

STATE OF NEW HAMPSHIRE

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December 14, 2005

Re: DW 04-048, City of Nashua, Petition for Valuation

DW 05-179, Pennichuck Water Works, Inc., Pennichuck East Utilities, Inc. and
Pittsfield Aqueduct Company, Inc., Verified Petition for Waiver of Requirements of
Section 610.01 (e)(15) of the Uniform System of Accounts for Water Utilities

To the Parties:

On November 10, 2005, Pennichuck Water Works, Inc. (PWW), Pennichuck East Utility, Inc. (PEU), and Pittsfield Aqueduct Company, Inc. (PAC) (collectively, "Pennichuck utilities") filed a Verified Petition for Waiver of Requirements of Section 610.01(e)(15) of the Uniform System of Accounts for Water Utilities.¹ The Commission assigned Docket No. DW 05-179 to the waiver request.

In support of its waiver request, the Pennichuck utilities state that their commercial software does not allow the use of additional decimal points after the utility plant account number and that the Pennichuck utilities only recently became aware of the discrepancy between the software and the Uniform System of Accounts for Water Utilities requirements during discovery in DW 04-048. The Pennichuck utilities also aver that their general ledger software does not allow the use of an additional decimal point and thus, even if the Pennichuck utilities manually changed the 8,296 asset entries in their fixed asset software system, this second software would not recognize the number. The result would yield two sets of numbers for each asset and this might cause confusion. The Pennichuck utilities indicate they will be evaluating new software in 2006 to determine if software exists that will accommodate the additional decimal point to the utility plant account numbers.

On December 8, 2005, the City of Nashua filed a Petition to Intervene and Motion to Consolidate in DW 05-179 requesting the Commission consider the waiver request, in its entirety, within the context of Docket No. DW 04-048. In support of its motion, the City of

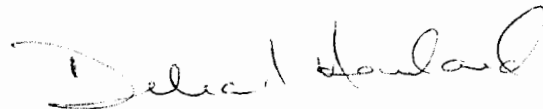
¹ That provision is as follows: "A. Class A and Class B utilities (as defined in General Instructions 610.01(a)) are required to subdivide the plant accounts into "functional" operations. The sub-accounts are to be designated by adding a suffix of one decimal place to the three digit account number. B. The "functional" operations for the water system are listed below along with the designated suffix: 1. Intangible Plant; 2. Source of Supply and Pumping Plant; 3. Water Treatment Plant; 4. Transmission and Distribution Plant; [and] 5. General Plant."

Nashua states that the information subject to Section 610.01(e)(15) of the Uniform System of Accounts for Water Utilities is responsive to its data requests 1-21, 2-2, and 2-3 propounded in DW 04-048. The City of Nashua argues that the information is critical to the issue of valuation and it avers that this discovery issue is best resolved in the context of DW 04-048, rather than in a new docket. The record in DW 04-048 indicates that the City of Nashua has not filed a motion to compel with respect to data requests 1-21, 2-2, and 2-3.

Pursuant to N.H. Code Admin. R. Puc 203.08, the Commission may consolidate hearings when more than one application, complaint, or petition requests the same or similar relief and when the Commission determines that consolidation will promote the orderly and efficient conduct of the proceeding. The Commission has determined that the orderly and efficient conduct of DW 04-048 will be promoted by considering the waiver request as it applies to PWW in DW 04-048, and it will defer consideration of the Motion to Consolidate and hold in abeyance the waiver request as it applies to PEU and PAC

The Commission will receive comments, from any party, including the City of Nashua and Pennichuck, on the waiver request as it applies to PWW up until the close of business December 23, 2005. The Commission seeks in such comments further development of the issue of whether further subdivision of plant accounts is critical to valuation. To facilitate comments, a copy of the Pennichuck utilities' waiver request is attached electronically to this letter since it was not distributed to the DW 04-048 service list. The City of Nashua's Petition to Intervene indicates Staff and the parties in DW 04-048 received a copy of their filing and thus a copy is not attached hereto.

Very truly yours,

A handwritten signature in dark ink, appearing to read "Debra A. Howland", is written over a horizontal line.

Debra A. Howland
Executive Director and Secretary

Enclosure
cc: Service List