

STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

DW 10-091

Pennichuck Water Works, Inc.
Distribution Rate Case

**NEW HAMPSHIRE OFFICE OF THE CONSUMER ADVOCATE'S
RESPONSE TO THE COMPANY'S RATE CASE EXPENSE REQUEST**

NOW COMES the New Hampshire Office of the Consumer Advocate ("OCA") and respectfully requests that the New Hampshire Public Utilities Commission ("Commission") deny the rate case expense request as submitted by Pennichuck Water Works, Inc. ("Company") to the Commission's Staff ("Staff") on June 20, 2011 and authorize the recovery of no more than \$74,183.70, without interest. In support of its request for relief, the OCA states the following facts and law:

1. The Commission may only authorize the utility to recover costs associated with this proceeding that are just, reasonable and in the public interest. RSA 365:38-a. The Commission "evaluate[s] requests for recovery of rate case expenses from customers according to the same 'just and reasonable' standard that applies to all rates charged by public utilities pursuant to RSA 378:7." *Re Kearsarge Telephone Company*, 89 NH PUC 541 (2004). Although viewed as a "proper operating expense," *Re Lakes Region Water Company, Inc.*, 75 NH PUC 89, 92 (citation omitted), a utility's rate case expenses, "[i]f unreasonably incurred, if undue in amount ... may to that extent be reduced." *State v. Hampton Water Works*, 91 NH 278, 296 (1941).
2. The amount proposed by the Company for recovery, \$144,552.70, is not just, reasonable or in the public interest. For the following reasons, the Commission should reduce the

“excessive and improper,” *Id.*, amount that the Company can recover from ratepayers by at least \$70,367.74:

- a. Less than eight months before beginning this rate case, the Company had concluded its prior rate case by agreement, receiving authorization for a significant rate increase as well as authorization to recover more than \$119,000 in rate case expenses;
- b. The Company did not competitively bid any of its contracts for outside consultants and has no policy related to the procurement of consultant services;
- c. The Company has no written agreement with its outside legal counsel for services which account for almost half of the total rate case expenses;
- d. The Company's rate case expense request includes costs related to recovery of eminent domain proceeding costs, which are excessive as well as not appropriately considered or recovered at this time;
- e. The Company's rate case expense request includes costs related solely to the negotiation of a special contract with Anheuser-Busch, including a separate cost of service study conducted to prepare for those negotiations;
- f. The Company's rate case expense request includes costs related to excessive mileage; and
- g. The Company's rate case expense request may include costs related to certain inappropriate expenses.

3. In addition, for the following reasons, the Commission should not allow the Company to recover interest on the remaining rate case expenses of amount of \$74,183.70:
 - a. The Company failed to abide by the Commission's rules for filings in adjudicative proceedings when it submitted its rate case expense request to Commission Staff;
and
 - b. The Company failed to abide by the Commission's rule requiring the filing of a motion for confidential treatment as well as the Commission's interim rule related to the filing of redacted versions of confidential documents.

DW 08-073 Company's Prior Rate Case

4. In August 2009, in the Company's last rate case, the Commission approved a rate increase for general service customers of approximately 21%. *See In re Pennichuck Water Works, Inc., Settlement Agreement between Commission Staff and the Company dated May 15, 2009, Attachment D, Report of Proposed Rate Changes; and Order 25,006 (DW 08-073, August 13, 2009).* The Commission's order approved the proposed \$2.4 million permanent increase to the Company's revenue requirement, with a slight reduction of approximately \$13,000, as well as an additional \$2.2 million increase for step adjustments. In conclusion, the Commission ruled "that the revenue requirement proposed by Staff and PWW, as modified ... is reasonable and will produce just and reasonable rates." Order 25,006 (DW 08-073, August 13, 2009), at p. 19.
5. On September 23, 2009, in the Company's last rate case, the Commission authorized the Company to recover \$119,043.17 in rate case expenses. *In re Pennichuck Water Works, Inc., Order 25,018 (DW 08-073, September 23, 2009).* Less than seven months later, on April 6, 2011, the Company filed its notice of intent to further increase its new "just and

reasonable" rates, of which the Company (along with Staff) had advocated for Commission approval. The Company's filing of a new rate case, as well as its incurrence of more than \$144,000 expenses associated with the new rate case, so soon after its last rate case concluded was not just, reasonable or in the public interest.

