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Please reply to: Concord Office

August 31, 2023

VIA ELECTRONIC MAIL

Daniel C. Goldner, Chairman
New Hampshire Public Utilities Commission
21 South Fruit Street, Suite 10
Concord, NH 03301-2429

**Re: Petition of Pennichuck Water Works for Approval
of Proposed 2023 Qualified Capital Project
Adjustment Charge
Docket No. DW 23-015**

Dear Chairman Goldner:

On behalf of Pennichuck Water Works, Inc. ("Company"), please find the attached Affidavit of Compliance with exhibits evidencing publication of the Commission's Order *Nisi* No. 26,875 ("Order") issued in Docket No. DW 23-015 on the Company's website on August 21, 2023, and insertion of billing messages in customer bills in the billing cycle following issuance of the Order. This Affidavit of Compliance is filed pursuant to the Order and PUC Rules 203.12(b) and this filing does not contain any confidential information.

This filing is made electronically in accordance with the Secretarial Letter dated March 17, 2020. Please let me know if you have any questions or concerns. Thank you for your attention to this matter.

Sincerely,

A handwritten signature in blue ink, appearing to read "JJS", is positioned above the name "James J. Steinkrauss".

James J. Steinkrauss

Cc: Office of Consumer Advocate (via electronic mail)
Service Docket (via electronic mail)

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STATE OF NEW HAMPSHIRE
PUBLIC UTILITY COMMISSION
Docket No. DW 23-015

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)
PENNICHUCK WATER WORKS, INC.)
)

Petition for 2023 Qualified Capital Project Adjustment)
Charge)
)
_____)

Affidavit of Notice Compliance

On August 21, 2023, Pennichuck Water Works, Inc. (hereinafter “Company”) published on its website Order *Nisi* No. 26,875 (“Order”) approving the Company’s Petition for the 2023 Qualified Capital Project Adjustment Charge issued by the NH Public Utility Commission (“Commission”) on August 21, 2023, in Docket No. DW 23-015. This publication was done pursuant to PUC Rule 203.12(b) and in accordance with the terms of the Order. A true and accurate copy of the evidence of publication on the Company’s website is attached hereto as Exhibit A, in accordance with PUC Rule 203.12(d).

The Company will also commence insertion of a billing insert message to its customers regarding the Order approving the Company’s 2023 QCPAC Petition. The billing message will provide a link to the Order which is posted on the Company’s website in customer bills starting on September 7, 2023, September 14, 2023, September 21, 2023, and ending on September 28, 2023. This is the first billing cycle to the Company’s customers following the issuance of the Order. A copy of a sample billing message is attached as Exhibit B. The billing insert messages are provided in accordance with Order 26,875.

Signed under the pains and penalties of perjury this the 30 day of August 2023.

By: Tara C. King
Tara C. King
Director of Revenue & Customer Operations

EXHIBIT A


Copy of the Publication of Order No. 26,869 on the Company's Website

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Respectful Workplace Policy



Public Utilities Commission (PUC)
Activity: [Please click here to view all filings, petitions, and orders.](#)

Mission: Pennichuck Corporation's Mission is to be a premier supplier of water in New Hampshire by providing reliable, high quality, and affordable water in sufficient quantities, and New England's premier supplier of water related contract services by providing high quality solutions to meet our customer's needs.

WHAT'S NEW

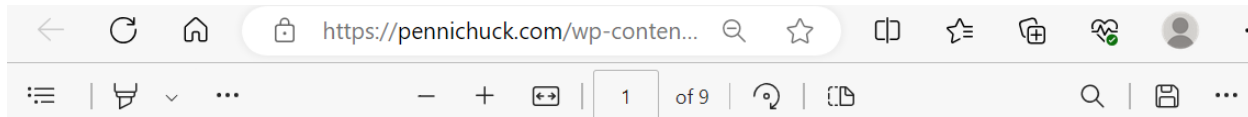
[Pennichuck Water Works – Petition for 2023 Qualified Capital Project Adjustment Charge](#)

In [this order](#), the Commission approves the request of Pennichuck Water Works, Inc. to implement a 2023 Qualified Capital Project Adjustment Charge in the amount of 1.36 percent of base revenue for capital projects placed in service in 2022, effective April 26, 2023, which increases the average residential customer's monthly bill by \$0.83 per month to \$62.11. The Commission also approves recovery over three months of a QCPAC recoupment charge of \$1.29 per month, subject to a final calculation submitted within 30 days of this order, for service rendered between April 26, 2023 and the date of this order approving the 2023 QCPAC. The Commission also approves a modified reporting schedule.

