000	\$ 10,000	\$ 5,000	\$ -		Various	Yes	\$ 24.03	\$ -		
Miscellaneous SCADA/Electrical	Miscellaneous SCADA/Electrical	n/a	\$ 30,000		Pending Filing		CoBank	Yes	\$ -	\$ 30,000	\$ 20,000	\$ -		Various	Yes	\$ 24.03	\$ -		
Well Rehabilitation	Well Rehabilitation	n/a	\$ 60,000		Pending Filing		CoBank	Yes	\$ 60,000	\$ 60,000	\$ 51,610	\$ -		Various	Yes	\$ 24.03	\$ -		
Rehabilitate Well #9, Locke Lake, Barnstead	Well Rehabilitation	2102279	\$ -		Pending Filing		CoBank	Yes	\$ -	\$ -	\$ 8,390	\$ 8,390	\$ 8,390	Barnstead	Yes	\$ 26.69	\$ 224		
Install web based communication equipment, 4 locations	Install web based communication equipment, 4 locations	n/a	\$ 20,000		Pending Filing		CoBank	Yes	\$ 20,000	\$ 20,000	\$ 20,000	\$ 5,000		Various	Yes	\$ 24.03	\$ -		
Interconnect the W&E CWS to the Town of Salem Water System.	Interconnect the W&E CWS to the Town of Salem Water System.	2004243 & 2101750	\$ -		Pending Filing		DWGTf	No	\$ -	\$ 565,000	\$ 175,000	\$ 290,000	\$ 221,788	Windham	No	\$ 23.37	\$ -	Added as part of PEU-Salem Windham Franchise exchange. MSDC charge paid for by PEU. Work will not be Used and Useful in 2021. Includes dechloramination. \$175,000 in MSDC was budgeted in 2020, missed carry over. Well #3 capacity and quality changed dramatically in 2020 changing this connection from season to year round and requiring the additional \$550,000 investment. Pipeline and Station work deferred into 2022 due to materials not being available.	
New Services (5)	Single Family, Owner Build, New Homes	Routine	\$ 25,000		Pending Filing		CoBank	Yes	\$ 25,000	\$ 15,000	\$ 20,000	\$ 26,455	\$ 26,455	Various	Yes	\$ 24.03	\$ 636	Installed 5/6 new services in 2021.	
Renewed Services (20)	Replacement of failed services (focus on Locke Lake Services).	Routine	\$ 110,000		Pending Filing		CoBank	Yes	\$ 110,000	\$ 50,000	\$ 40,000	\$ 14,000	\$ 10,686	Various	Yes	\$ 24.03	\$ 257	Renewed 6 services in 2021.	
Hydrants (5)	Replacement of non-functional hydrants	Routine	\$ 30,000		Pending Filing		CoBank	Yes	\$ 30,000	\$ 30,000	\$ 12,000	\$ 12,000	\$ 3,489	Various	Yes	\$ 24.03	\$ 84	Replaced 1 hydrant replacements in 2021	
Gates (8)	Replacement of Failed Gate Valves	Routine	\$ 32,000		Pending Filing		CoBank/0.1 DSR	Yes	\$ 32,000	\$ 40,000	\$ 35,000	\$ 33,000	\$ 43,014	Various	Yes	\$ 24.03	\$ 1,034	Installed/Repaired 6 gates in 2021	
Radios (300)	New Customers (220) and replaced failed radios (80) for meter reading.	Routine	\$ 31,500		Pending Filing		CoBank	Yes	\$ 31,500	\$ 27,000	\$ 20,000	\$ 12,400	\$ 11,972	Various	Yes	\$ 24.03	\$ 288	Installed/Repaired 143 radios in 2021.	
New meters for new customers (220). Replacement of failed meters (80)	New meters for new customers (220) and replacement meters (80).	Routine	\$ 30,000		Pending Filing		CoBank	Yes	\$ 30,000	\$ 50,000	\$ 38,000	\$ 32,000	\$ 31,956	Various	Yes	\$ 24.03	\$ 768	Installed/Repaired 228 meters in 2021	
Meters 5/8"-6" Lead Meter Exchange - PEU (400)	Replace High lead brass meter with new no lead brass meter.	Routine	\$ 40,000		Pending Filing		CoBank	Yes	\$ 40,000		\$ -			Various	Yes	\$ 24.03	\$ -	Included in line above	
2021 Radios (1000)	Year 1 of 10 year replacement of all PEU radios (initial radios occurred in 2008)	2101627	\$ 130,000		Pending Filing		CoBank	Yes	\$ 130,000	\$ 106,000	\$ 98,000	\$ 95,000	\$ 101,644	Various	Yes	\$ 24.03	\$ 2,443	Replaced 1048 Radios in 2021.	
Install New Water Service	Install New Water Service	2200375	\$ -		Pending Filing		CoBank	Yes	\$ -	\$ -	\$ -	\$ -	\$ 4,387	North Conway	Yes	\$ 22.16	\$ 97		
Interest on CoBank FaLOC	Short term interest from 9/29/2021 - 7/31/2022		\$ -		Pending Filing		CoBank	Yes	\$ -	\$ -	\$ 13,650	\$ 14,870	\$ 11,591	Various	No	\$ 24.03	\$ -	Anticipates closing on CoBank long term loan to pay off CoBank FaLOC on 8/1/2022.	
Pennichuck East Utilities Projected 2021 Total Capital Expenditure Budget -									\$ 2,718,501	\$ 1,827,300	\$ 1,392,950	\$ 1,305,031	\$ 984,249	Projected annual property tax expenses for QCPAC eligible projects -					\$ 20,174
2021 0.1 DSR funded projects -									\$ 30,000	\$ 158,300	\$ 221,000	\$ 107,000	\$ 86,313	includes					\$ 15,096.94 to fund replacement of the gate valve that was capitalized in response to Audit Request #2
Pennichuck East Utilities Projected 2021 QCPAC Eligible Capital Investment less 0.1 DSR funded projects -									\$ 2,688,501	\$ 1,669,000	\$ 1,171,950	\$ 1,198,031	\$ 897,936						
Funded with CoBank Loan <sup>1</sup> -									\$ 2,455,648	\$ 1,436,147	\$ 939,950	\$ 966,031	\$ 665,083						
Funded with SRF Loan <sup>1</sup> -									\$ 232,853	\$ 232,853	\$ 232,000	\$ 232,000	\$ 232,853						
W&E project to be funded with DWGTf Loan/Grant in 2022 -													\$ 221,788						

1. Tax rate is the sum of the local community rate plus the Statewide Utility tax rate of \$6.60/\$1000.

2. The 2021 PEU Capital Expenditures Budget presented were approved by the Board in January 2021.

3. Projected CoBank Loan Terms are

4. Projected SRF Terms for Locke Lake project are

25 Years at 5.0%

30 Years at 2.704%

resulting in P&I of

resulting in P&I of

\$ 174,234

\$ 11,430

\$ 185,664

\$ 101,898

\$ 11,430

\$ 113,328

\$ 66,692

\$ 11,388

\$ 78,080

\$ 68,542

\$ 11,388

\$ 79,930

\$ 47,189

\$ 11,430

\$ 58,619

Pennichuck East Utilities, Inc.  
DW 22-005  
Projected 2022 QCPAC Capital Expenditures  
2/10/2022  
9/22/2022, Revised per responses to DOE DR 2's.

PEU QCPAC Filing  
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Project Name/Description	Project Description	Work Order #	2022 Approved Budgeted Amount (2)	Financing Docket No.	NHPUC Order No.	Date of NHPUC Order	Source of Funding	Eligible for 2022 QCPAC Surcharge	Eligible for 2022 QCPAC Surcharge	Community	Taxable	Tax Rate (1)	QCPAC Eligible Property Tax Expense	Explanation for Change/Addition/Deletion since Petition Filing
Londonderry System Improvements	1.25 MG Tank, 16 Inch Transmission Main, & 3,500 gpm Booster Station		\$ 1,600,000	CoBank		Pending Filing	CoBank	Yes	\$ 1,600,000	Londonderry	Yes	\$ 23.34	\$ 37,344	
W&E Treatment Improvements	Station Improvements to dechloramine and rechlorinate		\$ 35,000	DW/GTF		Pending Filing	DW/GTF	Yes	\$ 35,000	Windham	Yes	\$ 23.37	\$ 818	
W&E Water Main Improvements	Interconnection to Sothern NH Regional Water Sys.		\$ 454,000	DW/GTF/CoBank		Pending Filing	DW/GTF	Yes	\$ 454,000	Windham	Yes	\$ 23.37	\$ 10,610	
Investment in Developer Services	1x Annual Revenue	2102351	\$ 100,000	CoBank		Pending Filing	CoBank	Yes	\$ 100,000	Various	Yes	\$ 24.03	\$ 2,403	
Booster Pump replacement/rebuild	Booster Pump replacement/rebuild		\$ 40,000	CoBank		Pending Filing	CoBank	Yes	\$ 40,000	Various	Yes	\$ 24.03	\$ 961	
Well Pump replacements	Well Pump replacements		\$ 40,000	CoBank		Pending Filing	CoBank	Yes	\$ 40,000	Various	Yes	\$ 24.03	\$ 961	
Chemical Feed pump replacements	Chemical Feed pump replacements		\$ 10,000	CoBank		Pending Filing	CoBank	Yes	\$ 10,000	Various	Yes	\$ 24.03	\$ 240	
Install/replace treatment systems in small CWS (supplemental Arsenic treatment systems)	Install/replace treatment systems in small CWS (supplemental Arsenic treatment systems)		\$ 50,000	CoBank		Pending Filing	CoBank	Yes	\$ 50,000	Various	Yes	\$ 24.03	\$ 1,202	
Misc. Structural Improvements	Misc. Structural Improvements		\$ 20,000	CoBank		Pending Filing	CoBank	Yes	\$ 20,000	Various	Yes	\$ 24.03	\$ 481	
Miscellaneous Fencing and Security projects	Miscellaneous Fencing and Security projects		\$ 10,000	CoBank		Pending Filing	CoBank	Yes	\$ 10,000	Various	Yes	\$ 24.03	\$ 240	
Miscellaneous SCADA/Electrical	Miscellaneous SCADA/Electrical		\$ 40,000	CoBank		Pending Filing	CoBank	Yes	\$ 40,000	Various	Yes	\$ 24.03	\$ 961	
Well Rehabilitation	Well Rehabilitation		\$ 60,000	CoBank		Pending Filing	CoBank	Yes	\$ 60,000	Various	Yes	\$ 24.03	\$ 1,442	
replace PLC W and E station	replace PLC W and E station		\$ 18,000	CoBank		Pending Filing	CoBank	Yes	\$ 18,000	Windham	Yes	\$ 23.37	\$ 421	
Replace SCADA HMI Locke Lake	Replace SCADA HMI Locke Lake		\$ 10,000	CoBank		Pending Filing	CoBank	Yes	\$ 10,000	Barnstead	Yes	\$ 26.69	\$ 267	
install web based communication equipment, 4 locations	install web based communication equipment, 4 locations		\$ 20,000	CoBank		Pending Filing	CoBank	Yes	\$ 20,000	Various	Yes	\$ 24.03	\$ 481	
North Conway Water Precinct Well #2 upgrade	Contractual contribution to North Conway Water Precinct Well #2 upgrade		\$ 50,000		0.1 DSRR		0.1 DSRR	No	\$ 50,000	Various	No	\$ 24.03	\$ -	
New Services (5)	Single Family, Owner Build, New Homes		\$ 25,000	CoBank		Pending Filing	CoBank	Yes	\$ 25,000	Various	Yes	\$ 24.03	\$ 601	
Renewed Services (10)	Replacement of failed services (Focus on Locke Lake System)		\$ 55,000	CoBank		Pending Filing	CoBank	Yes	\$ 55,000	Various	Yes	\$ 24.03	\$ 1,322	
Hydrants (5)	Replacement of non functional hydrants		\$ 30,000	CoBank		Pending Filing	CoBank	Yes	\$ 30,000	Various	Yes	\$ 24.03	\$ 721	
Gates (10)	Replacement of Failed Gate Valves		\$ 40,000	CoBank		Pending Filing	CoBank	Yes	\$ 40,000	Various	Yes	\$ 24.03	\$ 961	
Radios (220)	New Customers (220)		\$ 23,100	CoBank		Pending Filing	CoBank	Yes	\$ 23,100	Various	Yes	\$ 24.03	\$ 555	
New meters for new customers (220). Replacement of failed meters (80)	New meters for new customers (220)		\$ 30,000	CoBank		Pending Filing	CoBank	Yes	\$ 30,000	Various	Yes	\$ 24.03	\$ 721	
Meters 5/8"-6" Lead Meter Exchange - PEU (400)	Replace High lead brass meter with new no lead brass meter		\$ 40,000	CoBank		Pending Filing	CoBank	Yes	\$ 40,000	Various	Yes	\$ 24.03	\$ 961	
2022 Radios (700)	Year 2 of 10 year replacement of all PEU radios (initial radios occurred in 2008)		\$ 91,000	CoBank		Pending Filing	CoBank	Yes	\$ 91,000	Various	Yes	\$ 24.03	\$ 2,187	
CoBank Fixed Asset Line of Credit	Short term interest from 8/1/2022 - 7/31/2023		\$ 20,000	CoBank		Pending Filing	CoBank	Yes	\$ 20,000	N/A	No	N/A	\$ -	Anticipates closing on CoBank long term loan to pay off CoBank FALOC on 8/1/2023.
Pennichuck East Utilities Projected 2022 Total Capital Expenditure Budget -			\$ 2,911,100	Projected annual property tax expenses for QCPAC eligible projects -										\$ 66,860

Pennichuck East Utilities Projected 2022 QCPAC Eligible Capital Investment - \$ 2,861,100  
Add in 2021 W&E connection expenditures to be funded by DWGTF Loan/Grant - \$ 221,788  
Total Capex to be funded in 2022 with QCPAC - \$ 3,082,888  
Funded with CoBank Loan<sup>3</sup> - \$ 2,377,888  
Funded with DWGTF loan<sup>4</sup> - \$ 493,500  
Funded with DWGWTF Grant - \$ 211,500  
Funding with 0.1 DSRR - \$ 50,000 (Row 23 above, not included in total in Cell L34)

1. Tax rate is the sum of the local community rate plus the Statewide Utility tax rate of \$6.60/\$1000  
2. The 2022 PEU Capital Expenditures Budget presented were approved by the Board in January 2022.  
3. Projected CoBank Loan Terms are 25 Years at 5.5% resulting in P&I of \$ 177,270  
4. Project Funded with pending Drinking Water Ground Water Trust Fund Loan/Grant 25 Years at 1.57% resulting in P&I of \$ 24,019  
Total P&I to support proposed QCPAC eligible 2022 Capex - \$ 201,289

Pennichuck East Utilities, Inc.  
DW 22-005  
Projected 2023 QCPAC Capital Expenditures  
2/10/2022  
9/22/2022, Revised per responses to DOE DR 2's.

