

STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITIES COMMISSION
Docket No. DW 24-_____
PENNICHUCK WATER WORKS, INC.

PETITION FOR APPROVAL OF SPECIAL CONTRACT
WITH TYNGSBOROUGH WATER DISTRICT

The Pennichuck Water Works, Inc. (PWW) requests Commission approval, pursuant to RSA 378:18, to deviate from its general tariff and enter into a special contract with the Tyngsborough Water District (TWD) for wholesale water supply. In support of this request, PWW offers the attached pre-filed testimony of Mr. Donald L. Ware and attachments and also states as follows:

Parties

1. PWW is a regulated public utility under RSA 362:2 and RSA 362:4. PWW is authorized by the Commission, under RSA 374:22 and 26, to provide water service in the City of Nashua and towns of Amherst, Bedford, Derry, Epping, Hollis, Merrimack, Milford, Newmarket, Plaistow, and Salem, New Hampshire as well as in Tyngsboro, Massachusetts at rates filed or approved under RSA Chapter 378. PWW also has, pursuant to RSA 378:18, Commission-approved special contracts with the Town of Hudson, Anheuser-Busch, LLC, Tyngsborough Water District, Pennichuck East Utility, Inc., and the Town of Milford.

2. TWD is a Massachusetts water district in the Town of Tyngsborough, Massachusetts. The TWD owns and maintains a portion of the water system serving the Pheasant Lane Mall (Mall) in Nashua. The Mall was built with retail and food establishments

located on either side of the New Hampshire-Massachusetts boundary. PWW provides water service to New Hampshire customers at the Mall. PWW also sells water to TWD through an interconnection point located in TWD’s Booster Station located in Nashua adjacent to the Mall. PWW meters the water usage through a meter that it owns but that is located within TWD’s Booster Station.

First Special Contract and Proposed Second Contract

3. The Commission approved a first special contract (First Contract) between PWW and TWD in 2015. See, *Pennichuck Water Works, Inc.*, Docket No. DW 15-133, Order *Nisi* No. 25,800 (dated July 28, 2015). That First Contract is attached to the pre-filed testimony of Donald L. Ware as Attachment DLW-3. The First Contract enabled TWD to purchase water at wholesale rates from PWW for a term of three years, with two 3-year auto renewal terms. It terminates in July 2024. The relevant terms of that First Contract are summarized in the attached pre-filed testimony of Mr. Ware as well as below in comparison to the proposed Second Special Contract:

	First Contract	Proposed Second Contract
Base Annual Fixed Fee/Demand Charge	\$0	\$13,770.33 monthly (or 165,244 per annum)
Volumetric Rate (as of 12/31/2023)	\$2.5002/CCF	\$1.0582/CCF
Minimum Purchase	250,000 GPD	325,000 GPD per year
Annual Ave Daily/Max Daily	250,000/450000 GPD	325,000/525,000 GPD
Peak Hour	575,000 GPD	575,000 GPD
Monthly Fixed Meter Charge for 6” meter	No Fee	\$86.57 per month

Guaranteed Annual Payment	\$305,004 based on guaranteed daily usage of 250,000 GPD	\$334,420 based on guaranteed daily usage of 325,000 GPD ¹
Term	3 years with (2) three-year auto renewals	5-year Initial Term. (2) five-year auto renewals

Distinguishment of TWD from PWW’s General Customers

4. Both PWW and TWD have made investments in plant to support these special contracts. Other distinguishing characteristics that warrant providing TWD water service under a special contract include that TWD can purchase water from another supplier, the City of Lowell, Massachusetts. Without the special contract pricing, TWD would likely purchase some or all of its water from the City of Lowell resulting in PWW losing about \$228,000 contribution towards PWW’s fixed costs and overhead it would not otherwise get. TWD has its own storage which means its’ usage does not cause a high peaking factor. In other words, TWD does not need to receive water to meet its instantaneous demands because it can draw on its storage if need be. TWD will be PWW’s fourth largest user at a guaranteed purchased water amount of 325,000 gallons per day or a minimum of 118,625,000 gallons per year after the Town of Hudson, Anheuser-Busch, and Pennichuck East Utility.

Cost of Service Based Rates

5. As with other special contracts approved by the Commission in recent years, the proposed rates under the proposed TWD Second Contract were arrived at using a cost of service approach. Conducting a TWD-specific cost of service analysis allowed PWW and TWD to

¹ Within each five-year term, a Contract Year runs from September 1 through August 30 of the following year. The Initial Term runs from July 28, 2024 to August 30, 2024. The guaranteed minimum yearly usage of 325,000 GPD/158,590 CCF is calculated on a Contract Year basis. Please note that measurement units (GPD, CCF, and GPM) vary because certain units of measurements are needed for the cost of service model and flow data for actual peak hour is measured in gallons per minute (GPM).

develop charges and fees appropriate to the circumstances and which are more reflective of the cost to serve TWD. Also as with past special contracts, TWD is paying for the cost of service study as well as the costs to obtain regulatory approval.