Public Notice

The Federal Emergency Management Agency (FEMA) hereby provides initial notice of its decision to provide High Hazard Potential Dam (HHPD) grant funding for an action located in a floodplain. Funding would be provided through the New Hampshire Office of Homeland Security and Emergency Management to Pennichuck Water Works to rehabilitate its Bowers Pond Dam.

[See Full Public Notice Here](#)



**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DW 23-015

PENNICHUCK WATER WORKS, INC.

Petition for 2023 Qualified Capital Project Adjustment Charge

Order *Nisi* Approving Financing

ORDER NO. 26,875

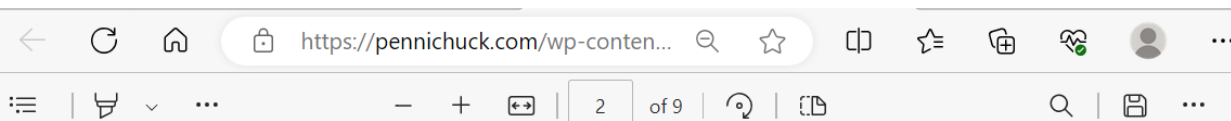
August 21, 2023

In this order, the Commission approves the request of Pennichuck Water Works, Inc. (PWW, or the Company) to implement a 2023 Qualified Capital Project Adjustment Charge (QCPAC) in the amount of 1.36 percent of base revenue for capital projects placed in service in 2022, effective April 26, 2023, which increases the average residential customer's monthly bill by \$0.83 per month to \$62.11. The Commission also approves recovery over three months of a QCPAC recoupment charge of \$1.29 per month, subject to a final calculation submitted within 30 days of this order, for service rendered between April 26, 2023 and the date of this order approving the 2023 QCPAC. The Commission also approves a modified reporting schedule.

The petition and subsequent docket filings, other than information for which confidential treatment is requested of, and granted by, the Commission, are posted on the Commission's website at <https://www.puc.nh.gov/Regulatory/Docketbk/2023/23-015.html>.

I. BACKGROUND AND PROCEDURAL HISTORY

PWW is a regulated public utility that provides water service to customers in southern and central New Hampshire. On February 14, 2023, PWW filed a petition for approval of a 2023 QCPAC to reflect eligible capital investments completed in 2022.



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The Petition was supported by the direct testimonies of Chief Operating Officer Donald L. Ware and Chief Engineer John J. Boisvert.

On June 27, 2022, PWW filed a general rate case with the New Hampshire Public Utilities Commission ("Commission") in Docket No. DW 22-032. Through Order No. 26,862, issued on July 27, 2023 in that docket, the Commission established new base rates for the Company, and reset PWW's aggregate Qualified Capital Project Adjustment Charge from 7.25% to 0.00% until the conclusion of this proceeding.

On August 1, 2023, PWW filed a settlement agreement reached with the DOE (Settlement), arrived at through a series of data requests and a technical session between May 10 and July 07, 2023.

The Office of the Consumer Advocate did not file a letter of participation, and no petitions to intervene were filed.

II. POSITIONS OF THE PARTIES

A. PWW

The petition requested a 2023 QCPAC in the amount of 1.37 percent of base revenue for capital projects placed in service in 2022 (Petition). The filing included a request for preliminary approval of the Company's budget for its 2023 capital projects, and also provided, for informational purposes, forecasted capital project expenditures for 2024 and 2025.