PEU QCPAC Filing  
Exhibit DLW-1  
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Project Name/Description	Project Description	Work Order #	2023 Approved Budgeted Amount (2)	Financing Docket No.	NHPUC Order No.	Date of NHPUC Order	Source of Funding	Eligible for 2023 QCPAC Surcharge	Eligible for 2023 QCPAC Surcharge	Community	Taxable	Tax Rate (1)	QCPAC Eligible Property Tax Expense
Sunrise Estates	Booster Station and Storage Tank Replacement		\$ 500,000	CoBank		Pending Filing	CoBank	Yes	\$ 500,000	Middleton	Yes	\$ 32.66	\$ 16,330
Investment in Developer Services	1x Annual Revenue		\$ 100,000	CoBank		Pending Filing	CoBank	Yes	\$ 100,000	Various	Yes	\$ 24.03	\$ 2,403
Booster Pump replacement/rebuild	Booster Pump replacement/rebuild		\$ 40,000	CoBank		Pending Filing	CoBank	Yes	\$ 40,000	Various	Yes	\$ 24.03	\$ 961
Well Pump replacements	Well Pump replacements		\$ 40,000	CoBank		Pending Filing	CoBank	Yes	\$ 40,000	Various	Yes	\$ 24.03	\$ 961
Chemical Feed pump replacements	Chemical Feed pump replacements		\$ 10,000	CoBank		Pending Filing	CoBank	Yes	\$ 10,000	Various	Yes	\$ 24.03	\$ 240
Install/replace treatment systems in small CWS	Install/replace treatment systems in small CWS		\$ 25,000	CoBank		Pending Filing	CoBank	Yes	\$ 25,000	Various	Yes	\$ 24.03	\$ 601
Misc. Structural Improvements	Misc. Structural Improvements		\$ 20,000	CoBank		Pending Filing	CoBank	Yes	\$ 20,000	Various	Yes	\$ 24.03	\$ 481
Miscellaneous Fencing and Security projects	Miscellaneous Fencing and Security projects		\$ 10,000	CoBank		Pending Filing	CoBank	Yes	\$ 10,000	Various	Yes	\$ 24.03	\$ 240
Miscellaneous SCADA/Electrical	Miscellaneous SCADA/Electrical		\$ 40,000	CoBank		Pending Filing	CoBank	Yes	\$ 40,000	Various	Yes	\$ 24.03	\$ 961
Well Rehabilitation	Well Rehabilitation		\$ 60,000	CoBank		Pending Filing	CoBank	Yes	\$ 60,000	Various	Yes	\$ 24.03	\$ 1,442
Web based Communications 3 locations	Web based Communications 3 locations		\$ 18,000	CoBank		Pending Filing	CoBank	Yes	\$ 18,000	Various	Yes	\$ 24.03	\$ 433
New Services (5)	Single Family, Owner Build, New Homes		\$ 25,000	CoBank		Pending Filing	CoBank	Yes	\$ 25,000	Various	Yes	\$ 24.03	\$ 601
Renewed Services (10)	Replacement of failed services (Focus on Locke Lake System)		\$ 55,000	CoBank		Pending Filing	CoBank	Yes	\$ 55,000	Various	Yes	\$ 24.03	\$ 1,322
Hydrants (5)	Replacement of non functional hydrants		\$ 30,000	CoBank		Pending Filing	CoBank	Yes	\$ 30,000	Various	Yes	\$ 24.03	\$ 721
Gates (10)	Replacement of Failed Gate Valves		\$ 40,000	CoBank		Pending Filing	CoBank	Yes	\$ 40,000	Various	Yes	\$ 24.03	\$ 961
Radios (220)	New Customers (220)		\$ 23,100	CoBank		Pending Filing	CoBank	Yes	\$ 23,100	Various	Yes	\$ 24.03	\$ 555
New meters for new customers (220). Replacement of failed meters (80)	New meters for new customers (220)		\$ 30,000	CoBank		Pending Filing	CoBank	Yes	\$ 30,000	Various	Yes	\$ 24.03	\$ 721
Meters 5/8"-6" Lead Meter Exchange - PEU (400)	Replace High lead brass meter with new no lead brass meter		\$ 40,000	CoBank		Pending Filing	CoBank	Yes	\$ 40,000	Various	Yes	\$ 24.03	\$ 961
2022 Radios (700)	Year 3 of 10 year replacement of all PEU radios (initial radios occurred in 2008)		\$ 91,000	CoBank		Pending Filing	CoBank	Yes	\$ 91,000	Various	Yes	\$ 24.03	\$ 2,187
Interest on CoBank FALOC	Short term interest from 8/1/2023 - 7/31/2024		\$ 16,410	CoBank		Pending Filing	CoBank	Yes	\$ 16,410	N/A	No	N/A	\$ -

Pennichuck East Utilities Projected 2023 Total Capital Expenditure Budget - \$ 1,213,510

Projected annual property tax expenses for QCPAC eligible projects - \$ 33,081

Pennichuck East Utilities Projected 2023 QCPAC Eligible Capital Investment - \$ 1,213,510

Funded with CoBank Loan<sup>3</sup> - \$ 1,213,510

1. Tax rate is the sum of the local community rate plus the Statewide Utility tax rate of \$6.60/\$1000

2. The 2023 PEU Capital Expenditures Budget presented were approved by the Board in January 2022.

3. Projected CoBank Loan Terms are 25 Years at 5.5% resulting in P&I of \$ 90,466

Pennichuck East Utilities, Inc.  
DW 22-005  
Projected 2023 QCPAC Capital Expenditures  
2/10/2022  
9/22/2022, Revised per responses to DOE DR 2's.

PEU QCPAC Filing  
Exhibit DLW-1  
Page 6

Project Name/Description	Project Description	Work Order #	2024 Approved Budgeted Amount (2)	Financing Docket No.	NHPUC Order No.	Date of NHPUC Order	Source of Funding	Eligible for 2023 QCPAC Surcharge	Eligible for 2023 QCPAC Surcharge	Community	Taxable	Tax Rate (1)	QCPAC Eligible Property Tax Expense	
New Services (5)	Single Family, Owner Build, New Homes		\$ 25,000	CoBank	Pending Filing		CoBank	Yes	\$ 25,000	Various	Yes	\$ 24.03	\$ 601	
Renewed Services (10)	Replacement of failed services (Focus on Locke Lake System)		\$ 55,000	CoBank	Pending Filing		CoBank	Yes	\$ 55,000	Various	Yes	\$ 24.03	\$ 1,322	
Hydrants (5)	Replacement of non functional hydrants		\$ 30,000	CoBank	Pending Filing		CoBank	Yes	\$ 30,000	Various	Yes	\$ 24.03	\$ 721	
Gates (10)	Replacement of Failed Gate Valves		\$ 40,000	CoBank	Pending Filing		CoBank	Yes	\$ 40,000	Various	Yes	\$ 24.03	\$ 961	
Radios (220)	New Customers (220)		\$ 23,100	CoBank	Pending Filing		CoBank	Yes	\$ 23,100	Various	Yes	\$ 24.03	\$ 555	
New meters for new customers (220). Replacement of failed meters (80)	New meters for new customers (220)		\$ 30,000	CoBank	Pending Filing		CoBank	Yes	\$ 30,000	Various	Yes	\$ 24.03	\$ 721	
Meters 5/8"-6" Lead Meter Exchange - PEU (400)	Replace High lead brass meter with new no lead brass meter		\$ 40,000	CoBank	Pending Filing		CoBank	Yes	\$ 40,000	Various	Yes	\$ 24.03	\$ 961	
2022 Radios (700)	Year 4 of 10 year replacement of all PEU radios (initial radios occurred in 2008)		\$ 91,000	CoBank	Pending Filing		CoBank	Yes	\$ 91,000	Various	Yes	\$ 24.03	\$ 2,187	
Investment in Developer Services	1x Annual Revenue		\$ 100,000	CoBank	Pending Filing		CoBank	Yes	\$ 100,000	Various	Yes	\$ 24.03	\$ 2,403	
Atkinson Pioneer Park	Booster Station and Storage Tank Replacement		\$ 800,000	CoBank	Pending Filing		CoBank	Yes	\$ 800,000	Atkinson	Yes	\$ 17.54	\$ 14,032	
Booster Pump replacement/rebuild	Booster Pump replacement/rebuild		\$ 40,000	CoBank	Pending Filing		CoBank	Yes	\$ 40,000	Various	Yes	\$ 24.03	\$ 961	
Well Pump replacements	Well Pump replacements		\$ 40,000	CoBank	Pending Filing		CoBank	Yes	\$ 40,000	Various	Yes	\$ 24.03	\$ 961	
Chemical Feed pump replacements	Chemical Feed pump replacements		\$ 10,000	CoBank	Pending Filing		CoBank	Yes	\$ 10,000	Various	Yes	\$ 24.03	\$ 240	
Install/replace treatment systems in small CWS	Install/replace treatment systems in small CWS		\$ 25,000	CoBank	Pending Filing		CoBank	Yes	\$ 25,000	Various	Yes	\$ 24.03	\$ 601	
Misc. Structural Improvements	Misc. Structural Improvements		\$ 20,000	CoBank	Pending Filing		CoBank	Yes	\$ 20,000	Various	Yes	\$ 24.03	\$ 481	
Miscellaneous Fencing and Security projects	Miscellaneous Fencing and Security projects		\$ 10,000	CoBank	Pending Filing		CoBank	Yes	\$ 10,000	Various	Yes	\$ 24.03	\$ 240	
Miscellaneous SCADA/Electrical	Miscellaneous SCADA/Electrical		\$ 40,000	CoBank	Pending Filing		CoBank	Yes	\$ 40,000	Various	Yes	\$ 24.03	\$ 961	
Well Rehabilitation	Well Rehabilitation		\$ 60,000	CoBank	Pending Filing		CoBank	Yes	\$ 60,000	Various	Yes	\$ 24.03	\$ 1,442	
Interest on CoBank FALOC	Short term interest from 8/1/2024 - 7/31/2025		\$ 14,100	CoBank	Pending Filing		CoBank	Yes	\$ 14,100	Various	No	N/A	\$ -	
Pennichuck East Utilities Projected 2024 Total Capital Expenditure Budget -			\$ 1,493,200								Projected annual property tax expenses for QCPAC eligible projects -			\$ 30,351
Pennichuck East Utilities Projected 2024 QCPAC Eligible Capital Investment -									\$ 1,493,200					
Funded with CoBank Loan <sup>3</sup> -									\$ 1,493,200					

1. Tax rate is the sum of the local community rate plus the Statewide Utility tax rate of \$6.60/\$1000

2. The 2024 PEU Capital Expenditures Budget presented were approved by the Board in January 2022.

3. Projected CoBank Loan Terms are

25 Years at5.5%resulting in P&I of\$ 111,317



**Pennichuck East Utilities, Inc.**  
**DW 22-005**  
**Attachment DOE 2-1**  
**9/22/2022**

2021 QCPAC Various Tax Rate

Community	# of customers	Tax Rate (1)	Customer Count x Tax Rate
Atkinson	10	\$ 17.54	\$ 175.40
Barnstead	898	\$ 26.70	\$ 23,976.60
Bow	129	\$ 30.24	\$ 3,900.96
Chester	33	\$ 25.50	\$ 841.50
Conway	217	\$ 22.14	\$ 4,804.38
Derry	245	\$ 31.36	\$ 7,683.20
Exeter	52	\$ 28.62	\$ 1,488.24
Hooksett	101	\$ 26.64	\$ 2,690.64
Lee	34	\$ 26.85	\$ 912.90
Litchfield	2514	\$ 23.34	\$ 58,676.76
Londonderry	2421	\$ 23.34	\$ 56,506.14
Middleton	86	\$ 32.10	\$ 2,760.60
Pelham	620	\$ 21.15	\$ 13,113.00
Plaistow	21	\$ 23.89	\$ 501.69
Raymond	387	\$ 23.46	\$ 9,079.02
Sandown	11	\$ 33.51	\$ 368.61
Tilton	67	\$ 23.34	\$ 1,563.78
Weare	27	\$ 22.34	\$ 603.18
Windham	733	\$ 23.37	\$ 17,130.21
	8606		\$ 206,776.81
<b>Customer Weighted PEU Various Tax Rate -</b>			<b>\$ 24.03</b>

- 1) Tax rate includes \$6.60 per \$1000 Statewide Utility Tax  
and is based on June 2022 Tax bill from each community

**Pennichuck East Utility, Inc.**  
**DW 22-005**  
2022 QCPAC - Qualified Capital Project Adjustment Charge  
Responses to DOE Data Requests –Set 3

Date Request Received: 11/8/22  
Request No. DOE 3-1

Date of Response: 11/17/22  
Witness: Donald L. Ware

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**REQUEST:**

**Re: Exhibit DLW-1 (09/30/22 Update), Page 1 – Computation of QCPAC Surcharge, Notes 7, Lines 36 and 42:**

- a) Would the Company be agreeable to amending the interest rate indicated in Cell L36 from 5.00% to 7.16%, to conform with the interest rate indicated on Exhibit DLW-1 (09/30/22 Update), Page 3, Cell D60? Please explain your answer.
- b) Would the Company be agreeable to amending the interest rate indicated in Cell L42 from 5.50% to 7.00% to conform with the interest rates indicated on Exhibit DLW-1 (09/30/22 Update), Page 4 – Cell D58, Page 5 – Cell D38, and Page 6 – Cell D37? Please explain your answer.

