

**STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITIES COMMISSION**

DOCKET NO. DW 10-152

RE: PENNICHUCK EAST UTILITY, INC.

**Revised Verified Petition of Pennichuck East Utility, Inc. for Approval of Revisions to
Fire Protection Tariff**

NOW COMES Pennichuck East Utility, Inc. ("PEU" the "Company") and petitions the New Hampshire Public Utilities Commission ("Commission") pursuant to Puc 1605.01 to approve a revision to the Company's fire protection tariff. In support of this revised verified petition, the Company states as follows:

1. Pennichuck East Utility, Inc. is a public utility providing retail water service in 18 towns in New Hampshire. During PEU's last rate case, *see* Docket DW 07-032, the Commission approved a monthly fire protection charge of \$4.22 per customer for public fire protection service in the Town of Raymond Green Hills Water System. *See* Original Page 43B of the Company's tariff, attached here as Exhibit 1 and Order No. 24,840. That charge was based on a January 30, 2008 cost of service study submitted by the Company in DW 07-032, which concluded that \$12,153.60 of annual revenue was required to provide service to the 12 hydrants in Raymond, New Hampshire. *See* Exhibit 2, Schedule 2, page 2. These hydrants are used to serve the Company's customers in its Green Hills water system.¹

2. On April 19, 2010, the Company received a letter from the Town of Raymond informing the Company that its Board of Selectmen had approved the following resolution relating to the fire hydrants in Green Hills:

¹ At the time the Cost of Service study was filed, the Company had 240 customers in Green Hills. As of the date of this Verified Petition, the Company has 235 customers in Green Hills.

Provided that Pennechuck [sic] Water Works, Inc. agrees to request a rate adjustment from the state Public Utilities Commission to allow them to lower the hydrant fees for their customers in the Green Hills area of Raymond, the Town of Raymond will agree to provide Pennechuck [sic] Water Works, Inc., the sum of \$7,200 which represents a payment of \$600 for each hydrant in the Green Hills development area, with the payment to be effective upon the approval of the reduced rate by the PUC.

With this agreement Pennechuck [sic] Water Works, Inc. further agrees that the payment of \$7,200 will only be used to benefit their customers in the Green Hills area of the Town of Raymond.

A copy of this letter is attached as Exhibit 3. Based on the Town of Raymond's letter, the Town has voted to contribute \$600.00 a hydrant per year towards the \$12,153.60 annual revenue requirement for hydrants in Green Hills.

3. In order to implement the Town's proposal, the Company is seeking a revision to its tariff to create a municipal fire protection rate for the Town of Raymond. A copy of the proposed tariff is attached as Exhibit 4, which provides for the \$600 per hydrant per year charge to the Town, resulting in \$7,200 of annual revenue. The Company is also seeking to change its existing tariff (Original Page 43B) to provide for a \$1.76 monthly Customer Hydrant Charge for each of its Green Hills customers, which would generate the residual revenue requirement of \$4,953.60. A copy of the Proposed First Revised Page 43B is attached as Exhibit 5. The monthly Customer Hydrant Charge of \$1.76 would be billed to the Company's 235 Green Hills customers, in lieu of the currently monthly charge of \$4.22. This rate change would result in an annual savings to Green Hills customers of \$29.52.

4. The Company submits that these revisions to its tariff are in the public interest because they will result in lower monthly rates for the Company's Green Hills customers. In addition, the proposed changes are consistent with the public interest because the adoption of the new rate for the Town and the corresponding reduction in the rate for the Green Hills customers

are revenue neutral because when combined, they will generate the same revenue requirement approved by the Commission in DW 07-032. Given that the Town of Raymond has approved a resolution allowing for this change, and that the proposal will result in a lower monthly charge for the Company's Green Hill customers, the Company avers that the proposed rate change is in customers' interest as well as in the public interest.

5. For these reasons, the Company requests that the Commission approve the proposed revisions to its fire protection tariff.

WHEREFORE, PEU respectfully requests that the Commission:

- A. Find that the proposed revisions to the Company's fire protection tariff as described above are consistent with the public interest;
- B. Issue an Order Nisi authorizing the Company to adopt the Proposed First Revised Page 43B and the Proposed Original Page 43D; and
- C. Grant such other relief as may be consistent with the public interest.


Respectfully submitted,

PENNICHUCK EAST UTILITY, INC.