The Company's petition noted that its November 15 and January 15 capital project budget updates required by the Commission only offer a snapshot of the respective capital project budgets, property tax expense, and project debt service at a point in time. These updates overlap with ongoing updates stemming from responses to discovery from the DOE and other interested parties, occurring as part of the consideration and approval of QCPAC projects. The Company proposed to consolidate

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the two reports to one report due on August 30 for the period ending in July 30 to avoid unnecessary overlap of reporting or redundancy from providing information that does not inform a decision by the Commission.

B. DOE

The NH Department of Energy (DOE) filed a notice of appearance pursuant to RSA 12-P:9 on February 23, 2023. The DOE's Audit Staff completed a Final Audit Report of PWW's 2023 Qualified Capital Project Adjustment Charge on June 22, 2023. Settlement, Attachment B at 27.

III. SETTLEMENT

The Settlement proposes a 2023 QCPAC in the amount of 1.36 percent of base revenue for capital projects placed in service in 2022. For the average single-family residential household, the bill will increase to from \$61.28 to \$62.11 per month. *See* Settlement Agreement, Attachment A at 18.

In addition, the Settlement recommended that the Commission approve recoupment of the 2023 QCPAC for service rendered between the 2023 bond closing date on April 26, 2023, and the date of this order. The Company and the DOE proposed approval of an additional monthly charge of \$1.29 for a period of three months to permit recoupment of capital project costs from the bond closing. *See Id.* at 11.

Under the terms of the Settlement, approval of the proposed 2023 capital budget of \$13,414,775 would result in a 3.04 percentage-point increase in PWW's cumulative QCPAC to 4.39 percent. This would result in a projected cumulative surcharge of \$2.69 per month, which when added to the base rate charge of \$61.28, would result in projected monthly bill of \$63.97. *See Id.* at 12.

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Finally, the Settling Parties recommend that the Commission approve a modification to PWW's budget update reporting requirement that would consist of one report on December 15 for the period ending on October 31. The December 15th date was chosen to align with the end of PWW's annual construction season. The Settling Parties suggest that modification from two reports to one will reduce time, effort and expenses, including legal costs, for relevant parties and allow the Commission to receive a full and complete update of the Company's capital project budgets and any accounting updates. *Id.* at 14.

IV. COMMISSION ANALYSIS

Pursuant to RSA 374:2, RSA 378:7, RSA 378:8 and RSA 378:28, the Commission is authorized to determine the just and reasonable rates to be charged by PWW. Through a 2017 order, the Commission approved the QCPAC mechanism to replace the previously approved Water Infrastructure and Conservation Adjustment rate mechanism. *See*, Order No. 26,070 (November 7, 2017) at 8-10 in Docket No. DW 16-806. The QCPAC mechanism enables PWW to make necessary capital improvements to its systems while maintaining sufficient cash flow to meet debt service and operating requirements. *Pennichuck Water Works, Inc.*, Order No. 26,598 (March 29, 2022) at 6.

The DOE's Regulatory and Audit Staff reviewed the capital projects associated with the capital budget approved on October 11, 2022, in Order No. 26,698, and updated in November 2022 and January 2023. Based on this review, and the DOE recommendation, the Commission rules that each QCPAC project was completed, in service, and used and useful, as required by RSA 378:28.

The DOE Audit Division examined the Company's books and records to determine that the capital expenditures on each of the projects supported the

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infrastructure installed in 2022. Accordingly, in its reliance on the DOE's review of projects and audit of QCPAC expenses for 2022, the Commission rules that the 2022 capital project expenditures of \$6,742,259 were reasonable and result in reasonable rates.

Based on our review of the filing and the Settlement reached between PWW and the DOE, we approve the petition as modified by the Settlement. Accordingly, we approve the settled 2023 QCPAC of 1.36 percent, which, based on the revenue requirement approved through Commission Order No. 26,862 in Docket No. DW 22-032, also allows recovery of debt and property tax expenses associated with the completed projects.

