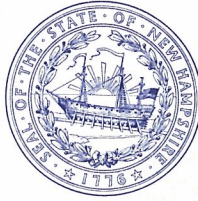


THE STATE OF NEW HAMPSHIRE



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COMMISSIONERS
Clifton C. Below
Amy L. Ignatius

EXECUTIVE DIRECTOR
AND SECRETARY
Debra A. Howland

PUBLIC UTILITIES COMMISSION

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

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FAX (603) 271-3878

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

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August 23, 2011

Ms. Debra A. Howland
Executive Director
New Hampshire Public Utilities Commission
21 South Fruit Street, Suite 10
Concord, New Hampshire 03301-7319



Re: DW 10-090 – Pittsfield Aqueduct Company, Inc.
Staff Recommendation Regarding Recovery of Rate Case Expenses

Dear Ms. Howland:

On August 4, 2011, the Commission Staff (Staff) filed correspondence with attachments concerning its recommendation relative to Pittsfield Aqueduct Company, Inc.'s (PAC) request for recovery of rate case expenses in this docket. On August 16, 2011, PAC filed a Motion for Protective Order for certain hourly billing rate information which was contained in copies of invoices submitted in support of its rate case expense filing. Staff's August 4 letter included certain attachments which contained this hourly billing information for which PAC filed its Motion for Protective Order. As such, this letter along with certain redacted attachments serves as a replacement for the original correspondence and attachments concerning this matter filed by Staff on August 4.

On June 20, 2011, PAC submitted a proposal to Staff and the Office of Consumer Advocate (OCA) for recovery of its rate case expenses in DW 10-090. Copies of PAC's cover letter and lead schedule pertaining to rate case expense recovery are attached to this correspondence. PAC's submission was made in accordance with the Settlement Agreement approved by the Commission in Order No. 25,229 dated June 8, 2011.

PAC requested recovery of a total of \$44,997.18 in rate case expenses and proposed that this amount should be recovered from its 639 customers. This would have amounted to \$70.42 per PAC customer to be collected over a twelve month period of via a surcharge included on monthly bills of \$5.87 per customer.

In its submission, PAC also provided copies of invoices in support of its proposed rate case expense costs. Staff reviewed these invoices and submitted discovery to PAC on July 18, 2011. PAC provided responses to Staff's discovery on July 20, 2011. The OCA also submitted discovery to PAC on July 21, 2011 to which PAC responded on August 1, 2011. Copies of PAC's respective discovery responses are attached to this correspondence.

Based on PAC's rate case expense submission and its subsequent discovery responses, Staff is proposing that PAC should be allowed to recover \$44,446.68 in rate case expenses. This represents a \$550.50 decrease from the amount proposed by PAC in its submission and consists of two adjustments.

The first adjustment in the amount of \$540.00 is based on PAC's response to Staff Data Request 4-1 where it is indicated that a particular charge on a legal invoice actually pertains to services performed for PAC's affiliate, Pennichuck Water Works, Inc. The second adjustment in the amount of \$10.50 is based on PAC's response to Staff Data Request 4-2 relative to a minor misallocation of expense for court reporter services.

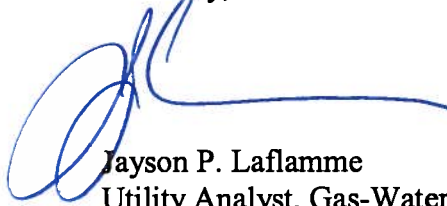
Based on PAC's proposed method of allocation to its customers, Staff calculates that the allocation per customer of the revised rate case expense amount is \$69.56 ($\$44,446.68 \div 639$ customers). Over a 12 month period, the monthly surcharge per customer for rate case expenses amounts to \$5.80.

On July 21, 2011, Staff submitted correspondence to the Commission relative to its recommendation on PAC's proposed recovery of the difference between temporary and permanent rates in this proceeding. In that letter, Staff recommended approval of the recovery amounts proposed by PAC. This included a proposed average recovery from metered customers of \$5.87 per month over a 12 month period. Based on this, it is anticipated that the combination of the rate case expense surcharge and the revenue recovery surcharge for PAC's metered customers would amount to, on average, \$11.67 per month over 12 months. Staff believes that this combined surcharge would be both just and reasonable to PAC's customers.

If you have any questions pertaining to this matter, please do not hesitate to contact either myself or any of the other Staff within the Gas-Water Division.

August 23, 2011

Sincerely,

A handwritten signature in blue ink, consisting of a large, stylized 'J' followed by a horizontal line.