6. For example, the Company paid its consultant for cost of service/rate design \$46,853 for work on this 2010 rate case. In the 2008 rate case, however, the Company paid the same consultant \$32,448 for the same type of services. The Company claims that it retained its consultants based on "their expertise and familiarity with details relative to the Company's operations." See Company's Response to OCA 1-46 (Attachment A). To the extent that there existed any "expertise and familiarity," however, this consultant's charges for the 2010 rate case do not reflect any economies for having worked on the Company's 2008 rate case. In fact, the costs increased.
7. The filing a new rate case so soon after agreeing to new, higher rates in its last rate case, and the spending of more than \$259,000 in both rate cases was not just, reasonable or in the public interest. Allowing the Company to spend as much money as it wants to win a rate case, while requiring ratepayers to pay those costs, amounts to a blank check for the Company.
8. Consequently, the Commission should reduce the Company's recovery from ratepayers of its reasonable 2010 rate case expenses (*i.e.*, net rate case expenses after the other deductions recommended below). Specifically, the OCA recommends a 50% reduction.
9. In addition to addressing the Company's excessive and improper spending, reducing the Company's rate case expense recovery by 50% will encourage the Company to give more scrutiny to the frequency of the filing of rate cases.

Sole-Source Contracts

10. The Company used sole-source contracts for all of its outside consultants in this case.

See Attachment A and Company's Response to OCA 7-2 (Attachment B). Also, the Company has no written policy related to the procurement of consultant services.

Attachment B.

11. The Commission and the OCA, on the other hand, are required to use a formal public competitive bidding process to retain consultants, and the OCA is also required to obtain the approval of the Governor and Executive Council and in certain circumstances, the approval of the Legislature's fiscal committee in order to hire consultants. When viewed in this light, and considering that the Company's costs are paid by the same individuals who pay the Commission's and the OCA's costs, the Company's process is unjust, unreasonable and not consistent with the public interest.

12. Consequently, the Commission should reduce the Company's recovery from ratepayers of its reasonable 2010 rate case expenses (*i.e.*, net rate case expenses after the other deductions recommended below). Specifically, the OCA recommends a 50% reduction.

13. In addition to addressing the Company's excessive and improper costs, reducing the Company's rate case expense recovery by 50% will encourage the Company to give more scrutiny to the need for consultants in future rate cases and incent the Company to control these costs.

Outside Legal Services

No Written Contract

14. The Company does not have a written agreement with its outside legal counsel, McLane, Graf, Raulerson & Middleton ("McLane"). *See* Company's Response to OCA 7-4

(Attachment C). Consequently, there is no objective basis upon which the Commission or the OCA can verify that the Company affirmatively defined any terms of service or scope of work for this consultant before the consultant began providing services. There is also no objective basis provided by the Company to verify that McLane performed in accordance with any pre-defined terms of service and scope of work, or to justify McLane's rate increases after January 2011. *See Attachment C.*

15. Because the Company does not have a written agreement with McLane, the Commission should disallow 50% (i.e., before splitting costs between shareholders and ratepayers, see below), or \$35,736.54, of the total costs associated with McLane of \$71,473.07.
16. The Commission should also require the Company to formally memorialize all contracts for services for all future rate cases. All future consultant contracts for work on rate cases should include – at a minimum – the terms and scope of service.