We further preliminarily approve, subject to review and audit by the DOE and review by the Commission, the proposed 2023 capital budget of \$13,414,775. We will review the prudence of those projects in the next QCPAC filing. We accept PWW's 2023 and 2024 capital budgets of \$21,604,535 and \$11,799,975, respectively, that were provided for informational purposes.

The Commission agrees that there is a need for PWW to recoup costs emanating from the date of the bond issuance in order to recover expenses already incurred. A monthly recoupment surcharge, from the date of this order, will provide the Company with the finances needed to pay accrued interest and principal payments on bonds and loans incurred from the date of the bond issuance until the date of this order. Accordingly, the Commission approves a monthly recoupment of the 2023 QCPAC for a period of three months from the date of this order. This approval is subject to reconciliation following this order.

Finally, the Commission agrees that consolidation of PWW's budget update reporting requirement to one December 15 report will help reduce expenses, including

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legal costs incurred by the Company related to these updates, thereby benefiting PWW's ratepayers. The single report does not impede with the Commission's ability to review the Company's expenditures. Accordingly, the Commission approves the modified reporting schedule. PWW shall be required to provide one annual report on December 15, reflecting updates for the period ending on October 31 of that year.

Based upon the foregoing, it is hereby

ORDERED *NISI*, that, subject to the effective date below, the request of Pennichuck Water Works, Inc. to recover a 2023 QCPAC for projects placed in service in 2022, effective on the date of this order, in the amount of 1.36 percent of base revenue, as described in this order, with billing of this charge to begin on the effective date of this order is **APPROVED**; and it is

FURTHER ORDERED, that the proposed recoupment of 2023 QCPAC from April 26, 2023 until the effective date of this order, through an additional charge to be collected over a three-month period is **APPROVED**; and it is

FURTHER ORDERED, that Pennichuck Water Works, Inc. shall submit to the New Hampshire Department of Energy and the New Hampshire Public Utilities Commission a final calculation of the recoupment surcharge applied to customer bills within 30 days of the effective date of this order *nisi*; and it is

FURTHER ORDERED, that, subject to the effective date below, Pennichuck Water Works, Inc.'s proposed 2023 capital budget is **APPROVED** on a preliminary basis and subject to further audit and Commission review; and it is

FURTHER ORDERED, that Pennichuck Water Works, Inc.'s preliminary 2024 and 2025 capital budgets are **ACCEPTED** for informational purposes only; and it is

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FURTHER ORDERED, that modification of Pennichuck Water Works, Inc.'s budget update reporting requirement to December 15 of each year is **APPROVED**; and it is