**RESPONSE:**

- a) Yes, Cell L36 of the attached revised Exhibit DLW 1, Page 1 has been changed from 5.0% to 7.16%. The interest rate was changed to reflect the CoBank loan amount closed on October 18, 2022, for projects and plant placed in service between 1/1/21 and 12/31/21.
- b) Yes, Cell L42 of the attached revised Exhibit DLW 1, Page 1 has been changed from 5.5% to 7.00%. The interest rate was changed to reflect the projected interest rates for future CoBank loans to finance projects and plant placed in service in 2022, 2023 and 2024.

**Pennichuck East Utility, Inc.**  
**DW 22-005**  
2022 QCPAC - Qualified Capital Project Adjustment Charge  
Responses to DOE Data Requests –Set 3

Date Request Received: 11/8/22  
Request No. DOE 3-2

Date of Response: 11/17/22  
Witness: Larry D. Goodhue

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**REQUEST:**

**Re: Exhibit DLW-1 (09/30/22 Update), Page 3 – 2021 Used and Useful QCPs:** Please provide supporting documentation confirming the following loan terms for the CoBank Loan that the Company recently closed on.

- a) Loan Term – 25 years (Cell B60)
- b) Interest Rate – 5.00% (Cell D60)
- c) Loan Amount - \$665,083 (Cell P54)
- d) Please also provide the closing date of the loan.

**RESPONSE:**

Please see the attached amortization schedule for the CoBank Loan that was closed on October 18, 2022 (Exhibit DOE 3-2). Please note that the interest rate referred to above of 5.0% in Cell D60 is not reflective of the interest rate that was in Cell D60 of the 9-30 update. The Company borrowed \$655,936 which is less than the anticipated \$665,038. Exhibit DLW-1 on Page 1 and Page 3 were updated to reflect the lower loan amount. The interest in the update was 7.16% (See the response to DOE 3-1a above).

**Pennichuck East Utility, Inc.**  
**DW 22-005**  
2022 QCPAC - Qualified Capital Project Adjustment Charge  
Responses to DOE Data Requests –Set 3

Date Request Received: 11/8/22  
Request No. DOE 3-3

Date of Response: 11/17/22  
Witness: Donald L. Ware

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**REQUEST:**

**Re: Exhibit DLW-1 (09/30/22 Update), Page 6 – Projected 2024 QCPAC Capital Expenditures:**

- a) Would the Company be agreeable to amending Cell A3 to read, “Projected 2024 QCPAC Capital Expenditures”? Please explain your answer.
- b) Would the Company be agreeable to amending Cell K10 to read, “Eligible for 2024 QCPAC Surcharge”? Please explain your answer
- c) Would the Company be amenable to amending Cell L10 to read, “Eligible for 2024 QCPAC Surcharge”? Please explain your answer.

**RESPONSE:**

a-c) Yes, the Company revised Cells A3, K10 and L10 on the attached revised Exhibit DLW 1, Page 6 to reflect the correct date of 2024, as opposed to 2023. This is a correction of typographical errors in those three cells.

**Pennichuck East Utility, Inc.**  
**DW 22-005**  
2022 QCPAC - Qualified Capital Project Adjustment Charge  
Responses to DOE Data Requests –Set 3

Date Request Received: 11/8/22  
Request No. DOE 3-4

Date of Response: 11/17/22  
Witness: John J. Boisvert

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**REQUEST:**

**Re: Response to DOE 1-3 (a), Londonderry System Improvements:** Please provide an update on the status of the project.

**RESPONSE:**

The project is making its way through the Town of Londonderry Site Plan Review process. The technical review by the Town's consultant has been completed. The Company's civil/site engineering consultant is addressing the technical review comments and making the official planning board submittal on Thursday November 17, 2022, for the project to have its first planning board review/hearing on December 14, 2022. It is anticipated that the planning board review process will require a second meeting in January before approval is granted. The Company anticipates that the storage tank and the 16-inch diameter transmission mains will be bid as separate contracts in the month of February, as those designs are complete. Although the site plan approval will be in place for the booster station in January 2023, there is considerable design work that remains for the electrical and mechanical systems inside the station. It is anticipated that the station will be bid in April 2023. All three of the components are required for full system operation. The Company anticipates the overall completion date is September 2024, as supply chain and equipment availability continue to bring long lead times and extend construction schedules.

**Pennichuck East Utility, Inc.**

**DW 22-005**

**2022 QCPAC - Qualified Capital Project Adjustment Charge  
Responses to DOE Data Requests –Set 3**

Date Request Received: 11/8/22  
Request No. DOE 3-5

Date of Response: 11/17/22  
Witness: Donald L. Ware

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**REQUEST:**

**Re: Exhibit DLW-1 (09/30/22 Update), Page 4 - Projected 2022 QCPAC Capital Expenditures, Lines 14-17, Gage Hill Main Replacements:** An E-22 submittal dated August 19, 2022 anticipated a cost of \$1,155,000 in 2022 for Gage Hill main replacements and temporary paving, whereas the 09/30/22 Update anticipates a total of only \$725,000 for this work. Please explain this discrepancy, including the impact of any bid results and how much work will be carried into 2023.

**RESPONSE:**

There is no discrepancy. The total budgeted project cost is \$1,155,000 with \$725,000 of the work being completed in 2022 (watermain installation and temporary paving) and the remaining \$430,000 of the project (paving and final clean up) being completed in 2024. Bid results will be incorporated into the 11-30-2022 update. Bids had not been opened at the time of the 9-30-2022 update.

**Pennichuck East Utility, Inc.**  
**DW 22-005**  
2022 QCPAC - Qualified Capital Project Adjustment Charge  
Responses to DOE Data Requests –Set 3

Date Request Received: 11/8/22  
Request No. DOE 3-6

Date of Response: 11/17/22  
Witness: Donald L, Ware

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**REQUEST:**

Is the Company aware of any further amendments or changes required to finalize this QCPAC filing?

**RESPONSE:**

Not at this time. All major projects for 2022 have been put out to bid and the status of those projects will be updated in the 11/30/2022 PEU QCPAC update. The Company does not anticipate any major projects being added or deleted from the 2022 QCPAC budget tab as updated for 9/30/2022.

	Requested DW 20-156 Revenue Requirements		Projected 2020 Qualified Capital Project pro formas	Projected QCPAC Surcharge for 2020 Capital Additions	Projected 2021 Qualified Capital Project pro formas	Projected QCPAC Surcharge for 2021 Capital Additions	Projected 2022 Qualified Capital Project pro formas	Projected QCPAC Surcharge for 2022 Capital Additions	Projected QCPAC For 2023 Capital Additions pro formas	Projected QCPAC Surcharge for 2023 Capital Additions	Projected QCPAC For 2024 Capital Additions pro formas	Projected QCPAC Surcharge for 2024 Capital Additions
City Bond Fixed Revenue Requirement (CBFRR)	\$	926,309		\$ 926,309	\$ -	\$ 926,309	\$ -	\$ 926,309	\$ -	\$ 926,309	\$ -	\$ 926,309
Material Operating Expense Revenue Requirement (MOERR)	\$	6,982,335 (1)	\$ 109,255 (5)(11)	\$ 7,091,590	\$ 20,174 (5)	\$ 7,111,764	\$ 43,714 (5)	\$ 7,155,478	\$ 33,081 (5)	\$ 7,188,560	\$ 30,351 (5)	\$ 7,218,910
Operating Expense Contingency		1.04 (2)		1.04		1.04		1.04		1.04		1.04
Material Operating Expense Revenue Requirement (MOERR) (12)		7,261,628		7,370,883		7,391,058		7,434,772		7,467,853		7,498,204
Non Material Operating Expense Revenue Requirement (NOERR)	\$	7,163		\$ 7,163		\$ 7,163		\$ 7,163		\$ 7,163		\$ 7,163
Amortization Expense (not subject to MOEF)	\$	52,281		\$ 52,281		\$ 52,281		\$ 52,281		\$ 52,281		\$ 52,281
Debt Service Revenue Requirement (DSRR 1.0)	\$	1,739,398 (3)	\$ 270,766 (6)	\$ 2,010,164	\$ 68,530 (7)	\$ 2,078,694	\$ 148,181 (13)	\$ 2,226,875	\$ 104,132 (13)	\$ 2,331,007	\$ 128,132 (13)	\$ 2,459,139
Principal and Interest Coverage Requirement		1.10		1.10		1.10		1.10		1.10		1.10
Total Debt Service Revenue Requirement including the .01 DSRR	\$	1,913,338		\$ 2,211,181		\$ 2,286,564		\$ 2,449,563		\$ 2,564,108		\$ 2,705,053
Revenue Requirement exclusive of NCCRS	\$	10,160,719		\$ 10,567,817		\$ 10,663,374		\$ 10,870,087		\$ 11,017,714		\$ 11,189,010
Less Other Operating Revenues	\$	30,188 (4)		\$ 30,188		\$ 30,188		\$ 30,188		\$ 30,188		\$ 30,188
Revenues required from Customer Classes exclusive of NCCRS	\$	10,130,531		\$ 10,537,629		\$ 10,633,186		\$ 10,839,899		\$ 10,987,526		\$ 11,158,822
Revenues subject to QCPAC	\$	10,130,531		\$ 10,537,629		\$ 10,633,186		\$ 10,839,899		\$ 10,987,526		\$ 11,158,822
Projected QCPAC Increase (8)				4.02%		0.94%		2.04%		1.46%		1.69%
Cumulative QCPAC increase (9)				4.02%		4.96%		7.00%		8.46%		10.15%
Cumulative QCPAC monthly increase in average single family residential bill				\$ 3.39		\$ 4.18		\$ 5.90		\$ 7.13		\$ 8.56
Average monthly single family residential bill with QCPAC				\$ 87.70		\$ 88.49		\$ 90.21		\$ 91.44		\$ 92.87

Notes:

(1) Operating Expense Revenue requirement is the sum of the Total Operating Expenses and Property Tax Expense sought in DW20-156. It does not include Amortization Expense.

(2) Material operating expense factor requested in DW20-156.

(3) Annual Principal and interest payments for PEU debt associated with plant in service being sought in DW20-156 less Georgetown project in Lock Lake.

(4) Other Revenues from 2019 Test Year in DW20-156.

(5) QCPAC operating expense proformas are based on the property taxes for plant added during the year.

(6) See Calculation of annual principal and interest payments on spreadsheet titled "2020 QCPAC PEU Additions."

(7) Portion of Annual Principal and interest payments paid to CoBank for debt associated with plant a placed in service between 1/1/2021 and 12/31/2021 for designated year based on a 25 year term loan with an actual total all in interest rate of 7.16% that was not recovered in DW20-156.

(8) QCPAC percent revenue surcharges based on increase in revenues over the revenues requested in DW20-156.

(9) Cumulative surcharge percentage is based on total surcharge revenues collected divided by the revenues requested in DW20-156.

(10) QCPAC operating expense proforma associated with property taxes is reduced by \$ 70,000 to reflect reduction in purchased water costs associated with the completion of the Londonderry Storage Tank. Due to delay in this project this proforma was removed from the 2022 QCPAC calculation

(11) QCPAC operating expense proforma associated with property taxes is reduced by \$ 28,000 to reflect reduction in arsenic treatment costs associated with the completion of the Locke Lake raw water well line to the Peacham Road Treatment plant.

(12) MOEF is not applied to QCPAC expenses

(13) Portion of Annual Principal and interest payments paid to CoBank for debt associated with plant a placed in service between 1/1 and 12/31 in 2022, 2023 and 2024 based on a 25 year term loan with an actual total all in interest rate of 7.00% that was not recovered in DW20-156.

Impact on PEU Single Family Residential Home:		
Monthly meter charge requested in DW20-156.	\$	22.56
Average Single Family Consumption (CCF)		6.50
Consumption Charge requested in DW20-156.	\$	9.50 per CCF
Average Single Family monthly bill with rates requested in DW20-156	\$	84.31



1. Tax rate is the sum of the local community rate plus the Statewide Utility tax rate of \$6.60/\$1000.
2. The 2020 PEU Capital Expenditures Budget presented were approved by the Board in January 2020.
3. Projected ColBank Loan Terms are \_\_\_\_\_
4. Remainder of Locke Lake Surface Water Treatment project to completed in early 2021 at a total projected cost of \_\_\_\_\_
5. Projected SRF Terms for Locke Lake project are \_\_\_\_\_

	Pennichuck East Utilities Projected 2020 QCPAC Eligible Capital Investment less 0.1 DSRR funded projects -	\$ -	\$ 35,000	\$ 65,000	\$ 68,000	\$ 19,624	
	Funded with CoBank Loan <sup>1</sup> -	\$ 1,692,000	\$ 3,826,191	\$ 3,649,955	\$ 4,951,522	\$ 5,142,555	
	Funded with SRF <sup>2</sup> -	\$ -	\$ 1,490,000	\$ 1,700,000	\$ 3,972,500	\$ 4,007,147	
	Total projected P&I on debt incurred to support 2020 used and useful capex -		\$ 152,403	\$ 127,206	\$ 63,867	\$ 74,069	
	Total projected annual P&I for 2020 used and useful QCP's		\$ 225,542	\$ 210,654	\$ 258,864	\$ 270,766	\$ 232,853

1. Tax rate is the sum of the local community rate plus the Statewide Utility tax rate of \$6.60/\$1000.

2. The 2020 PEU Capital Expenditures Budget presented were approved by the Board in January 2020.

3. Projected CoBank Loan Terms are 25 Years at 4.18% resulting in P&I of \$ 152,403

4. Remainder of Locke Lake Surface Water Treatment project to completed in early 2021 at a total projected cost of \$ 232,853

5. Projected SRF Terms for Locke Lake project are 30 Years at 2.704% resulting in P&I of \$ 73,139

Pennichuck East Utilities, Inc.  
DW 22-005  
2021 used and useful QCP's  
2/10/2022  
9/22/2022 Revised per responses to DOE DR 2's.  
10/20/2022- 9/30/2022 update Revised to reflect final CoBank Loan terms  
11/17/2022 Revised per responses to DOE DR 3.

