

THE STATE OF NEW HAMPSHIRE

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PUBLIC UTILITIES COMMISSION
21 S. Fruit Street, Suite 10
Concord, N.H. 03301-2429

Tel. (603) 271-2431

FAX (603) 271-3878

TDD Access: Relay NH
1-800-735-2964

Website:
www.puc.nh.gov

October 17, 2007



Ms. Debra A. Howland
Executive Director & Secretary
New Hampshire Public Utilities Commission
21 South Fruit Street, Suite 10
Concord, New Hampshire 03301

Re: DW 06-172, Pennichuck East Utilities, Inc. and Daniels Lake Water Works, Inc.
Staff Recommendation to Close Docket

Dear Ms. Howland:

On September 25, 2007 the Commission received a letter from Pennichuck East Utility, Inc. (PEU) with respect to its acquisition of the assets of Daniels Lake Water Works, Inc. (Daniels Lake). PEU reports that, effective September 24, 2007, it has closed on the acquisition of the assets and as of that date has assumed responsibility for the water system. PEU's letter also reports that it will retain Water System Operators, Inc. (WSO) as system operator for a brief period of time in order to ensure an orderly transition of service. WSO has served as the receiver for the Commission for the Daniels Lake system since this water system was put into receivership by the Commission in 2000 in docket No. DW 00-247.

Staff believes that, since the acquisition of the water system assets has been completed, this docket can be closed. Two issues related to PEU's acquisition of the assets, as per the settlement agreement in this docket, will be resolved in PEU's current rate case DW 07-032. These issues are consideration of the recovery of pending capital improvements, and the regulatory treatment of costs associated with payment to WSO of its remaining unreimbursed costs from the receivership period. In addition, Staff will request a final reconciliation of WSO's receipts and expenses during the receivership in the still-open receivership docket DW 00-247. Staff will report that information to the Commission in that docket when it is received.

If there are any questions regarding this matter, please let me know.

Sincerely,

A handwritten signature in black ink, reading "Mark A. Naylor". The signature is written in a cursive style with a large initial "M" and a long horizontal stroke extending to the left.

Mark A. Naylor
Director, Gas & Water Division

CC: Service List