6. The circumstances justifying the departure from PWW's filed tariff are described in Mr. Ware's testimony and in the signed statement of special circumstances (Attachment DLW-4).

Proposed Contract

7. Under the terms of the proposed contract, under Section 7(c), TWD will pay a Base Annual Fixed Fee of \$165,244 (or \$13,770.33 per month) which will cover TWD's share of the City Bond Fixed Revenue Requirement, 1.0 Debt Service Revenue Requirement, and 0.1 Debt Service Revenue Requirement. Per first Section 7(e) of the contract, TWD will pay a Volumetric Rate of \$1.0582 per hundred cubic feet (CCF), which is lower than its current volumetric rate under the First Contract. The Volumetric Rate ensures TWD pays its appropriate share of the variable cost to operate PWW's: (1) raw water facilities, (2) water treatment facilities, (3) distribution system maintenance, and (4) administrative expenses. Per the second Section 7(e),² TWD will pay a Monthly Fixed Meter Charge that reflects the cost of operating and maintaining the water meter serving TWD. As far as quantity of water supplied, TWD will purchase a minimum of 325,000 gallons per day (GPD). This usage is higher than the current First Contract of 250,000 GPD. Per Section 5(a), TWD will limit its Maximum Daily usage to 575,000 GPD. Per Section 5(b), TWD will limit its Peak Hour usage to 575,000 GPD, which is expressed in the proposed contract as 400 gallons per minute. Per Section 2, the proposed term is for an initial five-year term, followed by two (2) five-year automatic renewals. If renewed, the

² The proposed Second Special Contract inadvertently has two section 7(e)s.

Second Contract would terminate in 2039. Per Section 7(a), TWD will bear the costs associated with the cost of service and with seeking regulatory approval. Lastly, in the event the Second Contract is not approved before the termination of the First Contract, PWW and TWD propose that the terms of the First Contract continue and that there be a reconciliation of the terms of the First Contract and Second Contract upon approval by the Commission. This reconciliation is discussed at pages 10-11 of Mr. Ware's testimony.

Legal Authority and Factual Support for Approval of Proposed Contract

8. Pursuant to RSA 378:14, no public utility "shall charge or receive a greater or different compensation for any service rendered to any person, firm, or corporation than the compensation fixed for such service by the schedules on file with the Commission and in effect at the time such service is rendered." Pursuant to RSA 378:1, PWW's tariff, terms and conditions of service, and rate schedules are on file with the Commission and set forth the rates and terms of service.

9. Pursuant to RSA 378:18, the Commission may deviate from RSA 374:14 and approve special rates for utility service if it finds that "special circumstances exist which render such departure from the general schedules just and consistent with the public interest..." RSA 378:18.

10. In support of the request to approve the proposed special contract, and as required by Puc 1606 and Puc 203.06, PWW has attached to this petition the pre-filed direct testimony of Mr. Donald L. Ware and attachments. Specifically, Attachment DLW-1 is the proposed Second Contract reflecting the new rates and quantities. Attachment DLW-2 is the Cost of Service model that analyzed the rates needed to pay for PWW's expenses associated with supplying the revised GPD TWD will use. Attachment DLW-3 is a copy of the current First Contract which is

included for historical reference. Attachment DLW-4 is the Statement of Special Circumstances as required by Puc 1606.02(b) that affirms that TWD's unique situation warrants a departure from PWW's general rate schedules.

11. Mr. Ware testified that PWW and its customers benefit from the proposed contract. Retaining TWD as a customer for the next 5 to 15 years provides PWW and its customers a guaranteed contribution to the fixed expenses associated with its water supply facilities that do not change regardless of whether TWD is a customer or not.

WHEREFORE, PWW respectfully requests the Commission:

A. Approve the proposed special contract between Pennichuck Water Works, Inc. and Tyngsborough Water District, on or before the last day of the current First Contract, which is July 28, 2024; and

B. Grant such other and further relief as may be just and reasonable.

Respectfully submitted,

PENNICHUCK WATER WORKS, INC.

By its Attorney,

Date: May 6, 2024

By: Marcia A. Brown
Marcia A. Brown, NH Bar #11249
NH Brown Law, PLLC
20 Noble Street
Somersworth, NH 03878
(603) 219-4911
mab@nhbrownlaw.com

Certificate of Service

I hereby certify that a copy of the foregoing petition and supporting materials have been emailed this day to the Department of Energy and the Office of the Consumer Advocate.

Date: May 6, 2024

Marcia A. Brown
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