Project Name/Description	Project Description	Work Order #	2021 Board Approved Budgeted	Financing Docket No.	NHPUC Order No.	Date of NHPUC Order	Source of Funding	Eligible for 2021 QCPAC Surcharge	Eligible for 2021 QCPAC Surcharge	Estimated Project Cost as of 6/30/2021	Estimated Project Cost as of 9/30/2021	Estimated Project Cost as of 11/30/2021	Final Project cost as of 12/31/2021	Community	Taxable	Tax Rate (I)	QCPAC Eligible Property Tax Expense	Explanation for Change/Addition/Deletion since Petition Filing		
Locke Lake Surface Water Treatment <sup>4</sup>	Intake & Treatment Facility Construction	2101752	\$ 200,000	DW18-132	26,189	11/26/2018	SRF	Yes	\$ 200,000	\$ 240,000	\$ 200,000	\$ 240,000	\$ 252,821	Barnstead	Yes	\$ 26.69	\$ 6,748	Total project cost incurred between 2019 through 2021 when project became Used and Useful.		
Pelham Main Replacement/Addition	Replace 1600 LF of 3 inch PE with 12 in C-900 and add 775 LF of 12 in C-900 on Monticello, Mt. Vernon and Lane Road - Finish Paving	2105634	\$ 40,000		Pending Filing		CoBank	Yes	\$ 40,000	\$ 40,000	\$ 40,000	\$ 87,366	\$ 32,369	Pelham	Yes	\$ 21.15	\$ 685	Actual Final Paving and restoration costs		
Pelham Main Replacement/Addition	Finish Paving	2105635			Pending Filing		CoBank	Yes	\$ -	\$ -	\$ -		\$ 62,849	Pelham	Yes	\$ 21.15	\$ 1,329	included in WO 2105634 final paving		
Pelham Main Replacement/Addition	Finish Paving	2105636			Pending Filing		CoBank	Yes	\$ -	\$ -	\$ -		\$ 5,132	Pelham	Yes	\$ 21.15	\$ 109	included in WO 2105634 final paving		
Londonderry System Improvements	Tank, Transmission Main, & Booster Station	2102351	\$ 1,600,000		0.1 DSR		0.1 DSR	No	\$ 1,600,000	\$ 100,000	\$ 100,000	\$ 15,000	\$ 13,698	Londonderry	No	\$ 23.34	\$ -	Engineering only in 2021. Project delay in permitting will require carry over into 2022		
Atkinson Booster pump station design	Atkinson Booster pump station design	2102306	\$ 30,000		0.1 DSR		0.1 DSR	No	\$ 30,000	\$ 30,000	\$ 30,000	\$ -	\$ -	Atkinson	No	\$ 17.54	\$ -	Deferred		
Locke Lake Filter Replacement	Replace two failed (structural-collapse of screen supports) iron, manganese, & arsenic filters.	n/a	\$ 30,000		Pending Filing		CoBank	Yes	\$ 30,000	\$ -	\$ 10,000	\$ -		Barnstead	Yes	\$ 26.69	\$ -	Completed in 2020		
Airstrip Station Decommissioning	Abandon unused wells and Station	2101758	\$ 40,000	DW18-132	26,189	11/26/2018	SRF	Yes	\$ 40,000	\$ 78,000	\$ 78,000	\$ 78,000	\$ 77,613	Barnstead	No	\$ 26.69	\$ -	Complete		
1 x revenue investments Normal Run Rate	Per Tariff	Routine	\$ 100,000		Pending Filing		CoBank	Yes	\$ 100,000	\$ 170,000	\$ 155,000	\$ 160,000	\$ 149,759	Various	Yes	\$ 24.03	\$ 3,599	110 New Developer Installed in 2021.		
Sunrise Estates	Station Replacement (design)	2102007	\$ -		0.1 DSR		0.1 DSR	No	\$ -	\$ 8,000	\$ 8,000	\$ 3,000	\$ 2,764	Middleton	No	\$ 32.66	\$ -	Deferred - monies shown for engineering design		
Londonderry Core Re-Chloramination	Re-chloramination Evaluation and Preliminary Design	2003760 & 2102008	\$ -		0.1 DSR		0.1 DSR	No	\$ -	\$ 700	\$ 700	\$ 700	\$ 12,469	Londonderry	No	\$ 23.34	\$ -	Deferred - monies shown for engineering design		
Nesenkeag Well Decomission	Nesenkeag Well Decomission	2104691	\$ -		0.1 DSR		0.1 DSR	No	\$ -	\$ 19,600	\$ 20,000	\$ 20,000	\$ 19,600	Londonderry	No	\$ 23.34	\$ -	Complete		
Londonderry RRA and ERP	Londonderry RRA and ERP	2105486	\$ -		0.1 DSR		0.1 DSR	No	\$ -	\$ -	\$ 26,150	\$ 26,150	\$ 2,462	Londonderry	No	\$ 23.34	\$ -	Missed in original budget. Required by NHDES under American Water Infrastructure Act		
Litchfield RRA and ERP	Litchfield RRA and ERP	2105487	\$ -		0.1 DSR		0.1 DSR	No	\$ -	\$ -	\$ 26,150	\$ 26,150	\$ 4,862	Litchfield	No	\$ 23.34	\$ -	Missed in original budget. Required by NHDES under American Water Infrastructure Act		
Litchfield- Londonderry Evaluation	Litchfield- Londonderry Evaluation	2105687	\$ -		0.1 DSR		0.1 DSR	No	\$ -	\$ -	\$ 10,000	\$ 16,000	\$ 15,362	Lond/Litchfield	No	\$ 23.34	\$ -	Requested evaluation by NHDES - Internal Engineering Staff. Ability to serve water from Nashua		
Castle Reach, Replace VFD, Pump #2	Booster Pump replacement/rebuild	2107680	\$ -		DW21-102		CoBank	Yes	\$ -	\$ -	\$ 1,300	\$ 1,300	\$ 1,295	Windham	Yes	\$ 23.37	\$ 30			
Liberty Tree, Replace VFD, Pump #1	Booster Pump replacement/rebuild	2109974	\$ 1		Pending Filing		CoBank	Yes	\$ 1				\$ 1,788	Rsymond	Yes	\$ 23.46	\$ 42			
Booster Pump replacement/rebuild	Booster Pump replacement/rebuild	Routine	\$ 40,000		Pending Filing		CoBank	Yes	\$ 40,000	\$ 30,000	\$ 25,000	\$ 20,000	\$ 15,865	Various	Yes	\$ 24.03	\$ 381	Installed/Repaired 5 pumps in 2021.		
Well Pump replacements	Well Pump replacements	Routine	\$ 40,000		Pending Filing		CoBank	Yes	\$ 40,000	\$ 30,000	\$ 30,000	\$ 25,000	\$ 25,643	Various	Yes	\$ 24.03	\$ 616	Installed/Repaired 7 well pumps in 2021.		
Chemical Feed pump replacements	Chemical Feed pump replacements	Routine	\$ 10,000		Pending Filing		CoBank	Yes	\$ 10,000	\$ 8,000	\$ 6,000	\$ 6,000	\$ 3,768	Various	Yes	\$ 24.03	\$ 91	Installed/Repaired 2 chem feed pumps in 2021.		
Install/replace treatment systems in small CWS (supplemental Arsenic treatment systems)	Install/replace treatment systems in small CWS (supplemental Arsenic treatment systems).	n/a	\$ 50,000		Pending Filing		CoBank	Yes	\$ 50,000	\$ 27,000	\$ 27,000	\$ -		Various	Yes	\$ 24.03	\$ -			
Install Poly Phosphate Sequestration System, Skyview Estates, Pelham	Install Poly Phosphate Sequestration System, Skyview Estates, Pelham	2104065	Install/Replace Treatment - See above		Pending Filing		CoBank	Yes	\$ -	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,126	Pelham	Yes	\$ 21.15	\$ 66			
Install/replace treatment systems in small CWS (supplemental Arsenic treatment systems)	Install PFAs Removal Treatment System, Harvest Village, Londonderry	2104692	Install/Replace Treatment - See above		Pending Filing		CoBank	Yes	\$ -	\$ 20,000	\$ 20,000	\$ 20,000	\$ 13,170	Londonderry	Yes	\$ 23.34	\$ 307			
Misc. Structural Improvements	Misc. Structural Improvements	n/a	\$ 20,000		Pending Filing		CoBank	Yes	\$ 20,000	\$ 5,750	\$ 5,750	\$ -		Various	Yes	\$ 24.03	\$ -			
Pave Access Road to Stone Sled Station	Misc. Structural Improvements	2103983	Misc. Structural Imp. - See above		Pending Filing		CoBank	Yes	\$ -	\$ 14,250	\$ 14,250	\$ 14,250	\$ 14,250	Various	Yes	\$ 24.03	\$ 342			
Miscellaneous Fencing and Security projects	Miscellaneous Fencing and Security projects	n/a	\$ 10,000		Pending Filing		CoBank	Yes	\$ 10,000	\$ 10,000	\$ 5,000	\$ -		Various	Yes	\$ 24.03	\$ -			
Miscellaneous SCADA/Electrical	Miscellaneous SCADA/Electrical	n/a	\$ 30,000		Pending Filing		CoBank	Yes	\$ -	\$ 30,000	\$ 20,000	\$ -		Various	Yes	\$ 24.03	\$ -			
Well Rehabilitation	Well Rehabilitation	n/a	\$ 60,000		Pending Filing		CoBank	Yes	\$ 60,000	\$ 60,000	\$ 51,610	\$ -		Various	Yes	\$ 24.03	\$ -			
Rehabilitate Well #9, Locke Lake, Barnstead	Well Rehabilitation	2102279	\$ -		Pending Filing		CoBank	Yes	\$ -	\$ -	\$ 8,390	\$ 8,390	\$ 8,390	Barnstead	Yes	\$ 26.69	\$ 224			
Install web based communication equipment, 4 locations	Install web based communication equipment, 4 locations	n/a	\$ 20,000		Pending Filing		CoBank	Yes	\$ 20,000	\$ 20,000	\$ 20,000	\$ 5,000		Various	Yes	\$ 24.03	\$ -			
Interconnect the W&E CWS to the Town of Salem Water System.	Interconnect the W&E CWS to the Town of Salem Water System.	2004243 & 2101750	\$ -		Pending Filing		DWGTF	No	\$ -	\$ 565,000	\$ 175,000	\$ 290,000	\$ 221,788	Windham	No	\$ 23.37		Added as part of PEU-Salem Windham Franchise exchange. MSDC charge paid for by PEU. Work will not be Used and Useful in 2021. Includes dechloramination. \$175,000 in MSDC was budgeted in 2020, missed carry over. Well #3 capacity and quality changed dramatically in 2020 changing this connection from season to year round and requiring the additional \$550,000 investment. Pipeline and Station work deferred into 2022 due to materials not being available.		
New Services (5)	Single Family, Owner Build, New Homes	Routine	\$ 25,000		Pending Filing		CoBank	Yes	\$ 25,000	\$ 15,000	\$ 20,000	\$ 26,455	\$ 26,455	Various	Yes	\$ 24.03	\$ 636	Installed 5/6 new services in 2021.		
Renewed Services (20)	Replacement of failed services (focus on Locke Lake Services).	Routine	\$ 110,000		Pending Filing		CoBank	Yes	\$ 110,000	\$ 50,000	\$ 40,000	\$ 14,000	\$ 10,686	Various	Yes	\$ 24.03	\$ 257	Renewed 6 services in 2021.		
Hydrants (5)	Replacement of non-functional hydrants	Routine	\$ 30,000		Pending Filing		CoBank	Yes	\$ 30,000	\$ 30,000	\$ 12,000	\$ 12,000	\$ 3,489	Various	Yes	\$ 24.03	\$ 84	Replaced 1 hydrant replacements in 2021		
Gates (8)	Replacement of Failed Gate Valves	Routine	\$ 32,000		Pending Filing		CoBank/0.1 DSR	Yes	\$ 32,000	\$ 40,000	\$ 35,000	\$ 33,000	\$ 43,014	Various	Yes	\$ 24.03	\$ 1,034	Installed/Repaired 6 gates in 2021		
Radios (300)	New Customers (220) and replaced failed radios (80) for meter reading.	Routine	\$ 31,500		Pending Filing		CoBank	Yes	\$ 31,500	\$ 27,000	\$ 20,000	\$ 12,400	\$ 11,972	Various	Yes	\$ 24.03	\$ 288	Installed/Repaired 143 radios in 2021.		
New meters for new customers (220). Replacement of failed meters (80)	New meters for new customers (220) and replacement meters (80).	Routine	\$ 30,000		Pending Filing		CoBank	Yes	\$ 30,000	\$ 50,000	\$ 38,000	\$ 32,000	\$ 31,956	Various	Yes	\$ 24.03	\$ 768	Installed/Repaired 228 meters in 2021		
Meters 5/8"-6" Lead Meter Exchange - PEU (400)	Replace High lead brass meter with new no lead brass meter.	Routine	\$ 40,000		Pending Filing		CoBank	Yes	\$ 40,000					Various	Yes	\$ 24.03	\$ -	Included in line above		
2021 Radios (1000)	Year 1 of 10 year replacement of all PEU radios (initial radios occurred in 2008)	2101627	\$ 130,000		Pending Filing		CoBank	Yes	\$ 130,000	\$ 106,000	\$ 98,000	\$ 95,000	\$ 101,644	Various	Yes	\$ 24.03	\$ 2,443	Replaced 1048 Radios in 2021.		
Install New Water Service	Install New Water Service	2200375	\$ -		Pending Filing		CoBank	Yes	\$ -	\$ -	\$ -	\$ -	\$ 4,387	North Conway	Yes	\$ 22.16	\$ 97			
Interest on CoBank FALOC	Short term interest from 9/29/2021 - 7/31/2022		\$ -		Pending Filing		CoBank	Yes	\$ -	\$ -	\$ 13,650	\$ 14,870	\$ 11,591	Various	No	\$ 24.03	\$ -	Anticipates closing on CoBank long term loan to pay off CoBank FALOC on 8/1/2022.		
Pennichuck East Utilities Projected 2021 Total Capital Expenditure Budget -									\$ 2,718,501	\$ 1,827,300	\$ 1,392,950	\$ 1,305,031	\$ 984,249	Projected annual property tax expenses for QCPAC eligible projects -					\$ 20,174	
2021 0.1 DSR funded projects -									\$ 30,000	\$ 158,300	\$ 221,000	\$ 107,000	\$ 86,313	includes					\$ 15,096.94	to fund replacement of the gate valve that was capitalized in response to Audit Request #2
Pennichuck East Utilities Projected 2021 QCPAC Eligible Capital Investment less 0.1 DSR funded projects -									\$ 2,688,501	\$ 1,669,000	\$ 1,171,950	\$ 1,198,031	\$ 897,936	Final CoBank Loan Amount						
Funded with CoBank Loan <sup>1</sup> -									\$ 2,455,648	\$ 1,436,147	\$ 939,950	\$ 966,031	\$ 665,083	\$ 655,936						
Funded with SRF Loan <sup>2</sup> -									\$ 232,853	\$ 232,853	\$ 232,000	\$ 232,000	\$ 232,853							
W&E project to be funded with DWGTF Loan/Grant in 2022 -													\$ 221,788							