Eminent Domain Proceeding Cost Recovery

17. The Company's rate case expense request includes \$28,622.62 related to the Company's proposed recovery of costs associated with the eminent domain proceeding, DW 04-048. The OCA recommends a reduction of the entire amount because the Company agreed to defer consideration of its \$5.1 million in eminent domain litigation costs and because the Company affirmatively represented to the Commission that it will not seek recovery of its eminent domain litigation costs if the City of Nashua acquires the Company.
18. In a prior PWW rate case, DW 04-056, the Commission authorized PWW to create a deferred account to track the costs of its eminent domain defense. *Re Pennichuck Water Works, Inc.*, 90 NH PUC 188 (2005). In granting this authorization, the Commission specifically stated “[a]t the conclusion of Docket No. 04-048, Pennichuck shall submit all

expenses booked in the deferred account to the Commission for audit and review. At that time, we will then consider, among other things, the types of expenses that may be recovered..." *Re Pennichuck Water Works, Inc.*, 90 NH PUC at 194 (emphasis added). In response to discovery in the 2010 rate case, the Company admitted that the eminent domain proceeding "has not concluded." Company's Response to OCA 4-2 (Attachment D). *See also*, Letter from Debra A. Howland, Executive Director and Secretary of the Commission, to the parties (DW 11-026, April 28, 2011) (consolidating DW 04-048 and DW 11-026).

19. In addition, the Company agreed with an OCA motion, approved by the Commission, "to stay consideration of eminent domain defense costs until the conclusion of the proceeding ... docketed as DW 11-026." Staff Recommendation (DW 10-091, August 4, 2011) at p. 2.
20. Also, the Company has affirmatively represented in this proceeding that it will not seek recovery from ratepayers of the \$5.1 million in eminent domain costs if the City of Nashua acquires the Company. *See, e.g.*, Transcript of Prehearing Conference (DW 10-091, July 14, 2010), at p. 8, lines 19-24 (on behalf of PWW, Attorney Knowlton stated, "the Company would only be seeking recovery of its eminent domain costs in the event that the City decides not to pursue the taking of the Company's assets. So, if the City were to walk away from the taking, then the Company would be seeking approximately \$5.3 million then in its defense costs"); and Pre-filed Testimony of Bonalyn Hartley and Donald Ware Regarding Recovery of Eminent Domain Defense Costs (DW 10-091, November 8, 2011), at p. 9, lines 21-22. Docket DW 11-026, which relates to a proposed

sale of Pennichuck Corporation stock to the City of Nashua, is pending at the Commission.

21. In addition to these procedural issues, the Company's costs related to recovery of its eminent domain costs are not just, reasonable or in the public interest. For example, for this one issue in the 2010 rate case, the Company used the services of five attorneys for more than 97 hours. For the four attorneys that billed for these services in 2010 and 2011, the total of their hourly rates combined was \$1,120. The other attorney charged the Company a rate of \$400 per hour. In contrast, the OCA as well as the Commission Staff was represented in this docket, on all issues, by one attorney each.
22. For this one issue, McLane incurred on the Company's behalf more than \$2,600 in electronic legal research. This amount is half of the OCA's total annual budget for Westlaw in FY 2012.
23. Recommendation Regarding Recovery of Rate Case Expenses ("Staff Recommendation"), filed on August 4, 2011, the Staff recommended that the Commission reduce the Company's rate case expense recovery by \$26,727.61.¹ Staff Recommendation at p. 2 and attached "Analysis of Rate Case Legal Costs related to Recovery of Eminent Domain Charges." Staff based its recommendation upon the Company's agreement to stay consideration of the eminent domain costs until the conclusion of DW 11-026. Staff Recommendation at p. 2.
24. For all of the above reasons, the OCA agrees with the reduction to the Company's rate case costs by the total costs related to recovery of eminent domain costs. However, the

¹ The Commission's Audit Division did not conduct an audit of the Company's rate case expense request.

OCA recommends a reduction of \$28,622.62, which is \$1,895.01 more than Staff's recommended reduction.