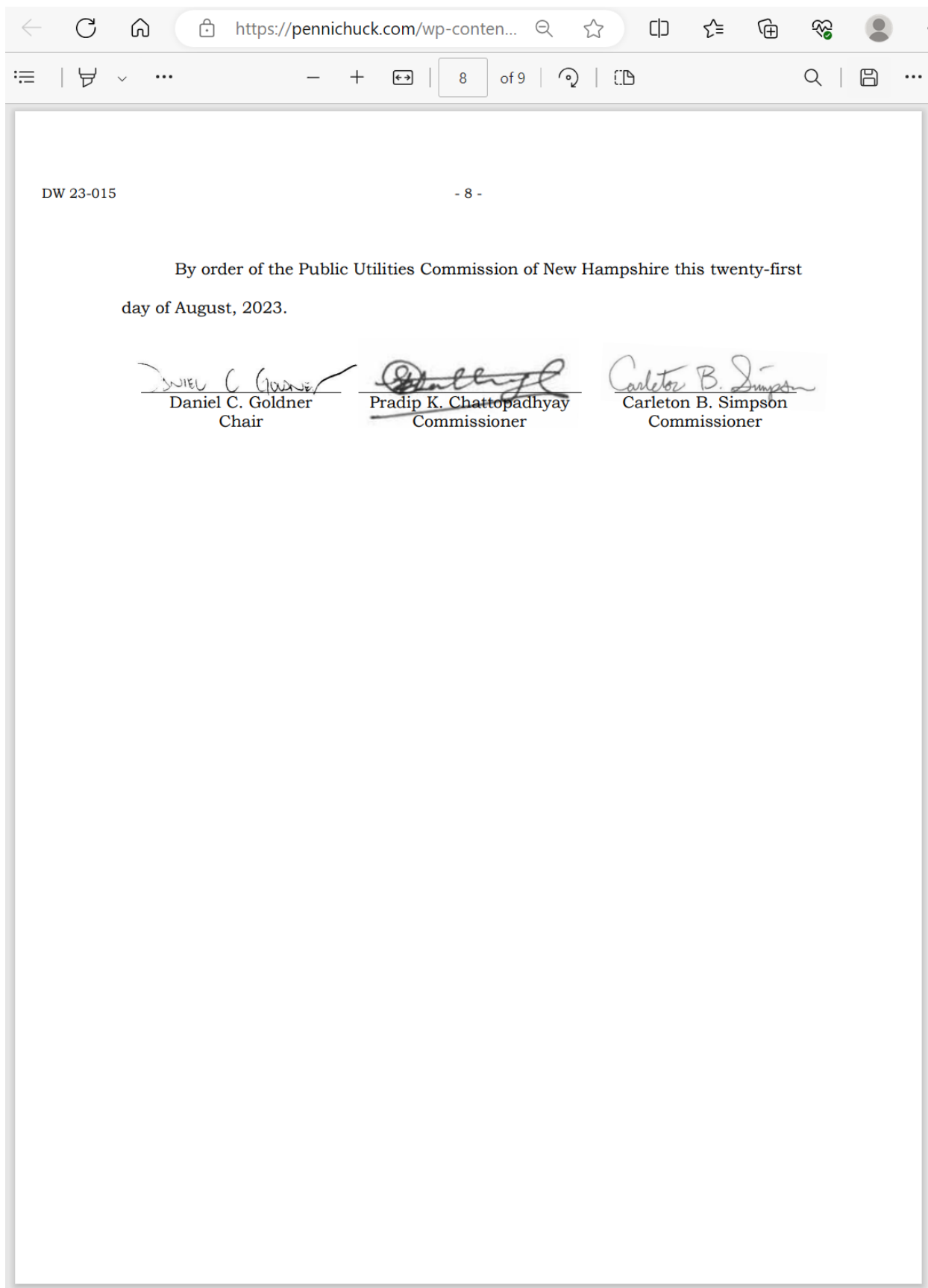
FURTHER ORDERED, that Pennichuck Water Works, Inc. shall cause a copy of this Order *Nisi* to be published on the Company's website no later than August 23, 2023, and provide each of its customers a website link to this order, made available through a bill insert in the next billing period following the issuance of this order, both to be documented by an affidavit filed with the Commission on or before August 31, 2023; and it is

FURTHER ORDERED, that all persons interested in responding to this Order *Nisi* be notified that they may submit their comments or file a written request for a hearing which states the reason and basis for a hearing no later than August 31, 2023, for the Commission's consideration; and it is

FURTHER ORDERED, that any party interested in responding to such comments or request for hearing shall do so no later than September 5, 2023; and it is

FURTHER ORDERED, that this Order *Nisi* shall be effective on September 12, 2023, unless Pennichuck Water Works, Inc. fails to satisfy the publication and notice obligations set forth above or the Commission provides otherwise in a supplemental order issued prior to the effective date.

FURTHER ORDERED, that Pennichuck Water Works, Inc. shall file a compliance tariff with the Commission on or before September 27, 2013 in accordance with N.H. Code Admin. Rules Puc 1603.02(b).



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Service List - Docket Related

Docket#: 23-015
Printed: 8/21/2023
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EXHIBIT B

The PWW Customer Billing Insert Message Containing the Link to the Company's Website Posting of Order No. 26,875

"NHPUC ORDER FOR QUALIFIED CAPITAL PROJECT ADJUSTMENT CHARGE

APPROVED 8/21/2023 CAN BE VIEWED VIA THE FOLLOWING URL:

WWW.PENNICHUCK.COM/DW-23-015-26875.PDF"