1. Tax rate is the sum of the local community rate plus the Statewide Utility tax rate of \$6.60/\$1000.  
2. The 2021 PEU Capital Expenditures Budget presented were approved by the Board in January 2021.  
3. Projected CoBank Loan Terms are  
4. Projected SRF Terms for Locke Lake project are

21.						6/30/2021 Update	9/30/2021 Update	11/30/2021 Update	12/31/2021	Final CoBank Loan	
25	Years at	7.16%		resulting in P&I of	\$	213,767	\$ 125,018	\$ 81,824	\$ 84,094	\$ 57,896	\$ 57,100
30	Years at	2.704%		resulting in P&I of	\$	11,430	\$ 11,430	\$ 11,388	\$ 11,388	\$ 11,430	\$ 11,430
					\$	225,197	\$ 136,448	\$ 93,212	\$ 95,482	\$ 69,326	\$ 68,530

Pennichuck East Utilities, Inc.  
DW 22-005  
Projected 2022 QCPAC Capital Expenditures  
2/10/2022  
9/22/2022 - Revised per responses to DOE DR 2's.  
10/20/2022 - 9/30/2022 Update. Reflects current estimate of 2022 Year end project costs and change of CoBank Loan interest rate from 5.5% to 7.0%

PEU QCPAC Filing  
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Project Name/Description	Project Description	Work Order #	2022 Approved Budgeted Amount (2)	Financing Docket No.	NHPUC Order No.	Date of NHPUC Order	Source of Funding	Eligible for 2022 QCPAC Surcharge	2022 Budgeted projects Eligible for 2022 QCPAC Surcharge	Estimated Project Cost as of 9/30/2022	Community	Taxable	Tax Rate (1)	QCPAC Eligible Property Tax Expense	Explanation for Change/Addition/Deletion since Petition Filing
Londonderry System Improvements	1.25 MG Tank, 16 Inch Transmission Main, & 3,500 gpm Booster Station - Permitting and Design	2200455	\$ 1,600,000	CoBank		Pending Filing	CoBank	No	\$ 1,600,000	\$ 75,297	Londonderry	Yes	\$ 23.34	\$ 1,757	Project still going through Town permitting process. SS are for engineering and will be 0.1 DSRR
W&E Treatment Improvements	Station Improvements to dechloramine and rechlorinate	n/a	\$ 35,000	DWGTf		Pending Filing	DWGTf	Yes	\$ 35,000	\$ -	Windham	Yes	\$ 23.37	\$ -	Included with Line Below
W&E Water Main Improvements	Interconnection to Sothern NH Regional Water Sys.	2200453	\$ 454,000	DWGTf/CoBank		Pending Filing	DWGTf	Yes	\$ 454,000	\$ 470,547	Windham	Yes	\$ 23.37	\$ 10,997	
Investment in Developer Services	1x Annual Revenue	Routine	\$ 100,000	CoBank		Pending Filing	CoBank	Yes	\$ 100,000	\$ 56,603	Various	Yes	\$ 24.03	\$ 1,360	62 Developer Installed Services thru 09/30/2022. 20 more projected by year end.
Gage Hill Main Replacement	Vassar Dr & Pumping Station - Gage Hill	2207843	\$ -	CoBank		Pending Filing	CoBank	Yes	\$ -	\$ 294,331	Pelham	Yes	\$ 21.15	\$ 6,225	Does not include cost of finish paving in 2023
Gage Hill Main Replacement	Wellesley Drive - Gage Hill	2207844	\$ -	CoBank		Pending Filing	CoBank	Yes	\$ -	\$ 262,356	Pelham	Yes	\$ 21.15	\$ 5,549	Does not include cost of finish paving in 2023
Gage Hill Main Replacement	Radcliffe Drive - Gage Hill	2207845	\$ -	CoBank		Pending Filing	CoBank	Yes	\$ -	\$ 113,047	Pelham	Yes	\$ 21.15	\$ 2,391	Does not include cost of finish paving in 2023
Gage Hill Main Replacement	Bridge Street (Rt. 38) - Gage Hill	2207847	\$ -	CoBank		Pending Filing	CoBank	Yes	\$ -	\$ 55,266	Pelham	Yes	\$ 21.15	\$ 1,169	Does not include cost of finish paving in 2023
Locke Lake Well Pump Replacement	Locke Lake Well Pump Replacement	2206575	\$ -	CoBank		Pending Filing	CoBank	Yes	\$ -	\$ 72,000	Barnstead	Yes	\$ 26.69	\$ 1,922	
2302 West Shore Rd Meter Pit Replacement	2302 West Shore Rd Meter Pit Replacement	2203887	\$ -	CoBank		Pending Filing	CoBank	Yes	\$ -	\$ 7,950	Conway	Yes	\$ 24.03	\$ 191	
Install New Water Serice to Existing Customer	Install New Water Service 2396 W Side Dr	2207058	\$ -	CoBank		Pending Filing	CoBank	Yes	\$ -	\$ 5,300	Conway	Yes	\$ 24.03	\$ 127	
Booster Pump replacement/rebuild	Booster Pump replacement/rebuild	Routine	\$ 40,000	CoBank		Pending Filing	CoBank	Yes	\$ 40,000	\$ 31,246	Various	Yes	\$ 24.03	\$ 751	10 Booster Pumps replaced/repai
Booster Pump replacement/rebuild	Replace VFD, Booster2, Fletcher's Corner	2201771	\$ -	CoBank		Pending Filing	CoBank	Yes	\$ -	\$ 2,750	Windham	Yes	\$ 23.37	\$ 64	
Booster Pump replacement/rebuild	Replace VFD Booster #1, Daniels Lake	2202067	\$ -	CoBank		Pending Filing	CoBank	Yes	\$ -	\$ 3,300	Weare	Yes	\$ 22.34	\$ 74	
Booster Pump replacement/rebuild	Replace Booster 1 VFD, Fletcher	2203979	\$ -	CoBank		Pending Filing	CoBank	Yes	\$ -	\$ 2,710	Windham	Yes	\$ 23.37	\$ 63	
Well Pump replacements	Well Pump replacements	Routine	\$ 40,000	CoBank		Pending Filing	CoBank	Yes	\$ 40,000	\$ 70,059	Various	Yes	\$ 24.03	\$ 1,684	7 well pumps replaced/repai
Chemical Feed pump replacements	Chemical Feed pump replacements	Routine	\$ 10,000	CoBank		Pending Filing	CoBank	Yes	\$ 10,000	\$ 2,500	Various	Yes	\$ 24.03	\$ 60	0 year to date. Projecting 1 by year end.
Install/replace treatment systems in small CWS (supplemental Arsenic treatment systems)	Install/replace treatment systems in small CWS (supplemental Arsenic treatment systems)	n/a	\$ 50,000	CoBank		Pending Filing	CoBank	Yes	\$ 50,000	\$ 10,000	Various	Yes	\$ 24.03	\$ 240	1 year to date. Projecting 1 by year end.
Misc. Structural Improvements	Misc. Structural Improvements	n/a	\$ 20,000	CoBank		Pending Filing	CoBank	Yes	\$ 20,000	\$ -	Various	Yes	\$ 24.03	\$ -	
Miscellaneous Fencing and Security projects	Miscellaneous Fencing and Security projects	n/a	\$ 10,000	CoBank		Pending Filing	CoBank	Yes	\$ 10,000	\$ -	Various	Yes	\$ 24.03	\$ -	
Miscellaneous SCADA/Electrical	Miscellaneous SCADA/Electrical	n/a	\$ 40,000	CoBank		Pending Filing	CoBank	Yes	\$ 40,000	\$ 10,000	Various	Yes	\$ 24.03	\$ 240	
Miscellaneous SCADA/Electrical	Replace Chlorine Analyzer - White Rock	2204658	\$ -	CoBank		Pending Filing	CoBank	Yes	\$ -	\$ 4,500	Bow	Yes	\$ 23.63	\$ 106	
Well Rehabilitation	Well Rehabilitation	n/a	\$ 60,000	CoBank		Pending Filing	CoBank	Yes	\$ 60,000	\$ -	Various	Yes	\$ 24.03	\$ -	o year to date. None projected through year end.
Replace PLC @ W&E CWS	Replace PLC @ W&E CWS	n/a	\$ 18,000	CoBank		Pending Filing	CoBank	Yes	\$ 18,000	\$ -	Windham	Yes	\$ 23.37	\$ -	This project was incorporated in the the Windham Watermain Improvements and Treatment project
Replace SCADA HMI Locke Lake	Replace SCADA HMI Locke Lake	2201774	\$ 10,000	CoBank		Pending Filing	CoBank	Yes	\$ 10,000	\$ 9,257	Barnstead	Yes	\$ 26.69	\$ 247	
Install web based communication equipment, 4 locations	Install web based communication equipment, 4 locations	n/a	\$ 20,000	CoBank		Pending Filing	CoBank	Yes	\$ 20,000	\$ 10,000	Various	Yes	\$ 24.03	\$ 240	1 completed YTD (see row below) with 2 more expected by year end
Install web based communication equipment, 4 locations	Install GS 300 RTU, Castle Reach	2202068	\$ -	CoBank		Pending Filing	CoBank	Yes	\$ -	\$ 2,063	Windham	Yes	\$ 23.37	\$ 48	
North Conway Water Precinct Well #2 upgrade	Contractural contribution to North Conway Water Precinct Well #2 upgrade	n/a	\$ 50,000		0.1 DSRR		0.1 DSRR	No	\$ 50,000	\$ 50,000	Conway	No	\$ 24.03	\$ -	
New Services (5)	Single Family, Owner Build, New Homes	Routine	\$ 25,000	CoBank		Pending Filing	CoBank	Yes	\$ 25,000	\$ 111,642	Various	Yes	\$ 24.03	\$ 2,683	14 services installed through 09/30/2022. Three more new services expected to be installed by year end.
Renewed Services (10)	Replacement of failed services. 8 dual Services at Locke Lake per NHDES CAP	Routine	\$ 55,000	CoBank		Pending Filing	CoBank	Yes	\$ 55,000	\$ 45,000	Various	Yes	\$ 24.03	\$ 1,081	0 Services renewed through 09/30/2022. Locke Lake work to be completed by year end.
Hydrants (5)	Replacement of non functional hydrants	Routine	\$ 30,000	CoBank		Pending Filing	CoBank	Yes	\$ 30,000	\$ 6,000	Various	Yes	\$ 24.03	\$ 144	0 Hydrants installed/repai
Gates (10)	Replacement of Failed Gate Valves	Routine	\$ 40,000	CoBank		Pending Filing	CoBank	Yes	\$ 40,000	\$ 40,000	Various	Yes	\$ 24.03	\$ 961	5 Gate valves replaced/repai
Radios (220)	New Customers (220)	Routine	\$ 23,100	CoBank		Pending Filing	CoBank	Yes	\$ 23,100	\$ 13,830	Various	Yes	\$ 24.03	\$ 332	99 Radios installed through 09/30/2022. 40 additional radios projected to be installed by year end.
New meters for new customers (220). Replacement of failed meters (80)	New meters for new customers (220)	Routine	\$ 30,000	CoBank		Pending Filing	CoBank	Yes	\$ 30,000	\$ 44,414	Various	Yes	\$ 24.03	\$ 1,067	143 Meters installed/repai
Meters 5/8"-6" Lead Meter Exchange - PEU (400)	Replace High lead brass meter with new no lead brass meter	Routine	\$ 40,000	CoBank		Pending Filing	CoBank	Yes	\$ 40,000	\$ -	Various	Yes	\$ 24.03	\$ -	Included in Line Above
2022 Radios (700)	Year 2 of 10 year replacement of all PEU radios (initial radios occurred in 2008)	2200382	\$ 91,000	CoBank		Pending Filing	CoBank	Yes	\$ 91,000	\$ 80,671	Various	Yes	\$ 24.03	\$ 1,939	847 Radios replaced through 09/30/2022. No further planned replacements scheduled for the remainder of this year.
CoBank Fixed Asset Line of Credit	Short term interest from 8/1/2022 - 7/31/2023	n/a	\$ 20,000	CoBank		Pending Filing	CoBank	Yes	\$ 20,000	\$ 17,500	N/A	No	N/A	\$ -	Anticipates closing on CoBank long term loan to pay off CoBank FALOC on 8/1/2023.
Pennichuck East Utilities Projected 2022 Total Capital Expenditure Budget -			\$ 2,911,100	Projected annual property tax expenses for QCPAC eligible projects -											\$ 43,714
Pennichuck East Utilities Projected 2022 QCPAC Eligible Capital Investment -									\$ 2,861,100	\$ 1,930,140					
Add in 2021 W&E connection expenditures to be funded by DWGTf Loan/Grant -									\$ 221,788	\$ 221,788					
Total Capex to be funded in 2022 with QCPAC -									\$ 3,082,888	\$ 2,151,928					
Funded with CoBank Loan <sup>1</sup> -									\$ 2,377,888	\$ 1,446,928					
Funded with DWGTf loan <sup>1</sup> -									\$ 493,500	\$ 493,500					
Funded with DWGWTF Grant -									\$ 211,500	\$ 211,500					
Funding with 0.1 DSRR -									\$ 50,000	\$ 50,000	(Row 37 above, not included in totals in Row 48 above)				

