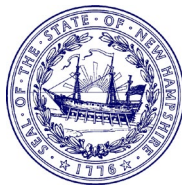


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July 18, 2023

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

RE: DW 22-040 Pennichuck Water Works, Inc.
Special Contract with Pennichuck East Utility
Reconciliation of Amended and Initial Contracts

Dear Chairman Goldner:

Pursuant to RSA 12-P:2, IV, please accept this letter as the Department of Energy's (DOE's) report and recommendation regarding Pennichuck Water Works, Inc.'s (PWW's) reconciliation of the difference between (1) charges applied and invoiced to Pennichuck East Utility (PEU) based on rates in PWW-PEU's initial contract and (2) revised charges based on rates in the first amendment to that contract. The DOE's recommendation was informed by a review of the reconciliation, copies of invoices, and PWW's response to one data request.

The purpose of PWW's reconciliation is to determine the yet-to-be-applied credit, or charge, for water supplied to PEU on and after July 1, 2021. Invoices issued on and after that date were based on rates in the initial contract. Because the recently approved amendment to that contract became effective with a retroactive date of July 1, 2021, rates in the amended contract, and not those in the initial contract, now apply to service on and after that date. In essence, the reconciliation shows the calculation for the true-up of invoiced charges, from rates in the initial contract to those in the amended contract.

The course of events leading up to the need for a reconciliation are as follows. During the period beginning July 1, 2021, and ending February 24, 2023,¹ PWW invoiced PEU for water supplied at rates in the then-current initial contract. On June 28, 2022, PWW filed a petition to amend its contract with PEU. The petition included a request for rates in the amendment to become effective, retroactively, as of July 1, 2021. On December 14, 2022, PWW filed a settlement between PWW, PEU, and the DOE which included a provision that the DOE would review a reconciliation "between Current Contract rates and the Amendment rates" for the term July 1, 2021, to the date of Commission approval of the proposed Amendment...² On March 9,

¹ February 24, 2023 is the meter read date of the final invoice issued to PEU based on rates in the initial contract. See PWW's Reconciliation, Attachment B, p 21 (second to last invoice in the set), filed on May 11, 2023.

² See PWW-PEU-DOE Settlement, Section. D (1) at p 8, filed on December 14, 2022,

2023, the Commission issued Order No. 26,782 approving the petition and settlement, and the rate in the amendment for effect April 10, 2023. On May 11, 2023, PWW filed a reconciliation and copies of invoices issued to PEU during the reconciliation period for the DOE's review.

The DOE examined the Company's initial reconciliation to confirm that (1) billed charges for each period on the reconciliation agreed with those on the corresponding invoice, (2) charges to be applied, based on amended contract rates, were properly computed, and (3) the reconciled difference between charges invoiced at initial contract rates and charges based on amended contract rates was properly determined. After completing this examination, the DOE requested PWW provide a schedule of all changes to the amended contract rates, with the docket number, issue date, and other information regarding each Commission order authorizing a change to the rates. PWW provided the requested schedule, which is included with this letter as Attachment A. The DOE found no issues with that schedule. The DOE then confirmed that the amended rates shown on the reconciliation agreed with those on the schedule.

During its review, the DOE identified and informed PWW of de minimis overstatements of invoiced amounts totaling \$9.17.³ On June 12, 2023, PWW provided the DOE with a revised reconciliation in which the overstatements were corrected. On June 19, 2023, PWW filed the revised reconciliation in both Excel and PDF formats with the Commission.

Based on its review, it is the DOE's opinion that PWW's revised reconciliation was properly prepared. The DOE, therefore, recommends the Commission accept PWW's reconciliation as revised, which shows a credit is due PEU in the amount of \$71,580.96. With the information provided in this letter and attachment, the DOE believes the record in this matter is complete and ready for Commission review, pursuant to RSA 12-P:1, IV.

Thank you for your consideration.

Sincerely,

/s/ David Goyette

David Goyette
Utility Analyst III, Water Group
Regulatory Support Division

Attachment A: PWW's Responses to DOE Set 3 Discovery
cc: Service List

³ Because \$9.17 is 0.0128% of the \$71,590.13 credit computed in the reconciliation filed on May 11th, the DOE considers the overstatement de minimis.

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