25. The difference between the OCA's and the Staff's recommended reduction is related to the addition of the following costs:

Invoice	Date	Attorney	Description	Hours	Rate	Charge
2010030397	2/22/10	SVC	Review Public Utilities Commission Order regarding eminent domain expense deferral; telephone conference with Mr. Ware regarding same.	█	█	\$79.00
2010030397	2/25/10	SVC	Correspondence from Mr. Ware regarding recovery of eminent domain related costs; analyze issues regarding scope of costs allowed for recovery; correspond to Mr. Ware regarding same	█	█	\$434.50
2010121313	11/30/10		Westlaw	█	█	\$424.51
2011030289	2/4/11	SBK	Review and comment on data responses	█	█	\$231.00
2011030289	2/7/11	SBK	Follow up on discovery responses	█	█	\$660.00
2011030289	2/11/11	SBK	Review and comment on data responses	█	█	\$66.00

Costs related to Anheuser-Busch Special Contract

26. The Company's rate case expense request includes 46.6 hours and \$10,128.51 related to the Company's negotiation of a special contract with Anheuser-Busch. See Staff Recommendation, "Analysis of Rate Costs related to Anheuser-Busch Special Contract."

27. Staff recommended that the Commission reduce the Company's rate case expense recovery by \$3,538.51, based upon the Company's response to Staff 6-2. Staff Recommendation, at p. 2.

28. The OCA recommends that the Commission reduce the Company's recovery by the \$5,798.51, which includes the amount recommended by Staff as well as \$2,260 related to

a cost of service study performed by Mr. Palko in October of 2010. *See* Company's Rate Case Expense Request, AUS Consultants Invoice dated November 8, 2010, Case No. 12-0285 (Mr. Palko described his work as, "the development of revised cost of service allocations and rate design based on planned changes to the A-B contractual flow requirements" and quantified the time spent and charges in the second "Note" on the bottom of the page.).

29. The October 2010 cost of service study was not related to the Company's rate case as originally filed or, contrary to the Company's unsubstantiated assertions, necessary for the settlement agreement filed by the Company, Staff, Anheuser-Busch, and the OCA. *See* Company's Response to Staff 6-2 (attached to Staff Recommendation) and Company's Response to OCA 7-6 (Attachment E). The October 2010 cost of service study also does not correspond to the final version of the Company's 4th Special Contract with Anheuser-Busch, which the Commission approved in Order 25,230 (DW 10-091 and DW 11-018, June 9, 2011).
30. The OCA posits that the October 2010 cost of service study was performed for the Company, *in preparation* for negotiations with Anheuser-Busch, which took place primarily in December 2010, between the finalization of a non-disclosure agreement between the Company and Anheuser-Busch and the filing of the 4th Special Contract. *See* Company's Rate Case Expense Request, McLane Invoice No. 2010121313 dated December 10, 2010, November 29, 2010 entry ("Confer with Mr. Ware on Anheuser-Busch special contract issues and finalize Non-Disclosure Agreement with same"); *see also* Company's Petition for Approval of Special Contract with Anheuser-Busch Incorporated (DW 11-018, January 20, 2011).

31. The Company has not shown that the October 2010 cost of service study was necessary for the distribution rate case, see Attachment E, and the Company has agreed to eliminate the other costs related to its negotiations of a special contract with Anheuser-Busch. See Company's Response to Staff 6-2 (attached to Staff Recommendation). Consequently, the Commission should reduce the Company's rate case expense recovery by the amount recommended by Staff as well as the amount related to that unnecessary cost of service study, for a total amount reduction of \$5,798.51.