1. Tax rate is the sum of the local community rate plus the Statewide Utility tax rate of \$6.60/\$1000

2. The 2022 PEU Capital Expenditures Budget presented were approved by the Board in January 2022.

3. Projected CoBank Loan Terms are

4. Project Funded with pending Drinking Water Ground Water Trust Fund Loan/Grant

5. Interest rate changed from 5.5% (original DW22-005 submission) to

		Based on Budget <sup>1</sup>		Based on 9/30/2022 Update	
25 Years at	7.0%	resulting in P&I of	\$ 204,048	\$ 124,162	
25 Years at	1.57%	resulting in P&I of	\$ 24,019	\$ 24,019	
		Total P&I to support proposed QCPAC eligible 2022 Capex -	\$ 228,067	\$ 148,181	

Pennichuck East Utilities, Inc.  
DW 22-005  
Projected 2023 QCPAC Capital Expenditures  
2/10/2022  
9/22/2022 - Revised per responses to DOE DR 2's.  
10/20/2022 - 9/30/2022 Update. Reflects change in projected CoBank loan interest rate from 5.5% to 7.0%

PEU QCPAC Filing  
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Project Name/Description	Project Description	Work Order #	2023 Approved Budgeted Amount (2)	Financing Docket No.	NHPUC Order No.	Date of NHPUC Order	Source of Funding	Eligible for 2023 QCPAC Surcharge	Eligible for 2023 QCPAC Surcharge	Community	Taxable	Tax Rate (1)	QCPAC Eligible Property Tax Expense
Sunrise Estates	Booster Station and Storage Tank Replacement		\$ 500,000	CoBank		Pending Filing	CoBank	Yes	\$ 500,000	Middleton	Yes	\$ 32.66	\$ 16,330
Investment in Developer Services	1x Annual Revenue		\$ 100,000	CoBank		Pending Filing	CoBank	Yes	\$ 100,000	Various	Yes	\$ 24.03	\$ 2,403
Booster Pump replacement/rebuild	Booster Pump replacement/rebuild		\$ 40,000	CoBank		Pending Filing	CoBank	Yes	\$ 40,000	Various	Yes	\$ 24.03	\$ 961
Well Pump replacements	Well Pump replacements		\$ 40,000	CoBank		Pending Filing	CoBank	Yes	\$ 40,000	Various	Yes	\$ 24.03	\$ 961
Chemical Feed pump replacements	Chemical Feed pump replacements		\$ 10,000	CoBank		Pending Filing	CoBank	Yes	\$ 10,000	Various	Yes	\$ 24.03	\$ 240
Install/replace treatment systems in small CWS	Install/replace treatment systems in small CWS		\$ 25,000	CoBank		Pending Filing	CoBank	Yes	\$ 25,000	Various	Yes	\$ 24.03	\$ 601
Misc. Structural Improvements	Misc. Structural Improvements		\$ 20,000	CoBank		Pending Filing	CoBank	Yes	\$ 20,000	Various	Yes	\$ 24.03	\$ 481
Miscellaneous Fencing and Security projects	Miscellaneous Fencing and Security projects		\$ 10,000	CoBank		Pending Filing	CoBank	Yes	\$ 10,000	Various	Yes	\$ 24.03	\$ 240
Miscellaneous SCADA/Electrical	Miscellaneous SCADA/Electrical		\$ 40,000	CoBank		Pending Filing	CoBank	Yes	\$ 40,000	Various	Yes	\$ 24.03	\$ 961
Well Rehabilitation	Well Rehabilitation		\$ 60,000	CoBank		Pending Filing	CoBank	Yes	\$ 60,000	Various	Yes	\$ 24.03	\$ 1,442
Web based Communications 3 locations	Web based Communications 3 locations		\$ 18,000	CoBank		Pending Filing	CoBank	Yes	\$ 18,000	Various	Yes	\$ 24.03	\$ 433
New Services (5)	Single Family, Owner Build, New Homes		\$ 25,000	CoBank		Pending Filing	CoBank	Yes	\$ 25,000	Various	Yes	\$ 24.03	\$ 601
Renewed Services (10)	Replacement of failed services (Focus on Locke Lake System)		\$ 55,000	CoBank		Pending Filing	CoBank	Yes	\$ 55,000	Various	Yes	\$ 24.03	\$ 1,322
Hydrants (5)	Replacement of non functional hydrants		\$ 30,000	CoBank		Pending Filing	CoBank	Yes	\$ 30,000	Various	Yes	\$ 24.03	\$ 721
Gates (10)	Replacement of Failed Gate Valves		\$ 40,000	CoBank		Pending Filing	CoBank	Yes	\$ 40,000	Various	Yes	\$ 24.03	\$ 961
Radios (220)	New Customers (220)		\$ 23,100	CoBank		Pending Filing	CoBank	Yes	\$ 23,100	Various	Yes	\$ 24.03	\$ 555
New meters for new customers (220). Replacement of failed meters (80)	New meters for new customers (220)		\$ 30,000	CoBank		Pending Filing	CoBank	Yes	\$ 30,000	Various	Yes	\$ 24.03	\$ 721
Meters 5/8"-6" Lead Meter Exchange - PEU (400)	Replace High lead brass meter with new no lead brass meter		\$ 40,000	CoBank		Pending Filing	CoBank	Yes	\$ 40,000	Various	Yes	\$ 24.03	\$ 961
2022 Radios (700)	Year 3 of 10 year replacement of all PEU radios (initial radios occurred in 2008)		\$ 91,000	CoBank		Pending Filing	CoBank	Yes	\$ 91,000	Various	Yes	\$ 24.03	\$ 2,187
Interest on CoBank FALOC	Short term interest from 8/1/2023 - 7/31/2024		\$ 16,410	CoBank		Pending Filing	CoBank	Yes	\$ 16,410	N/A	No	N/A	\$ -

Pennichuck East Utilities Projected 2023 Total Capital Expenditure Budget - \$ 1,213,510

Projected annual property tax expenses for QCPAC eligible projects - \$ 33,081

Pennichuck East Utilities Projected 2023 QCPAC Eligible Capital Investment - \$ 1,213,510

Funded with CoBank Loan<sup>3</sup> - \$ 1,213,510

1. Tax rate is the sum of the local community rate plus the Statewide Utility tax rate of \$6.60/\$1000

2. The 2023 PEU Capital Expenditures Budget presented were approved by the Board in January 2022.

3. Projected CoBank Loan Terms are 25 Years at 7.0% resulting in P&I of \$ 104,132

Pennichuck East Utilities, Inc.  
DW 22-005  
Projected 2024 QCPAC Capital Expenditures  
2/10/2022  
9/22/2022 - Revised per responses to DOE DR 2's.  
10/20/2022 - 9/30/2022 Update. Reflects cahnges in the projected CoBank loan interest rate from 5.5% to 7.0%. No project changes.  
11/17/2022 Revised for DOE DR3's

Project Name/Description	Project Description	Work Order #	2024 Approved Budgeted Amount (2)	Financing Docket No.	NHPUC Order No.	Date of NHPUC Order	Source of Funding	Eligible for 2024 QCPAC Surcharge	Eligible for 2024 QCPAC Surcharge	Community	Taxable	Tax Rate (1)	QCPAC Eligible Property Tax Expense	
New Services (5)	Single Family, Owner Build, New Homes		\$ 25,000	CoBank		Pending Filing	CoBank	Yes	\$ 25,000	Various	Yes	\$ 24.03	\$ 601	
Renewed Services (10)	Replacement of failed services (Focus on Locke Lake System)		\$ 55,000	CoBank		Pending Filing	CoBank	Yes	\$ 55,000	Various	Yes	\$ 24.03	\$ 1,322	
Hydrants (5)	Replacement of non functional hydrants		\$ 30,000	CoBank		Pending Filing	CoBank	Yes	\$ 30,000	Various	Yes	\$ 24.03	\$ 721	
Gates (10)	Replacement of Failed Gate Valves		\$ 40,000	CoBank		Pending Filing	CoBank	Yes	\$ 40,000	Various	Yes	\$ 24.03	\$ 961	
Radios (220)	New Customers (220)		\$ 23,100	CoBank		Pending Filing	CoBank	Yes	\$ 23,100	Various	Yes	\$ 24.03	\$ 555	
New meters for new customers (220). Replacement of failed meters (80)	New meters for new customers (220)		\$ 30,000	CoBank		Pending Filing	CoBank	Yes	\$ 30,000	Various	Yes	\$ 24.03	\$ 721	
Meters 5/8"-6" Lead Meter Exchange - PEU (400)	Replace High lead brass meter with new no lead brass meter		\$ 40,000	CoBank		Pending Filing	CoBank	Yes	\$ 40,000	Various	Yes	\$ 24.03	\$ 961	
2022 Radios (700)	Year 4 of 10 year replacement of all PEU radios (initial radios occurred in 2008)		\$ 91,000	CoBank		Pending Filing	CoBank	Yes	\$ 91,000	Various	Yes	\$ 24.03	\$ 2,187	
Investment in Developer Services	1x Annual Revenue		\$ 100,000	CoBank		Pending Filing	CoBank	Yes	\$ 100,000	Various	Yes	\$ 24.03	\$ 2,403	
Atkinson Pioneer Park	Booster Station and Storage Tank Replacement		\$ 800,000	CoBank		Pending Filing	CoBank	Yes	\$ 800,000	Atkinson	Yes	\$ 17.54	\$ 14,032	
Booster Pump replacement/rebuild	Booster Pump replacement/rebuild		\$ 40,000	CoBank		Pending Filing	CoBank	Yes	\$ 40,000	Various	Yes	\$ 24.03	\$ 961	
Well Pump replacements	Well Pump replacements		\$ 40,000	CoBank		Pending Filing	CoBank	Yes	\$ 40,000	Various	Yes	\$ 24.03	\$ 961	
Chemical Feed pump replacements	Chemical Feed pump replacements		\$ 10,000	CoBank		Pending Filing	CoBank	Yes	\$ 10,000	Various	Yes	\$ 24.03	\$ 240	
Install/replace treatment systems in small CWS	Install/replace treatment systems in small CWS		\$ 25,000	CoBank		Pending Filing	CoBank	Yes	\$ 25,000	Various	Yes	\$ 24.03	\$ 601	
Misc. Structural Improvements	Misc. Structural Improvements		\$ 20,000	CoBank		Pending Filing	CoBank	Yes	\$ 20,000	Various	Yes	\$ 24.03	\$ 481	
Miscellaneous Fencing and Security projects	Miscellaneous Fencing and Security projects		\$ 10,000	CoBank		Pending Filing	CoBank	Yes	\$ 10,000	Various	Yes	\$ 24.03	\$ 240	
Miscellaneous SCADA/Electrical	Miscellaneous SCADA/Electrical		\$ 40,000	CoBank		Pending Filing	CoBank	Yes	\$ 40,000	Various	Yes	\$ 24.03	\$ 961	
Well Rehabilitation	Well Rehabilitation		\$ 60,000	CoBank		Pending Filing	CoBank	Yes	\$ 60,000	Various	Yes	\$ 24.03	\$ 1,442	
Interest on CoBank FALOC	Short term interest from 8/1/2024 - 7/31/2025		\$ 14,100	CoBank		Pending Filing	CoBank	Yes	\$ 14,100	Various	No	N/A	\$ -	
Pennichuck East Utilities Projected 2024 Total Capital Expenditure Budget -			\$ 1,493,200	Projected annual property tax expenses for QCPAC eligible projects -										\$ 30,351
Pennichuck East Utilities Projected 2024 QCPAC Eligible Capital Investment -									\$ 1,493,200					
Funded with CoBank Loan <sup>3</sup> -									\$ 1,493,200					

1. Tax rate is the sum of the local community rate plus the Statewide Utility tax rate of \$6.60/\$1000  
2. The 2024 PEU Capital Expenditures Budget presented were approved by the Board in January 2022.  
3. Projected CoBank Loan Terms are