Jayson P. Laflamme
Utility Analyst, Gas-Water Division

cc: Service List

Attachments: PAC's Cover Letter and Lead Schedule for Recovery of Rate Case Expense
PAC's Responses to Staff Data Requests – Set 4 (Redacted)
PAC's Responses to OCA Data Requests – Set 4 (Redacted)



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June 20, 2011

Via Hand Delivery

Mark Naylor
Marcia Thunberg, Esquire
New Hampshire Public Utilities Commission
21 S. Fruit Street, Suite 10
Concord, NH 03301-2429

**Re: DW 10-090 – Pittsfield Aqueduct Company, Inc.,
2010 Rate Case**

Dear Mr. Naylor and Ms. Thunberg:

In connection with the above captioned matter, I enclose Pittsfield Aqueduct Company, Inc.'s rate case expense including supporting invoices. Because some of the invoices contain confidential and proprietary rate information, the Company will be filing a motion for protective treatment with regard to certain of the attachments pursuant to Puc 203.08. I also enclose the Company's proposed recoupment calculation.

Very truly yours,

Sarah B. Knowlton

Enclosures

cc: Rorie E.P. Hollenberg, Esq. (with enclosures)
Bonaly J. Hartley

**Pittsfield Aqueduct Company
DW 10-090 Ratecase Expenses
through June 15, 2011**

Date	Vendor	Service	Amount	Legal	Cost of Service	Other
01/26/10	Unishippers	Mailing Costs	22.34			22.34
02/05/10	AUS Consulting	Cost of Service Study	760.00		760.00	
03/04/10	AUS Consulting	Cost of Service Study	1,805.00		1,805.00	
04/12/10	AUS Consulting	Cost of Service Study	3,040.00		3,040.00	
04/28/10	McLane	Legal Services	235.35	235.35		
05/07/10	Unishippers	Mailing Costs	12.85			12.85
05/10/10	AUS Consulting	Cost of Service Study	3,300.00		3,300.00	
06/07/10	AUS Consulting	Cost of Service Study	95.00		95.00	
06/17/10	Curtis 1000	Rate Letter	597.34			597.34
06/17/10	Curtis 1000	Postage	223.41			223.41
06/22/10	Concord Monitor	Public Notice of Prehearing Conference	306.25			306.25
06/22/10	Concord Monitor	Public Notice of Prehearing Conference	721.88			721.88
06/22/10	Suncook Valley	Public Notice of Prehearing Conference	562.50			562.50
06/28/10	Unishippers	Mailing Costs	35.13			35.13
06/30/10	McLane	Legal Services	4,851.00	4,851.00		
07/13/10	McLane	Legal Services	284.15	284.15		
07/17/10	Charles Hoepper	Prehearing Conference	18.00			18.00
07/17/10	Bonalyne Hartley	Prehearing Conference	8.60			8.60
08/09/10	AUS Consulting	Cost of Service Study	95.00		95.00	
08/12/10	Steven E Patnaude	Prehearing Conference	169.25			169.25
08/12/10	McLane	Legal Services	1,409.70	1,409.70		
08/18/10	Charles Hoepper	Tech Session	18.00			18.00
08/19/10	Dawn DeBlois	Tech Session	20.00			20.00
08/21/10	Bonalyne Hartley	Tech Session	8.60			8.60
08/31/10	AUS Consulting	Cost of Service Study	95.00		95.00	
09/14/10	McLane	Legal Services	2,171.87	2,171.87		
09/15/10	Bonalyne Hartley	Temporary Rates Hearing	17.20			17.20
09/15/10	Charles Hoepper	Temporary Rates Hearing	36.00			36.00
10/06/10	Steven E Patnaude	Temporary Rates Hearing	284.92			284.92
10/14/10	McLane	Legal Services	1,761.15	1,761.15		
11/01/10	Curtis 1000	Rate Sheets	18.87			18.87
11/01/10	Curtis 1000	Rate Sheets	5.13			5.13
11/08/10	AUS Consulting	Cost of Service Study	1,595.00		1,595.00	
11/10/10	McLane	Legal Services	31.50	31.50		
12/10/10	McLane	Legal Services	2,637.47	2,637.47		
01/10/11	AUS Consulting	Cost of Service Study	190.00		190.00	
01/14/11	McLane	Legal Services	126.00	126.00		
01/27/11	Dawn DeBlois	Tech Session	18.58			18.58
01/27/11	Bonalyne Hartley	Tech Session	9.60			9.60
02/08/11	AUS Consulting	Cost of Service Study	380.00		380.00	
02/16/11	McLane	Legal Services	1,251.62	1,251.62		
03/07/11	McLane	Legal Services	99.00	99.00		
04/07/11	Dawn DeBlois	Tech Session	37.70			37.70
04/07/11	Bonalyne Hartley	Tech Session	19.20			19.20
04/08/11	AUS Consulting	Cost of Service Study	1,177.50		1,177.50	
04/13/11	McLane	Legal Services	1,710.15	1,710.15		
04/26/11	Charles Hoepper	Tech Session & Perm Rates Hearing	69.28			69.28
04/29/11	McLane	Legal Services	8,885.44	8,885.44		
05/05/11	AUS Consulting	Cost of Service Study	2,885.00		2,885.00	
05/13/11	Steven E Patnaude	Permanent Rates Hearing	785.65			785.65
06/15/11	McLane	Legal Services	99.00	99.00		
Actual Ratecase Expenses			44,997.18	26,553.40	15,417.50	4,026.28