Mileage Reimbursement

32. The Company's rate case expense request includes mileage reimbursement for multiple Company employees to travel separately to the same meeting or hearing at the Commission, on the same day. For example, the Company included mileage reimbursement for two employees to travel to the Commission for the prehearing conference on July 14, 2010: \$18.00 for Charles Hoepper; and \$8.60 for Bonalyn Hartley.² The Company also includes mileage reimbursement for three employees to travel to the Commission for the technical session on August 18, 2010: \$18.00 for Charles Hoepper, \$20.00 for Dawn DeBlois, and \$8.60 for Bonalyn Hartley. Again, for the temporary rate hearing on September 15, 2010, as well as the technical session on January 27, the technical session on April 21 and the final hearing on May 27, 2011, the Company seeks individual mileage reimbursement for multiple employees to travel to the Commission.

² Based upon the rate case expense request submitted to Commission Staff in DW 10-091 as well as the request submitted in DW 10-090, on June 20, 2010, it appears as though most of the mileage reimbursement amounts for dates when the Company representatives attended meetings or hearings at the Commission for both dockets are split equally between the two cases. On at least one date, however, September 15, 2010, the Company seeks mileage reimbursement for two separate employees, for two separate trips to Commission, one in the morning and one in the afternoon.

33. The Company provided no justification in its rate case expense request for its representatives to travel individually in separate cars and recover the costs associated with their individual travel. In response to discovery, the Company claimed that the carpooling of Company representatives for meetings and hearings at the Commission is "not always possible" because of "the small number of employees and resulting diverse duties and responsibilities." Company's Response to OCA 7-11 (Attachment F). This explanation is not sufficient to justify the payment by ratepayers of these excessive and improper costs.
34. Consequently, the OCA recommends that the Commission disallow the recovery of the costs associated with multiple employees driving individually to meetings or hearings at the Commission. Instead, the OCA recommends that the Commission allow the recovery of the cost of mileage associated with one trip from Pennichuck's offices in Merrimack to the Commission's offices in Concord, or 64.8 miles round-trip, at the mileage rate set by the IRS for 2010, or 50 cents per mile.³ On the four dates when the Company employees participated in activities related to both the Pennichuck Water Works, Inc. docket, DW 10-091, and the Pittsfield Aqueduct Company docket, DW 10-090 (*i.e.*, the July 14, 2010 prehearing conference, the August 18, 2010 technical session, the September 15, 2010 temporary rate hearing, and the January 27, 2011 technical session), the single mileage reimbursement should be split between the two cases.
35. Consequently, the Commission should deny recovery of \$210.07 from the total rate case expense request on account of excessive mileage, leaving \$129.60 to recover from ratepayers $((4 \text{ trips} \times 64.8 \text{ miles}) \div 2) + (2 \text{ trips} \times 64.8 \text{ miles}) \times 50 \text{ cents per mile}$).

³ The Company's rate case expense request does not specify the mileage rate used to calculate the reimbursements requested for individuals.

Inappropriate Expenses

36. The OCA opposes, and recommends that the Commission disallow, the recovery from ratepayers of costs related to first-class air travel; courier delivery; limousine or private car services; hotel room service; entertainment; recreational activities or services; personal services; and/or alcoholic beverages.
37. In discovery, the OCA sought to identify any charges included in the Company's proposed rate case expense recovery related to these types of costs. In its response, however, the Company merely directed the OCA to its rate case expense request. Company's response to OCA 7-5 (Attachment G).
38. It is appropriate and more efficient for the Company, as the requester of relief and party with the burden of proof, as well as the entity which incurred the charges in question, to specifically identify and support the costs included in its request for rate case expense recovery. Consequently, the OCA requests that the Commission order the Company and each of its consultants to affirmatively deny or confirm whether its proposed recovery amount includes costs related to first-class air travel; courier delivery; limousine or private car services; hotel room service; entertainment; recreational activities or services; personal services; and/or alcoholic beverages. To the extent that the Company's proposed recovery amount includes any of these types of costs, the Commission should require the Company to quantify them, and the Commission should disallow these amounts.
39. Also, in future rate cases, the Commission should require the Company and its consultants to retain and produce itemized receipts related to any expenses for which ratepayer reimbursement is requested.

