

STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

✓ DW 08-052 and DW 09-051

PITTSFIELD AQUEDUCT COMPANY, INC. AND
PENNICHUCK EAST UTILITY, INC.

Order Approving Motion to Consolidate

ORDER NO. 24,975

June 5, 2009

I. PROCEDURAL HISTORY

Pittsfield Aqueduct Company (PAC) provides water service to customers in the Town of Pittsfield, and to customers in the so-called North Country systems located in North Conway at Birch Hill, in Middleton at Sunrise Lake Estates, and in Barnstead at Locke Lake Colony.

Pennichuck East Utility, Inc. (PEU) provides water service to approximately 5,000 customers in parts of the towns of Atkinson, Bow, Chester, Derry, Exeter, Hooksett, Lee, Londonderry, Litchfield, Pelham, Plaistow, Raymond, Sandown, and Windham. PAC and PEU are wholly owned subsidiaries of Pennichuck Corporation.

On May 2, 2008, PAC filed a request for a permanent rate increase as well as a petition for temporary rates in Docket No. DW-08-052.¹ PAC presently charges consolidated rates to all its customers and in its rate filing PAC requested that the Commission allow it to charge separate rates for customers in the Town of Pittsfield and customers in the North Country systems. PAC proposed a permanent rate increase of 44.01% for Pittsfield customers and a 311.91% rate increase for North Country customers.

¹ For a full procedural history of this docket, see *Pittsfield Aqueduct Company, Inc.*, Order No.24, 929 (December 31, 2008).

On December 31, 2008, the Commission approved temporary rates for PAC, increasing rates for Pittsfield customers by 40% and for North Country residential customers by an amount that would result in average residential bills being 25% higher than the average Pittsfield residential bill. *Pittsfield Aqueduct Company, Inc.*, Order No.24, 929 (December 31, 2008).

On January 9, 2009, Staff filed a request to modify the procedural schedule and, on January 14, 2009, PAC filed a motion to stay the procedural schedule in order to allow the company to revise its request for permanent rates. Staff and intervenors Locke Lake Colony Association, Birch Hill Water District, and Sunrise Lake Estates Association assented to the motion to stay. The Office of Consumer Advocate (OCA) and the Town of Pittsfield did not oppose the motion. On January 30, 2009, the Commission approved PAC's motion to stay.

On March 13, 2009, PAC filed a motion to modify its rate case. In support of its motion, it filed testimony of Donald L. Ware, President and Bonalyn J. Hartley, Vice President of Administration and Regulatory Affairs. PAC seeks to move its North Country customers to its affiliated utility, PEU, and charge those customers PEU rates as well as a capital recovery surcharge to recover capital investments made in the North Country systems. The surcharge would be based on system-specific capital improvement costs and would be recovered over thirty years. PAC modified its proposed permanent rate increases as follows: Pittsfield, 39.79%; Locke Lake Colony, 170.57%; Birch Hill, 291.45%; and Sunrise Estates, 128.85%. The proposed rates for Locke Lake Colony, Birch Hill and Sunrise Estates include the proposed capital recovery surcharge. Staff, Sunrise Estates Association, Locke Lake Colony Association, Birch Hill Water District, and the Town of Pittsfield assented to the motion to modify. OCA also assented to the motion, but took no position as to the substance of the proposed modifications.

Also on March 13, 2009, PAC and PEU filed a petition for Approval of the Transfer of Assets and Franchise Rights and Assumption of Long Term Indebtedness, which was docketed as Docket No. DW 09-051. In this petition, PAC seeks approval to transfer its North Country systems to PEU and to charge the North Country customers PEU's approved rates plus the capital recovery surcharge. On May 18, 2009, the Town of Litchfield filed a motion to intervene in DW 09-051. Concurrent with its transfer petition, PAC and PEU filed a motion to consolidate Docket Nos. DW 08-052 and DW 09-051.

II. MOTION TO CONSOLIDATE

PAC and PEU request that the Commission consolidate Docket No. DW 08-052, the PAC rate case, and Docket No. DW 09-051, PAC and PEU's Joint Petition for Approval of the Transfer of Assets and Franchise Rights and Long Term Indebtedness. PAC and PEU state that consolidation is appropriate because the two matters are factually and legally interconnected and PAC's modified rate request in Docket No. DW 08-052 is premised on approval of the transfer of the North Country assets to PEU in Docket No. DW 09-051. PAC and PEU state that the modified procedural schedule in Docket No. DW 08-052 takes into account the modified rate proposal and the proposed transfer of assets to PEU. As a result, PAC and PEU assert that consolidation would promote the orderly and prompt conduct of the proceeding and the efficient consideration of the issues. PAC and PEU state that, given the significant impact of the proposed rates on North Country customers in DW 08-052, water service can be provided to customers in a more cost effective manner if the assets used to serve the North Country customers are transferred to PEU. Additionally, PAC and PEU believe the transfer is in the public interest because it would ultimately result in lower rates for North Country customers and provide longer term rate stability. Finally, the Companies noted that Staff, Sunrise Lake Estates

Association, Locke Lake Colony Association, Birch Hill Water District, the Town of Pittsfield and the OCA assent to the Motion to Consolidate.

