

DW 00-285

PENNICHUCK WATER WORKS INC.

Petition for Approval of Franchise Expansion and Rate Schedules

Order Nisi Approving Franchise Expansion and Rates

O R D E R N O. 23,670

April 2, 2001

Pennichuck Water Works Inc., (Pennichuck or the Petitioner), filed, on December 19, 2000, a Petition with the New Hampshire Public Utilities Commission (Commission) to Engage in Business as a Public Water Utility In a Limited Area of the Town of Milford and for Approval of Rate Schedules (Petition). A duly noticed prehearing conference was held at the Commission offices in Concord, New Hampshire on February 1, 2001. The Commission received no written requests for intervention prior to the prehearing conference and no requests for intervention were entered during the prehearing conference.

The proposed franchise area consists of a development of approximately 270 acres off Osgood Road in Milford, New Hampshire known as Badger Hill (Development). Seaver Corporation, the developer of Badger Hill (Developer), intends to drill wells and to construct a water supply and distribution system conforming to Pennichuck's

specifications. The Development, when fully built out, will consist of approximately 180 dwelling units. The Petitioner intends to charge rates in the proposed franchise area that are the same as its core system tariff rates in effect from time to time. Pennichuck has agreed to make a one-time investment for each customer to be served by the project equal to the estimated annual revenue from each customer. Based on the current Pennichuck core system rate, the estimated annual revenue per single-family residential customer is \$246.00. Payment for each customer connection is to be made to the Developer when the meter is set and an account is activated. Given the projected build-out of 180 customers, Pennichuck's total investment is estimated to be \$44,280 for the Badger Hill System. The plant and equipment to be used in the provision of water service including plant necessary to provide fire protection, in excess of Pennichuck's investments, will be booked by Pennichuck as a contribution-in-aid of construction.

In addition to requesting to serve the Badger Hill development in Milford, Pennichuck is seeking to obtain a franchise which would grant authority to provide water service in an area greater than that of the Badger Hill development. This request by Pennichuck resulted from discussions between

Pennichuck and the Town of Milford as to whether or not Milford's Water Department intends to serve the entire Town of Milford with the exception of Ashley Common and Great Brook currently served by Pennichuck. Pennichuck was informed by letter dated November 6, 2000 from Milford's Town Administrator (Exhibit D to the Petition) indicating the Town's willingness to grant Pennichuck rights to provide service in certain areas in Milford beyond that of the Badger Hill development and that the Selectmen and Public Works Officials had no interest in serving areas above the 390-foot elevation as shown on U.S. Geological Survey maps (Testimony of Stephen J. Densberger, page 3 lines 3-5). Pennichuck asserts that with the acquisition of the Badger Hill Development it would be feasible to serve additional areas. Therefore, Pennichuck is requesting the proposed service territory in Milford also include a franchise area encompassing those portions of Milford lying above the 390-foot elevation. Those areas beyond the Badger Hill development are described in Mr. Densberger's testimony as one area in the western and southwestern part of Milford, southerly of Route 101 where it enters the Town of Wilton and extending along the borders of the towns of Wilton and Mason to the northerly border of Brookline. Almost all of the Badger

Hill subdivision is within this proposed franchise area. The second area is located in the Southeast portion of Milford along the Brookline and Hollis Borders, generally Easterly of Route 13. A gap exists between the two areas defined by the 390-foot elevation, being a valley along Route 13.

Pennichuck indicated that the three wells in the Badger Hill Development will only be sufficient to serve the planned build out of the Badger Hill development. However, Pennichuck foresees additional supplies and upgrades to available storage as demands on the system increase. Pennichuck anticipates eventual new sources of supply and pumping facilities within the proposed franchise areas and, in time, Pennichuck's goal is to interconnect and expand systems wherever possible. Currently Pennichuck has received Department of Environmental Services approval in accordance with RSA 374:22,III (Exhibit E to the Petition) for the first 36 units since the current distribution piping reaches only these dwellings. The balance of the first phase (37-106) will be installed by the developer in stages as build-out of the subdivision occurs. Further approvals, according to the petitioner, will be obtained as installation happens.

Pursuant to RSA 374:26, permission to expand a franchise may be granted without hearing when all interested parties are in agreement. Commission Staff has examined Pennichuck's filing and recommends based upon the Petitioner's demonstrated technical, managerial and financial capabilities in serving over 30,000 water customers in New Hampshire that the proposed franchise areas and core rates be approved as

submitted. However, in order to allow any interested parties the opportunity to comment, we will issue our order on a nisi basis.

Accordingly, the Commission concludes that Pennichuck's Petition to Engage in Business as a Public Water Utility In a Limited area of The Town of Milford and Approval of Rate Schedules, is in the public good and approves the Petition on a nisi basis.

Based upon the foregoing, it is hereby

ORDERED NISI, that the request of Pennichuck Water Works Inc., to serve in a limited area of the Town of Milford and charge rates currently in effect for its core system, be APPROVED; and it is

FURTHER ORDERED, that the Petitioner shall cause a copy of this Order Nisi to be published once in a statewide newspaper of general circulation or of circulation in those portions of the state where operations are conducted, such publication to be no later than April 9, 2001 and to be documented by affidavit filed with this office on or before April 16, 2001; a copy of this notice shall by first class mail be sent to all know and prospective customers, post marked no later than April 9, 2001; and it is

FURTHER ORDERED, that the petitioner upon receipt of additional Departmental of Environmental Services Approvals submit a copy to this Commission; and it is

FURTHER ORDERED, that all persons interested in responding to this petition be notified that they may submit their comments or file a written request for a hearing on this matter before the Commission no later than April 19, 2001; and it is

FURTHER ORDERED, that any party interested in responding to such comments or request a hearing shall do so no later than April 23, 2001; and it is

FURTHER ORDERED, that this Order Nisi shall be effective May 2, 2001, unless the Commission provides otherwise in a supplemental order issued prior to the effective date.

By order of the Public Utilities Commission of New Hampshire this second day of April, 2001.

Douglas L. Patch
Chairman

Susan S. Geiger
Commissioner

Nancy Brockway
Commissioner

Attested by:

Thomas B. Getz
Executive Director and Secretary