Number of Customers 639

Ratecase Expense per Customer:

Annual \$ 70.42
Monthly \$ 5.87



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July 20, 2011

By Electronic Mail

Marcia Thunberg, Esq.
New Hampshire Public Utilities Commission
21 S. Fruit Street, Suite 10
Concord, NH 03301-2429

Re: **DW 10-090 – Pittsfield Aqueduct Company, Inc.,
2010 Rate Case**

Dear Ms. Thunberg:

In connection with the above-referenced matter, I enclose Pittsfield Aqueduct Company, Inc.'s responses to Staff's Data Requests dated July 18, 2011.

Please do not hesitate to contact me if you have any questions about the enclosed requests.

Very truly yours,

A handwritten signature in black ink, appearing to be "SVC", followed by a horizontal line.

Steven V. Camerino

SVC/blb
Enclosure

cc: Service List (by electronic mail)
Donald Ware

DW 10-090
Pittsfield Aqueduct Company, Inc.'s Responses to
Staff Data Requests – Set 4 (Rate Case Expenses)

Date Request Received: 7/18/11
Request No. Staff 4-1 (Rate Case Expenses)

Date of Response: 7/20/11
Witness: Bonalyn J. Hartley

REQUEST: Re: McLane Law Firm Invoice #2010121314 – 12/10/10: This invoice contains the following entry dated 11/05/10 from Attorney JP1: "Draft non-disclosure agreement for Anheuser-Busch, Inc. relating to confidential data request responses and future confidential documents; Electronic correspondence with Attorney Knowlton regarding certain contents of the non-disclosure agreement: [REDACTED] hours @ [REDACTED]/hours= \$540.00." It appears that this charge should be eliminated from rate case expense recovery for PAC. Please confirm.

RESPONSE: The Company agrees.

DW 10-090
Pittsfield Aqueduct Company, Inc.'s Responses to
Staff Data Requests – Set 4 (Rate Case Expenses)

Date Request Received: 7/18/11
Request No. Staff 4-2 (Rate Case Expenses)

Date of Response: 7/20/11
Witness: Bonalyn J. Hartley

REQUEST: Re: 10/06/10 Invoice #2010-062 from Steven E. Patnaude, LCR: It appears that PAC's portion of this invoice should be \$274.42 (\$273.00 + \$1.42 (\$2.85/2)). Please explain why the Company is seeking recovery of \$284.92.

RESPONSE: The Company agrees that the amount should be \$274.42.



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STEVEN V. CAMERINO
Email: steven.camerino@mclane.com
Licensed in MA and NH

August 1, 2011

VIA ELECTRONIC MAIL

Rorie E.P. Hollenberg, Esquire
Office of Consumer Advocate
21 S. Fruit Street, Suite 18
Concord, NH 03301-2429

**Re: DW 10-090 – Pittsfield Aqueduct Company, Inc.,
2010 Rate Case**

Dear Ms. Hollenberg:

In connection with the above captioned matter, I enclose Pittsfield Aqueduct Company, Inc.'s responses to OCA's Fourth Set of Data Requests.

Please do not hesitate to call if you have any questions.

Very truly yours,

A handwritten signature in black ink, appearing to be "SVC", followed by a horizontal line.

Steven V. Camerino

SVC/blb
Enclosures

cc: Service List (by electronic mail)
Donald Ware

DW 10-090
Pittsfield Aqueduct Company, Inc.'s Responses to
OCA Data Requests – Set 4

Date Request Received: 7/21/11
Request No. OCA 4-1

Date of Response: 8/01/11
Witness: Bonalyn J. Hartley

REQUEST: Concerning Invoice 2010121314, dated December 10, 2010, please explain the time needed by JP1 and SBK (more than 10 hours) related to drafting a non-disclosure agreement for the OCA in light of the 10 hours spent by JP1 drafting the non-disclosure agreement for Anheuser-Busch. Please provide a copy of the non-disclosure agreement for Anheuser-Busch.