25 Years at 7.0% resulting in P&I of \$ 128,132

**Customer Name: Pennichuck East Utility**

Loan Type: LTF

Rate: 7.16

Facility/Loan Maturity Date: 10/20/2047

**PEU QCPAC Filing****DW 22-005****DOE DR Set 3****Exhibit DOE 3-2****Page 1 of 7****Interest calculations are for estimating purposes only**

Due Date	Remaining Principal Balance	Principal Payment	Interest Payment
	655,936.00		
11/21/22	655,232.87	703.13	1,695.96
12/20/22	654,395.09	837.78	3,912.35
01/20/23	653,682.46	712.63	4,037.88
02/21/23	652,965.43	717.03	4,033.01
03/20/23	651,854.38	1,111.05	3,639.14
04/20/23	651,126.09	728.29	4,023.24
05/22/23	650,263.80	862.29	3,887.81
06/20/23	649,525.70	738.10	4,012.84
07/20/23	648,653.86	871.84	3,878.29
08/21/23	647,905.83	748.03	4,002.60
09/20/23	647,153.19	752.64	3,997.68
10/20/23	646,267.20	885.99	3,864.19
11/20/23	645,504.45	762.75	3,987.95
12/20/23	644,608.62	895.83	3,854.39
01/22/24	643,835.66	772.96	3,977.75
02/20/24	643,057.92	777.74	3,972.84
03/20/24	642,019.59	1,038.33	3,711.95
04/22/24	641,230.66	788.93	3,962.33
05/20/24	640,309.33	921.33	3,829.31
06/20/24	639,509.85	799.48	3,951.34
07/22/24	638,578.26	931.59	3,818.76
08/20/24	637,768.11	810.15	3,941.08
09/20/24	636,952.96	815.15	3,935.26
10/21/24	636,006.11	946.85	3,803.57
11/20/24	635,180.10	826.01	3,925.09
12/20/24	634,222.67	957.43	3,793.03
01/20/25	633,385.66	837.01	3,913.96
02/20/25	632,543.50	842.16	3,908.33
03/20/25	631,318.72	1,224.78	3,525.75
04/21/25	630,463.81	854.91	3,897.06
05/20/25	629,478.24	985.57	3,765.17
06/20/25	628,611.98	866.26	3,884.81
07/21/25	627,615.36	996.62	3,753.99
08/20/25	626,737.62	877.74	3,873.56
09/22/25	625,854.46	883.16	3,867.50
10/20/25	624,841.39	1,013.07	3,737.96
11/20/25	623,946.54	894.85	3,856.32
12/22/25	622,922.08	1,024.46	3,726.26

**PEU QCPAC Filing**  
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01/20/26	622,015.40	906.68	3,844.94
02/20/26	621,103.13	912.27	3,838.50
03/20/26	619,814.65	1,288.48	3,462.30
04/20/26	618,888.81	925.84	3,826.37
05/20/26	617,834.17	1,054.64	3,696.20
06/22/26	616,896.12	938.05	3,813.28
07/20/26	615,829.60	1,066.52	3,684.73
08/20/26	614,879.19	950.41	3,800.96
09/21/26	613,922.92	956.27	3,794.66
10/20/26	612,838.65	1,084.27	3,666.88
11/20/26	611,869.80	968.85	3,782.59
12/21/26	610,773.29	1,096.51	3,654.48
01/20/27	609,791.70	981.59	3,770.12
02/22/27	608,804.07	987.63	3,763.42
03/22/27	607,447.09	1,356.98	3,394.48
04/20/27	606,445.00	1,002.09	3,750.92
05/20/27	605,316.12	1,128.88	3,622.24
06/21/27	604,300.89	1,015.23	3,736.38
07/20/27	603,159.21	1,141.68	3,609.70
08/20/27	602,130.68	1,028.53	3,723.12
09/20/27	601,095.81	1,034.87	3,716.36
10/20/27	599,935.01	1,160.80	3,590.45
11/22/27	598,886.60	1,048.41	3,703.32
12/20/27	597,712.62	1,173.98	3,577.73
01/20/28	596,650.51	1,062.11	3,689.67
02/21/28	595,581.85	1,068.66	3,682.70
03/20/28	594,269.69	1,312.16	3,439.43
04/20/28	593,186.36	1,083.33	3,668.96
05/22/28	591,978.36	1,208.00	3,543.44
06/20/28	590,880.90	1,097.46	3,654.92
07/20/28	589,659.15	1,221.75	3,529.74
08/21/28	588,547.38	1,111.77	3,640.19
09/20/28	587,428.76	1,118.62	3,633.15
10/20/28	586,186.42	1,242.34	3,509.21
11/20/28	585,053.24	1,133.18	3,618.86
12/20/28	583,796.72	1,256.52	3,495.10
01/22/29	582,648.81	1,147.91	3,604.18
02/20/29	581,493.82	1,154.99	3,597.15
03/20/29	579,984.76	1,509.06	3,242.64
04/20/29	578,813.35	1,171.41	3,581.63
05/21/29	577,519.59	1,293.76	3,458.01
06/20/29	576,332.98	1,186.61	3,565.88
07/20/29	575,024.43	1,308.55	3,443.27
08/20/29	573,822.43	1,202.00	3,550.29
09/20/29	572,613.03	1,209.40	3,542.48
10/22/29	571,282.28	1,330.75	3,421.16
11/20/29	570,057.21	1,225.07	3,527.83

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12/20/29	568,711.21	1,346.00	3,405.97
01/21/30	567,470.29	1,240.92	3,511.51
02/20/30	566,221.72	1,248.57	3,503.70
03/20/30	564,627.61	1,594.11	3,157.95
04/22/30	563,361.51	1,266.10	3,487.26
05/20/30	561,975.56	1,385.95	3,366.68
06/20/30	560,693.11	1,282.45	3,470.13
07/22/30	559,291.24	1,401.87	3,350.32
08/20/30	557,992.24	1,299.00	3,454.19
09/20/30	556,685.23	1,307.01	3,445.24
10/21/30	555,259.45	1,425.78	3,326.50
11/20/30	553,935.59	1,323.86	3,429.15
12/20/30	552,493.40	1,442.19	3,310.15
01/20/31	551,152.49	1,340.91	3,411.88
02/20/31	549,803.31	1,349.18	3,403.23
03/20/31	548,117.77	1,685.54	3,066.89
04/21/31	546,749.88	1,367.89	3,385.82
05/20/31	545,264.81	1,485.07	3,267.72
06/20/31	543,879.33	1,385.48	3,367.47
07/21/31	542,377.14	1,502.19	3,250.38
08/20/31	540,973.85	1,403.29	3,350.03
09/22/31	539,561.92	1,411.93	3,340.71
10/20/31	538,033.96	1,527.96	3,225.28
11/20/31	536,603.90	1,430.06	3,323.06
12/22/31	535,058.30	1,545.60	3,207.14
01/20/32	533,609.89	1,448.41	3,305.38
02/20/32	532,152.55	1,457.34	3,295.48
03/22/32	530,474.55	1,678.00	3,074.84
04/20/32	528,997.88	1,476.67	3,277.68
05/20/32	527,406.89	1,590.99	3,161.94
06/21/32	525,911.31	1,495.58	3,257.77
07/20/32	524,301.91	1,609.40	3,143.88
08/20/32	522,787.18	1,514.73	3,238.70
09/20/32	521,263.11	1,524.07	3,228.99
10/20/32	519,625.98	1,637.13	3,115.97
11/22/32	518,082.42	1,543.56	3,209.97
12/20/32	516,426.31	1,656.11	3,097.67
01/20/33	514,863.02	1,563.29	3,190.31
02/21/33	513,290.10	1,572.92	3,180.33
03/21/33	511,401.21	1,888.89	2,864.71
04/20/33	509,806.95	1,594.26	3,160.58
05/20/33	508,101.45	1,705.50	3,047.88
06/20/33	506,486.84	1,614.61	3,139.17
07/20/33	504,761.54	1,725.30	3,028.14
08/22/33	503,126.33	1,635.21	3,118.65
09/20/33	501,481.05	1,645.28	3,108.89
10/20/33	499,725.88	1,755.17	2,998.38



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11/21/33	498,059.63	1,666.25	3,087.72
12/20/33	496,284.04	1,775.59	2,978.39
01/20/34	494,596.57	1,687.47	3,066.57
02/20/34	492,898.69	1,697.88	3,055.84
03/20/34	490,896.25	2,002.44	2,751.32
04/20/34	489,175.56	1,720.69	3,034.21
05/22/34	487,346.96	1,828.60	2,925.25
06/20/34	485,604.39	1,742.57	3,012.41
07/20/34	483,754.49	1,849.90	2,904.02
08/21/34	481,989.76	1,764.73	2,989.61
09/20/34	480,214.16	1,775.60	2,978.75
10/20/34	478,332.10	1,882.06	2,871.99
11/20/34	476,533.94	1,798.16	2,956.29
12/20/34	474,629.92	1,904.02	2,850.12
01/22/35	472,808.94	1,820.98	2,933.55
02/20/35	470,976.73	1,832.21	2,922.73
03/20/35	468,852.20	2,124.53	2,629.75
04/20/35	466,995.60	1,856.60	2,898.76
05/21/35	465,034.66	1,960.94	2,793.42
06/20/35	463,154.52	1,880.14	2,875.00
07/20/35	461,170.67	1,983.85	2,770.59
08/20/35	459,266.70	1,903.97	2,850.87
09/20/35	457,351.00	1,915.70	2,838.83
10/22/35	455,332.52	2,018.48	2,736.10
11/20/35	453,392.56	1,939.96	2,815.81
12/20/35	451,350.46	2,042.10	2,712.57
01/21/36	449,385.95	1,964.51	2,790.55
02/20/36	447,409.32	1,976.63	2,778.52
03/20/36	445,242.54	2,166.78	2,588.03
04/21/36	443,240.36	2,002.18	2,753.36
05/20/36	441,137.69	2,102.67	2,652.63
06/20/36	439,110.21	2,027.48	2,727.80
07/21/36	436,982.90	2,127.31	2,627.69
08/20/36	434,929.80	2,053.10	2,702.70
09/22/36	432,864.04	2,065.76	2,689.35
10/20/36	430,699.46	2,164.58	2,591.38
11/20/36	428,607.62	2,091.84	2,663.68
12/22/36	426,417.64	2,189.98	2,565.26
01/20/37	424,299.40	2,118.24	2,638.25
02/20/37	422,168.10	2,131.30	2,624.05
03/20/37	419,771.77	2,396.33	2,359.06
04/20/37	417,612.55	2,159.22	2,597.18
05/20/37	415,356.97	2,255.58	2,499.92
06/22/37	413,170.54	2,186.43	2,569.43
07/20/37	410,888.45	2,282.09	2,474.38
08/20/37	408,674.46	2,213.99	2,541.98
09/21/37	406,446.83	2,227.63	2,528.07

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10/20/37	404,124.62	2,322.21	2,433.99
11/20/37	401,868.93	2,255.69	2,500.43
12/21/37	399,519.41	2,349.52	2,406.34
01/20/38	397,235.33	2,284.08	2,472.61
02/22/38	394,937.17	2,298.16	2,457.81
03/22/38	392,389.19	2,547.98	2,208.96
04/20/38	390,061.14	2,328.05	2,429.94
05/20/38	387,641.17	2,419.97	2,336.16
06/21/38	385,283.85	2,357.32	2,399.17
07/20/38	382,835.37	2,448.48	2,308.23
08/20/38	380,448.43	2,386.94	2,369.65
09/20/38	378,046.76	2,401.67	2,354.69
10/20/38	375,555.10	2,491.66	2,264.76
11/22/38	373,123.27	2,431.83	2,324.92
12/20/38	370,602.23	2,521.04	2,236.46
01/20/39	368,139.86	2,462.37	2,294.50
02/21/39	365,662.30	2,477.56	2,279.09
03/21/39	362,951.30	2,711.00	2,046.18
04/20/39	360,441.75	2,509.55	2,248.59
05/20/39	357,845.05	2,596.70	2,160.11
06/20/39	355,304.02	2,541.03	2,216.13
07/20/39	352,676.66	2,627.36	2,129.58
08/22/39	350,103.77	2,572.89	2,184.38
09/20/39	347,515.01	2,588.76	2,169.33
10/20/39	344,841.18	2,673.83	2,083.29
11/21/39	342,219.98	2,621.20	2,136.24
12/20/39	339,514.55	2,705.43	2,052.34
01/20/40	336,860.51	2,654.04	2,103.52
02/20/40	334,190.10	2,670.41	2,086.96
03/20/40	331,370.29	2,819.81	1,937.63
04/20/40	328,666.03	2,704.26	2,053.73
05/21/40	325,879.74	2,786.29	1,971.26
06/20/40	323,141.63	2,738.11	2,020.32
07/20/40	320,322.36	2,819.27	1,938.42
08/20/40	317,549.99	2,772.37	1,985.62
09/20/40	314,760.52	2,789.47	1,968.35
10/22/40	311,891.25	2,869.27	1,888.61
11/20/40	309,066.89	2,824.36	1,934.97
12/20/40	306,163.65	2,903.24	1,854.77
01/21/41	303,303.98	2,859.67	1,898.64
02/20/41	300,426.68	2,877.30	1,881.41
03/20/41	297,352.38	3,074.30	1,683.92
04/22/41	294,438.39	2,913.99	1,844.96
05/20/41	291,447.86	2,990.53	1,768.98
06/20/41	288,497.46	2,950.40	1,808.24
07/22/41	285,471.49	3,025.97	1,732.52
08/20/41	282,484.24	2,987.25	1,772.73