Competitive Bidding Requirements

40. In the spirit of fairness, the Commission should require, for all future rate cases, that the Company use a structured, objective competitive bidding process to retain each and every outside rate case service provider. Of note, utilities in Massachusetts are required to use a competitive bidding process to retain consultants for rate cases. *See* Staff Report on Rate Case Expenses (DG 08-009, June 30, 2010), at p. 6 and pp. 9-10.
41. In addition to competitive bidding, the Commission should require that the Company engage the provider with the lowest bid unless there is an adequate justification for engaging a higher bidder. The OCA recommends that the Commission make it clear that a "long-term relationship," "institutional knowledge" or "expertise and familiarity" are not sufficient, by themselves, to justify the selection of a consultant other than the lowest bidder. Further, to the extent that such justifications are relied upon for the retention of a consultant who is not the lowest bidder, the bid should reflect and the Company should demonstrate quantifiable savings associated with these qualities.
42. Also, to address the Company's failure to use any competitive bidding for its rate case services, the OCA recommends that the Commission not allow the Company to recover any interest on the amount that the Commission ultimately authorizes it to recover from ratepayers. As a matter of policy, utilities in at least one other jurisdiction (Texas), may not recover interest on rate case expenses. *See* Staff Report on Rate Case Expenses (DG 08-009, June 30, 2010), at p. 11. Also, the Commission has the authority to penalize the Company pursuant to RSA 365:41, and disallowing interest is a small but appropriate penalty in this instance.

Failure to Comply with Commission Rules

43. The Company's rate case expense request did not comply with the Commission's rules related to filings in adjudicative proceedings. The Company provided its rate case expense request and supporting documentation to Mark A. Naylor, the Commission's Director of the Gas and Water Division, and Marcia A.B. Thunberg, a Staff Attorney. The cover letter accompanying the Company's request indicates that copies were provided only to the OCA and the Company's Vice President, Administration, Bonalyn J. Hartley. There is no reference to the Commission's Executive Director or the other party to this docket, Anheuser-Busch, in the cover letter.
44. The Company's rate case expense request constitutes a request for Commission action, Puc 202.01 (a), *i.e.*, the approval of recovery of its rate case expenses. However, the Company failed to comply with the Commission's rules related to such filings in adjudicative proceedings. *See, e.g.*, Puc 203.02 (Filing Requirements); Puc 203.03 (Electronic Copies); Puc 203.04 (Form), Puc 203.05 (Pleadings). The Company did not request and the Commission did not grant a waiver of these rules. Further, it is the OCA's position that a waiver would be inconsistent with the public interest. Puc 201.05.
45. The Commission should require the Company in all future rate cases to formally file its rate case expense request and supporting documentation, including itemized receipts, pursuant to the rules related to filings in adjudicative proceedings. The Commission should include all future rate case expense filings by the Company – to the extent that they are not confidential - as public documents, along with all other pleadings in the Commission's docket books for these proceedings. Although the Staff Recommendation

attached a portion of the Company's rate case expense request in this docket, the

Commission should also post to its website the remainder of that request (*i.e.*, invoices).

46. Although the Company acknowledged a need to file a motion for confidential treatment, the Company has not yet done so, as required by with the Commission's rules. Puc 203.08 (Motions for Confidential Treatment), subsection (b) sets out the requirements that a utility must follow when seeking to protect confidential non-discovery information filed in an adjudicative proceeding with the Commission. Specifically, the Company must file a motion for confidential treatment, which provides a specific description of the information sought to be protected as well as the factual and legal basis for the protection pursuant to RSA 91-A:5 or other applicable law.

47. The Commission should require the Company to file a motion for confidential information pursuant to Puc 203.08(b). The Commission should also require the Company to file a redacted version of its rate case expense request in accordance with the Commission's interim rule Puc 201.04.