RESPONSE: The time spent regarding the Anheuser-Busch agreement was included erroneously on the bill for this matter, and should have been charged to the Pennichuck Water Works rate case that was pending at the same time. It is the Company's understanding that the time spent by Attorney Knowlton related to reviewing and finalizing the work by Attorney Pak and communicating that work product to the OCA. Attorney Pak was utilized to draft the non-disclosure agreement in order to prepare the document in a timely fashion given the needs of the case, her lower hourly rate, and constraints on Attorney Knowlton's availability. The Anheuser-Busch and OCA agreements were different agreements, and therefore more was involved than simply changing the names of the parties.

DW 10-090
Pittsfield Aqueduct Company, Inc.'s Responses to
OCA Data Requests – Set 4

Date Request Received: 7/21/11
Request No. OCA 4-2

Date of Response: 8/01/11
Witness: Bonalyn J. Hartley

REQUEST: Concerning the reimbursement for travel expenses related to Attorney Knowlton, *see, e.g.*, Invoice 2010081063, dated August 12, 2010, please confirm that for each instance of such reimbursement, Attorney Knowlton did not work during the day in the Concord office of the McLane law firm. If Ms. Knowlton worked in the Concord office during any of the days for which she received mileage reimbursement from the Company, state whether she billed for work for any other client during those days.

RESPONSE: It is the Company's understanding that (1) the reimbursement to Attorney Knowlton for travel expense referenced in the question related to a trip to the Public Utilities Commission to attend a hearing in this case and that Ms. Knowlton's work at the Commission that day related only to Pittsfield Aqueduct Company and Pennichuck Water Works; (2) it is likely that Attorney Knowlton worked on other matters on that and other days, including from the McLane firm's Concord office; and (3) given that Attorney Knowlton's work for the McLane firm primarily involved working via computer or communicating via computer and telephone, her location (other than when it was necessary for her to travel to the Commission for a matter for a particular client) would have no bearing on which clients she was able to work for on any given day. The expense that was reimbursed related entirely to work for the two Pennichuck entities and was split equally between the two so that costs would be properly and fairly allocated.

DW 10-090
Pittsfield Aqueduct Company, Inc.'s Responses to
OCA Data Requests – Set 4

Date Request Received: 7/21/11
Request No. OCA 4-3

Date of Response: 8/01/11
Witness: Bonalyn J. Hartley

REQUEST: Please identify any expenses associated with the rate case, which the Company is not seeking recovery from its customers.

RESPONSE: The Company objects to this request on the grounds that it is not reasonably calculated to lead to the discovery of information that would be relevant to this proceeding and it is overbroad and unduly burdensome.

DW 10-090
Pittsfield Aqueduct Company, Inc.'s Responses to
OCA Data Requests – Set 4

Date Request Received: 7/21/11
Request No. OCA 4-4

Date of Response: 8/01/11
Witness: Bonalyn J. Hartley

REQUEST: Concerning OCA 1-19, please confirm that the Company did not use a competitive bidding process for the selection of consultants for this rate case. Please provide a copy of any policies related to the procurement of consultant services for rate cases.

RESPONSE: Please see response to OCA 1-19. The Company does not have a written policy related to the procurement of consultant services. Rather, the Company selects consultants based on several factors including expertise and familiarity with the Company which, in turn, provides continuity and efficiency.

DW 10-090
Pittsfield Aqueduct Company, Inc.'s Responses to
OCA Data Requests – Set 4

Date Request Received: 7/21/11
Request No. OCA 4-5

Date of Response: 8/01/11
Witness: Bonalyn J. Hartley

REQUEST: Concerning the Company's Rate Case Expense filing, for expenses charged to date, a copy of each itemized receipt related to the expenses.

RESPONSE: On June 20, 2011, the Company provided a summary of rate case expenses, including supporting documentation.

DW 10-090
Pittsfield Aqueduct Company, Inc.'s Responses to
OCA Data Requests – Set 4

Date Request Received: 7/21/11
Request No. OCA 4-6

Date of Response: 8/01/11
Witness: Bonalyn J. Hartley

REQUEST: Please identify and explain any charges included in the Company's proposed rate case expense recovery total related to first-class air travel; courier delivery; overnight mail; limousine or private car services; hotel room service; entertainment; recreational activities or services; personal services or alcoholic beverages.

RESPONSE: On June 20, 2011, the Company provided a summary of rate case expenses that includes a description of services rendered. The only expenses related to the above are overnight mail through Unishippers. As the Company performs much of the rate case filing preparation and discovery internally to reduce costs, the Company will need to occasionally send time sensitive documents to its consultants.