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09/20/41	279,478.57	3,005.67	1,752.96
10/21/41	276,398.79	3,079.78	1,678.91
11/20/41	273,355.60	3,043.19	1,716.41
12/20/41	270,239.28	3,116.32	1,642.52
01/20/42	267,158.12	3,081.16	1,677.95
02/20/42	264,057.95	3,100.17	1,658.82
03/20/42	260,781.12	3,276.83	1,482.23
04/21/42	257,641.64	3,139.48	1,620.24
05/20/42	254,431.57	3,210.07	1,549.75
06/20/42	251,252.94	3,178.63	1,580.84
07/21/42	248,004.74	3,248.20	1,511.16
08/20/42	244,786.49	3,218.25	1,542.00
09/22/42	241,548.39	3,238.10	1,521.41
10/20/42	238,242.29	3,306.10	1,454.76
11/20/42	234,963.85	3,278.44	1,481.39
12/22/42	231,618.46	3,345.39	1,414.34
01/20/43	228,299.17	3,319.29	1,442.03
02/20/43	224,959.42	3,339.75	1,420.14
03/20/43	221,464.86	3,494.56	1,265.39
04/20/43	218,082.97	3,381.89	1,378.66
05/20/43	214,636.86	3,446.11	1,314.01
06/22/43	211,212.88	3,423.98	1,336.38
07/20/43	207,725.77	3,487.11	1,274.53
08/20/43	204,259.18	3,466.59	1,293.93
09/21/43	200,771.21	3,487.97	1,272.47
10/20/43	197,221.80	3,549.41	1,211.81
11/20/43	193,690.45	3,531.35	1,229.39
12/21/43	190,098.79	3,591.66	1,169.03
01/20/44	186,523.52	3,575.27	1,186.35
02/22/44	182,926.20	3,597.32	1,163.54
03/21/44	179,233.94	3,692.26	1,070.10
04/20/44	175,591.67	3,642.27	1,119.76
05/20/44	171,892.03	3,699.64	1,061.46
06/20/44	168,204.50	3,687.53	1,073.79
07/20/44	164,460.78	3,743.72	1,017.56
08/22/44	160,727.43	3,733.35	1,028.14
09/20/44	156,971.07	3,756.36	1,006.56
10/20/44	153,160.32	3,810.75	950.79
11/21/44	149,357.30	3,803.02	958.72
12/20/44	145,501.12	3,856.18	906.29
01/20/45	141,650.88	3,850.24	911.67
02/20/45	137,776.90	3,873.98	887.91
03/20/45	133,796.82	3,980.08	781.90
04/20/45	129,874.41	3,922.41	839.97
05/22/45	125,901.99	3,972.42	789.74
06/20/45	121,930.90	3,971.09	792.85
07/20/45	117,911.09	4,019.81	742.53

**PEU QCPAC Filing**  
**DW 22-005**  
**DOE DR Set 3**  
**Exhibit DOE 3-2**  
**Page 7 of 7**

08/21/45	113,890.73	4,020.36	742.18
09/20/45	109,845.59	4,045.14	718.19
10/20/45	105,753.66	4,091.93	670.69
11/20/45	101,658.35	4,095.31	667.50
12/20/45	97,517.58	4,140.77	622.04
01/22/46	93,371.49	4,146.09	616.89
02/20/46	89,199.83	4,171.66	593.01
03/20/46	84,949.24	4,250.59	512.50
04/20/46	80,725.66	4,223.58	539.83
05/21/46	76,459.98	4,265.68	497.62
06/20/46	72,184.06	4,275.92	488.39
07/20/46	67,867.42	4,316.64	446.85
08/20/46	63,538.52	4,328.90	434.76
09/20/46	59,182.93	4,355.59	408.10
10/22/46	54,788.71	4,394.22	369.59
11/20/46	50,379.17	4,409.54	356.15
12/20/46	45,932.43	4,446.74	317.26
01/21/47	41,468.29	4,464.14	300.01
02/20/47	36,976.62	4,491.67	273.43
03/20/47	32,435.20	4,541.42	222.89
04/22/47	27,887.84	4,547.36	217.14
05/20/47	23,306.90	4,580.94	185.39
06/20/47	18,703.26	4,603.64	161.01
07/22/47	14,067.52	4,635.74	129.00
08/20/47	9,406.91	4,660.61	106.09
09/20/47	4,717.57	4,689.34	75.61

**Pennichuck East Utility, Inc.**  
**DW 22-005**  
2022 QCPAC - Qualified Capital Project Adjustment Charge  
Responses to DOE Data Requests –Set 3

Date Request Received: 11/8/22  
Request No. DOE 3-1

Date of Response: 11/17/22  
Witness: Donald L. Ware

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**REQUEST:**

**Re: Exhibit DLW-1 (09/30/22 Update), Page 1 – Computation of QCPAC Surcharge, Notes 7, Lines 36 and 42:**

- a) Would the Company be agreeable to amending the interest rate indicated in Cell L36 from 5.00% to 7.16%, to conform with the interest rate indicated on Exhibit DLW-1 (09/30/22 Update), Page 3, Cell D60? Please explain your answer.
- b) Would the Company be agreeable to amending the interest rate indicated in Cell L42 from 5.50% to 7.00% to conform with the interest rates indicated on Exhibit DLW-1 (09/30/22 Update), Page 4 – Cell D58, Page 5 – Cell D38, and Page 6 – Cell D37? Please explain your answer.

**RESPONSE:**

- a) Yes, Cell L36 of the attached revised Exhibit DLW 1, Page 1 has been changed from 5.0% to 7.16%. The interest rate was changed to reflect the CoBank loan amount closed on October 18, 2022, for projects and plant placed in service between 1/1/21 and 12/31/21.
- b) Yes, Cell L42 of the attached revised Exhibit DLW 1, Page 1 has been changed from 5.5% to 7.00%. The interest rate was changed to reflect the projected interest rates for future CoBank loans to finance projects and plant placed in service in 2022, 2023 and 2024.

**Pennichuck East Utility, Inc.**  
**DW 22-005**  
2022 QCPAC - Qualified Capital Project Adjustment Charge  
Responses to DOE Data Requests –Set 3

Date Request Received: 11/8/22  
Request No. DOE 3-2

Date of Response: 11/17/22  
Witness: Larry D. Goodhue

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**REQUEST:**

**Re: Exhibit DLW-1 (09/30/22 Update), Page 3 – 2021 Used and Useful QCPs:** Please provide supporting documentation confirming the following loan terms for the CoBank Loan that the Company recently closed on.

- a) Loan Term – 25 years (Cell B60)
- b) Interest Rate – 5.00% (Cell D60)
- c) Loan Amount - \$665,083 (Cell P54)
- d) Please also provide the closing date of the loan.

**RESPONSE:**

Please see the attached amortization schedule for the CoBank Loan that was closed on October 18, 2022 (Exhibit DOE 3-2). Please note that the interest rate referred to above of 5.0% in Cell D60 is not reflective of the interest rate that was in Cell D60 of the 9-30 update. The Company borrowed \$655,936 which is less than the anticipated \$665,038. Exhibit DLW-1 on Page 1 and Page 3 were updated to reflect the lower loan amount. The interest in the update was 7.16% (See the response to DOE 3-1a above).

**Pennichuck East Utility, Inc.**  
**DW 22-005**  
2022 QCPAC - Qualified Capital Project Adjustment Charge  
Responses to DOE Data Requests –Set 3

Date Request Received: 11/8/22  
Request No. DOE 3-3

Date of Response: 11/17/22  
Witness: Donald L. Ware

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**REQUEST:**

**Re: Exhibit DLW-1 (09/30/22 Update), Page 6 – Projected 2024 QCPAC Capital Expenditures:**

- a) Would the Company be agreeable to amending Cell A3 to read, “Projected 2024 QCPAC Capital Expenditures”? Please explain your answer.
- b) Would the Company be agreeable to amending Cell K10 to read, “Eligible for 2024 QCPAC Surcharge”? Please explain your answer
- c) Would the Company be amenable to amending Cell L10 to read, “Eligible for 2024 QCPAC Surcharge”? Please explain your answer.

**RESPONSE:**

a-c) Yes, the Company revised Cells A3, K10 and L10 on the attached revised Exhibit DLW 1, Page 6 to reflect the correct date of 2024, as opposed to 2023. This is a correction of typographical errors in those three cells.

**Pennichuck East Utility, Inc.**  
**DW 22-005**  
2022 QCPAC - Qualified Capital Project Adjustment Charge  
Responses to DOE Data Requests –Set 3

Date Request Received: 11/8/22  
Request No. DOE 3-4

Date of Response: 11/17/22  
Witness: John J. Boisvert

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**REQUEST:**

**Re: Response to DOE 1-3 (a), Londonderry System Improvements:** Please provide an update on the status of the project.

**RESPONSE:**

The project is making its way through the Town of Londonderry Site Plan Review process. The technical review by the Town's consultant has been completed. The Company's civil/site engineering consultant is addressing the technical review comments and making the official planning board submittal on Thursday November 17, 2022, for the project to have its first planning board review/hearing on December 14, 2022. It is anticipated that the planning board review process will require a second meeting in January before approval is granted. The Company anticipates that the storage tank and the 16-inch diameter transmission mains will be bid as separate contracts in the month of February, as those designs are complete. Although the site plan approval will be in place for the booster station in January 2023, there is considerable design work that remains for the electrical and mechanical systems inside the station. It is anticipated that the station will be bid in April 2023. All three of the components are required for full system operation. The Company anticipates the overall completion date is September 2024, as supply chain and equipment availability continue to bring long lead times and extend construction schedules.



**Pennichuck East Utility, Inc.**

**DW 22-005**

**2022 QCPAC - Qualified Capital Project Adjustment Charge  
Responses to DOE Data Requests –Set 3**

Date Request Received: 11/8/22  
Request No. DOE 3-5

Date of Response: 11/17/22  
Witness: Donald L. Ware

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**REQUEST:**

**Re: Exhibit DLW-1 (09/30/22 Update), Page 4 - Projected 2022 QCPAC Capital Expenditures, Lines 14-17, Gage Hill Main Replacements:** An E-22 submittal dated August 19, 2022 anticipated a cost of \$1,155,000 in 2022 for Gage Hill main replacements and temporary paving, whereas the 09/30/22 Update anticipates a total of only \$725,000 for this work. Please explain this discrepancy, including the impact of any bid results and how much work will be carried into 2023.

**RESPONSE:**

There is no discrepancy. The total budgeted project cost is \$1,155,000 with \$725,000 of the work being completed in 2022 (watermain installation and temporary paving) and the remaining \$430,000 of the project (paving and final clean up) being completed in 2024. Bid results will be incorporated into the 11-30-2022 update. Bids had not been opened at the time of the 9-30-2022 update.

**Pennichuck East Utility, Inc.**  
**DW 22-005**  
2022 QCPAC - Qualified Capital Project Adjustment Charge  
Responses to DOE Data Requests –Set 3

Date Request Received: 11/8/22  
Request No. DOE 3-6

Date of Response: 11/17/22  
Witness: Donald L, Ware

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**REQUEST:**

Is the Company aware of any further amendments or changes required to finalize this QCPAC filing?

**RESPONSE:**

Not at this time. All major projects for 2022 have been put out to bid and the status of those projects will be updated in the 11/30/2022 PEU QCPAC update. The Company does not anticipate any major projects being added or deleted from the 2022 QCPAC budget tab as updated for 9/30/2022.

**Pennichuck East Utility, Inc.**  
**DW 22-005**  
2022 QCPAC - Qualified Capital Project Adjustment Charge  
Responses to DOE Data Requests –Set 3

Date Supplemental Request Received: 11/21/22  
Supplemental Request No. DOE 3-2

Date of Response: 11/30/22  
Witness: Larry D. Goodhue

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REQUEST:

**Re: Company's response to DOE 3-2:** This response states, "The Company borrowed \$655,936 which is less than the anticipated [\$665,083]. Further, Exhibit DLW-1 (Revised 11-17-22), Page 3 – 2021 Used and Useful QCPs, Cell P54 continues to indicate that the total cost of the 2021 projects funded with the CoBank loan is \$665,083, a difference of \$9,147.

- a) Please provide further explanation as to the reason for the \$9,147 difference between the actual amount borrowed from CoBank and the total cost of the projects identified as financed by the CoBank loan.
- b) Please indicate the financing source for the indicated \$9,147 differential.

SUPPLEMENTAL RESPONSE:

- a) The Company borrowed \$655,936 based upon the information available at the time of the term sheet and approvals were being procured for that loan.
- b) The residual \$9,147 amount reflects accrued interest on the FALOC borrowings being repaid. The \$9,147 will be funded from available DSRR 0.1 funds.

**Pennichuck East Utility, Inc.**  
**DW 22-005**  
2022 QCPAC - Qualified Capital Project Adjustment Charge  
Responses to DOE Data Requests –Set 3

Date Supplemental Request Received: 11/21/22  
Supplemental Request No. DOE 3-5

Date of Response: 11/30/22  
Witness: Donald L. Ware

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REQUEST:

**Re: Company's response to DOE 3-5:** Please confirm that the total budgeted project cost for the Gage Hill work (2022 plus 2023) has been revised downward from the \$1,779,860 indicated in the August 19, 2022 E-22 Form and associated blue expenditure approval forms, to the \$1,155,000 indicated in the response.

SUPPLEMENTAL RESPONSE:

Staff's assessment is correct. The current estimate to complete this project is \$1,155,000. The current total cost for this project is as follows:

2022 projected expense - \$725,000. This is the projected expense to install the new watermains and services and restore the surface with temporary pavement. This number is based on the bids received for this project. The bids did not include the cost of permanent paving in 2023.

2023 projected expense - \$430,000. This is the projected expense to replace temporary pavement with permanent paving and to reconstruct the road, as stipulated by the Town. This amount reflects a high-level cost of this work and is not based on bids. This number will be refined once the Town details what it will required for road restoration in the spring, and the project is put out to bid.