48. Also, to address the Company's failure to abide by the Commission's rules, the OCA recommends that the Commission not allow the Company to recover any interest on the amount that the Commission ultimately authorizes it to recover from ratepayers. The Commission has the authority to penalize the Company pursuant to RSA 365:41.

Rulemaking Required

49. Lastly, the Commission should formally commence a rulemaking docket, as required by RSA 365:8, X, to adopt rules, pursuant to RSA 541-A, relative to "standards and procedures for determination and recovery of rate case expenses."

Summary of Relief Requested

WHEREFORE, the OCA respectfully requests that the Commission grant the following relief:

- A. Require the Company and each of its consultants to affirmatively deny or confirm whether its proposed recovery amount includes costs for first-class air travel; courier delivery; limousine or private car services; hotel room service; entertainment; recreational activities or services; personal services; and/or alcoholic beverages;
- B. Require the Company to quantify any costs included within its rate case expense request that are related to first-class air travel; courier delivery; limousine or private car services; hotel room service; entertainment; recreational activities or services; personal services; and/or alcoholic beverages;
- C. Initially reduce the Company's total rate case expenses, \$144,553, by the following amounts:
 - a. \$35,736.54 in costs related to the Company's outside legal counsel, McLane, on account of the Company's failure to memorialize the terms of service or scope of work;
 - b. \$28,622.62 related to recovery of eminent domain proceeding costs, which are excessive as well as not appropriately considered or recovered at this time;
 - c. \$5,798.51 related to the negotiation by the Company of a special contract with Anheuser-Busch;
 - d. \$210.07 related to excessive mileage costs; and

- e. Any amounts associated with first-class air travel; courier delivery; limousine or private car services; hotel room service; entertainment; recreational activities or services; personal services; and/or alcoholic beverages;
- D. Reduce the subtotal derived from the above deductions by 50%, in order to account for the unjustness and unreasonableness of these expenses, as well as to align the rate case expenses more closely with ratepayer and shareholder benefits, and to incent the Company to control these costs and to control the frequency of the filing of rate cases;
- E. Disallow the recovery of interest on the amount approved for recovery on account of the Company's failure to abide by Commission rules;
- F. Require, for all future rate cases, that the Company use a structured, objective competitive bidding process to retain each and every outside rate case service provider; require that the Company engage the provider with the lowest bid unless there is an adequate justification for engaging a higher bidder; make it clear that "expertise and familiarity" with the Company are not sufficient, alone, to justify the selection of a consultant other than the lowest bidder; and require the demonstration of quantifiable savings associated with "expertise and familiarity" to the extent that the Company retains a consultant who is not the lowest bidder;
- G. Require for all future rate cases the Company to formally file its rate case expense request and supporting documentation pursuant to the rules related to filings in adjudicative proceedings;
- H. Include the remaining portion of the Company's rate case expense request in this docket (*i.e.*, portion not attached to the Staff's Recommendation) – to the extent that

REDACTED

DW 10-091 Pennichuck Water Works, Inc.
OCA's Response to Company's Rate Case Expense Request

it is not confidential - as a public document, along with all other pleadings in the Commission's docket book for this proceeding;

- I. Require the Company to file a motion for confidential information pursuant to Puc 203.08(b);
- J. Require the Company to file a redacted version of its rate case expense request in accordance with the Commission's interim rule Puc 201.04;
- K. Formally commence a rulemaking docket, as required by RSA 365:8, X, to adopt rules, pursuant to RSA 541-A, relative to "standards and procedures for determination and recovery of rate case expenses;" and
- L. Grant such other and further relief as it may determine to be consistent with the public interest.

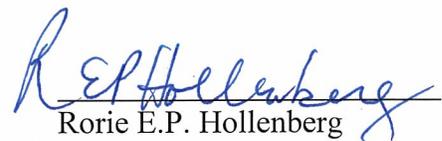
Respectfully submitted,



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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was forwarded this 12th day of August 2011 to the service list by electronic mail.



Rorie E.P. Hollenberg