III. COMMISSION ANALYSIS

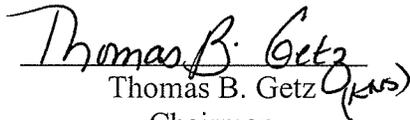
Pursuant to N.H. Code Admin. Rule Puc 203.19 (a), “When more than one application or petition seeks the same or similar relief, the commission shall consolidate the cases to be heard on a common record if it determines that to do so will promote the orderly and efficient conduct of the proceeding.” In this instance, the cases involve rate increases to the same customer groups, Sunrise Lake Estates Association, Locke Lake Colony Association, Birch Hill Water District, and the Town of Pittsfield. The parties assent to the consolidation and agree that consolidation will promote administrative efficiency since the factual and legal issues raised in the two dockets are intertwined. Additionally, the parties have proposed a modified procedural schedule that integrates discovery of the issues raised in the two dockets. Having considered the petitions and motion, we find that the issues in the dockets are similar and that consolidating the two proceedings will promote the orderly and efficient conduct of the proceedings. Accordingly, we will grant the Motion to Consolidate.

Based upon the foregoing, it is hereby

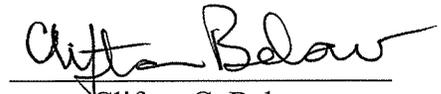
ORDERED, that Pittsfield Aqueduct Company Inc. and Pennichuck East Utility, Inc.’s motion to consolidate Docket No. DW 08-052 and Docket No. DW 09-051 is APPROVED; and it is

FURTHER ORDERED, that all future filings in this matter be made under Docket No. DW 08-052, without any need to reference Docket No. DW 09-051 except, as appropriate, to reference earlier filings made under that docket number.

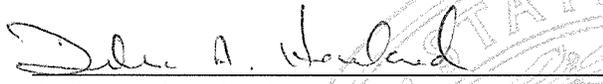
By order of the Public Utilities Commission of New Hampshire this fifth day of June,
2009.

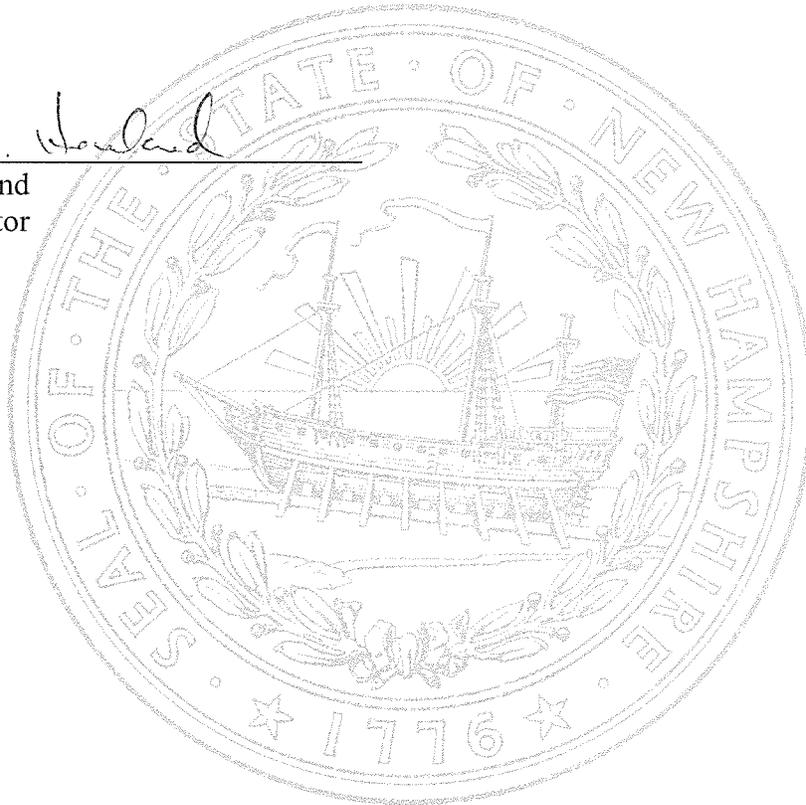

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Graham J. Morrison (KNS)
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Attested by:


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06/05/09 Order No. 24,975 issued and forwarded to all parties. Copies given to PUC Staff.

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Docket #: 08-052 Printed: June 05, 2009

**FILING INSTRUCTIONS: PURSUANT TO N.H. ADMIN RULE PUC 203.02(a),
WITH THE EXCEPTION OF DISCOVERY, FILE 7 COPIES (INCLUDING COVER LETTER) TO:**
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