

DW 10-091
Pennichuck Water Works, Inc. Responses to
OCA Data Requests – Set 1

Date Request Received: 7/21/10
Request No. OCA 1-46

Date of Response: 8/11/10
Witness: Bonalyn J. Hartley

REQUEST: For each outside entity providing rate case services (e.g., cost of service study or legal), please explain and provide documentation related to the selection of the consultant including a copy of the existing company policy for selecting outside suppliers or services.

RESPONSE: The Company selects certain outside consultants for legal services and specific studies based on their expertise and familiarity with details relative to the Company's operations. The Company reviews the scope of the work with each consultant before the engagement of their service. In the case of the Cost of Service Study, the Company has used AUS Consultants for many years based on their in depth knowledge of the Company's structure, the quality of their work, their ability to respond in a timely manner, and their industry expertise. Legal services are similarly engaged providing continuity and efficiency. Fees are deemed to be consistent with prior services and other industry professionals. The Company reviews and approves all invoices to ensure that the charges are consistent with the approved scope of work.

DW 10-091
Pennichuck Water Works, Inc. Responses to
OCA Data Requests – Set 7

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

Date of Response: 8/1/11
Witness: Bonalyn J. Hartley

REQUEST: Concerning OCA 1-46, 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 1-46. 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 10-091
Pennichuck Water Works, Inc. Responses to
OCA Data Requests – Set 7

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

Date of Response: 8/1/11
Witness: Bonalyn J. Hartley

REQUEST: Please provide a copy of the Company's agreement(s) with the McLane law firm for its work in this case. Please provide a citation to the authority in the agreement(s) for the increase in rates charged after January 1, 2011.

RESPONSE: The Company does not have an agreement with McLane for legal services performed in DW 10-091. The Company reviews and approves all invoices to ensure that charges are reasonable and consistent with the discussed scope of work.

DW 10-091
Pennichuck Water Works, Inc. Responses to
OCA Data Requests – Set 4

Date Request Received: 1/21/11
Request No. OCA 4-2

Date of Response: 2/4/11
Witness: Bonalyn J. Hartley/Donald L. Ware

REQUEST: Is it the Company's position that the eminent domain proceeding has concluded?
See Hartley permanent rate testimony, p. 20, lines 16-18.

RESPONSE: No. The eminent domain proceeding has not concluded because there has been no final determination of the price to be paid by the City of Nashua for the assets that are the subject of the Commission's July 2008 order. The Company has submitted its eminent domain expense as part of this rate filing so that the Commission could establish a mechanism for its recovery. The Company is not seeking recovery of amounts relating to approval of the recent agreement with Nashua, and therefore does not expect to incur additional expenses for which it would be seeking recovery.

DW 10-091
Pennichuck Water Works, Inc. Responses to
OCA Data Requests – Set 7

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

Date of Response: 8/1/11
Witness: Bonalyn J. Hartley

REQUEST: Staff 6-2 asked the Company about "Charges related to Anheuser-Busch Special Contract" listed in an Excel spreadsheet. In response, the Company stated:

With the exception of the AUS Consultants, Inc invoice 119100 dated 11/08/10, the Company agrees to withdraw the charges in the attached Excel spreadsheet from rate case expense recovery. The AUS invoice related to work updating cost of service study elements for changes related to the settlement agreement, and therefore it should be included for recovery.

- a. Please confirm that the cost of service study referred to is the same cost of service study provided in response to OCA 3-6 (Supplemental).
- b. Please confirm that the "settlement agreement" referred to is the final settlement agreement in this case dated May 19, 2011.
- c. Please identify each and every unique component of this version of the cost of service study which is reflected in or used to craft the settlement agreement referred to or in the 4th Special Contract with Anheuser-Busch (originally filed in DW 11-018 on January 20, 2011 and approved as revised by Order 25,230 dated June 9, 2011).
- d. Please explain why this cost of service study was not provided to the parties for more than two months after it was completed.
- e. Please confirm that this version of the cost of service study was not filed with the Commission.

RESPONSE:

- a. The updated cost of service study elements became part of the basis for any subsequent cost of studies issued.
- b. Relates to any interim settlement agreement including the final settlement.
- c. Please see (a).
- d. The Company does not recollect any specific reasons other than performing due diligence and evaluation internally before distribution.
- e. The Company submitted the final cost of service study with the settlement agreement. Interim cost of service studies may or may not have been filed with the Commission.

DW 10-091
Pennichuck Water Works, Inc. Responses to
OCA Data Requests – Set 7

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

Date of Response: 8/1/11
Witness: Bonalyn J. Hartley

REQUEST: Please explain the reason(s) underlying the reimbursement of mileage expenses to each of multiple Company representatives for attendance at meetings at the Commission. For example, the Company's rate case expense filing includes reimbursement for mileage to both Bonnie Hartley and Charles Hoepper. *See* Pennichuck Corporation and Controlled Subsidiaries T&E Expense Report Form for Bonnie Hartley dated July 15, 2010; and Pennichuck Corporation and Controlled Subsidiaries T&E Expense Report Form for Charles Hoepper dated July 30, 2010. Another example is the reimbursement of Ms. Hartley, Mr. Hoepper and Ms. DeBlois for their travel to Concord for a tech session at the Commission. *See* Pennichuck Corporation and Controlled Subsidiaries T&E Expense Report Form for Charles Hoepper dated September 20, 2010; Pennichuck Corporation and Controlled Subsidiaries T&E Expense Report Form for Dawn DeBlois dated August 19, 2010; Pennichuck Corporation and Controlled Subsidiaries T&E Expense Report Form for Bonnie Hartley dated August 19, 2010.

RESPONSE: The Company employees are expected to exercise sound, prudent judgment when they incur travel expense including mileage expense. When feasible, the employees will travel together to reduce costs. However, due to the small number of employees and resulting diverse duties and responsibilities, it's not always possible. Their time and labor costs must be utilized in the most efficient way possible.

DW 10-091
Pennichuck Water Works, Inc. Responses to
OCA Data Requests – Set 7

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

Date of Response: 8/1/11
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.