By its Attorneys,

McLANE, GRAF, RAULERSON & MIDDLETON,
PROFESSIONAL ASSOCIATION

Date: June 14, 2010

By: 
Sarah B. Knowlton
100 Market Street, P.O. Box 459
Portsmouth, NH 03802
Telephone: (603) 334-6928
email: sarah.knowlton@mclane.com

I, Bonalyn J. Hartley, Vice President of Administration for Pennichuck East Utility, Inc., being first duly sworn, hereby depose and say that I have read the foregoing Verified Petition, and the facts alleged therein are true to the best of my knowledge and belief.

Dated: June 10, 2010


Bonalyn J. Hartley

STATE OF NEW HAMPSHIRE
COUNTY OF HILLSBOROUGH

Sworn to and subscribed before me this 10 day of June 2010.

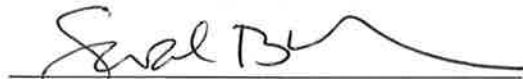

Justice of the Peace/Notary Public

My Commission Expires:

KAREN GIOTAS
Notary Public - New Hampshire
My Commission Expires December 12, 2011

Certificate of Service

I hereby certify that on this 14 day of June, 2010, a copy of this Revised Verified Petition has been forwarded by electronic mail to the Office of Consumer Advocate.


Sarah B. Knowlton

NHPUC NO. 1 WATER

Original Page 43B

PENNICHUCK EAST UTILITY, INC.

RATE SCHEDULE

PUBLIC FIRE PROTECTION SERVICE

SCHEDULE FIRE PROTECTION – NON-METERED

**TOWN OF RAYMOND
GREEN HILLS WATER SYSTEM**

Application:

This schedule is applicable to all hydrants rendered in the Company's Town of Raymond and Green Hills Water System service area for the purpose of public safety.

Character of Service:

The installation and maintenance of fire hydrants, and the supplying of water through such hydrants, is for the sole use of authorized fire fighting personnel for the control and extinguishment of any fire, or for any other use authorized by the Company. The Company will make every effort to maintain normal pressures at all times on the distribution system, but shall not be held liable for the failure of either the supply or distribution division of its system to adequately furnish its normal quantity of water when such failure is due to the elements, natural causes, breaks, leaks, unusual or concurrent droughts, or waste or unlawful use of water.

Rate:

Monthly Hydrant Charge

For all fire hydrants installed, there shall be a Customer Hydrant Charge of \$4.22 per Customer per month.

Terms of Payment:

Bills under this rate are net; will be rendered monthly, and are due and payable at the office of the Company on the due date as stated on water bill.

Special Provisions:

All hydrants, lead valves, branches and other appurtenances shall remain the property of the Company.

Issued: April 4, 2008

Issued by 
Bonalyn J. Hartley

Effective: May 29, 2007

Title: Vice President, Administration

Authorized by NHPUC Order No. 24,840 in Docket No. DW 07-032 dated April 4, 2008.



JOHN R. PALKO
Principal

AUS CONSULTANTS

155 Gaither Drive, Suite A
Mt. Laurel, NJ 08054
856.234.9200, ext. 214 • Tel
856.234.8371 • Fax
jpalko@ausinc.com

January 30, 2008

VIA EMAIL & FIRST CLASS MAIL

Ms. Bonalyn J. Hartley
Vice President – Administration
Pennichuck Water Works
P.O. Box 1947
25 Manchester Street
Merrimack, NH 03054

Re: Pennichuck East Settlement Rates

Dear Ms. Hartley:

In accordance with your request and authorization, AUS Consultants has developed a schedule of rates and charges designed to generate the settlement revenue of \$4,852,485 from the customers of Pennichuck East Utility, Inc. The analyses and procedures set forth in this letter report are based on the information in and the results of the cost of service allocation and rate design study developed by AUS Consultants in June 2007 together with the year 2009 elements of the Two-Year Rate Plan forwarded to Pennichuck East by letter dated November 14, 2007.

Certain modifications to the billing parameters were made to reflect changed conditions. The volumetric usage was reduced by 9,090 ccf from 556,879 ccf to 547,789 ccf to eliminate usage billed in error. The four fire hydrants at the Pelham School were moved from the municipal fire protection class to the private fire protection class. Of the ten fire hydrants previously in the municipal fire protection class in Bow, one was removed entirely while seven were transferred to the private fire protection class, leaving two as municipal.

Further, rather than charging for municipal fire hydrants on a per hydrant basis in Bow, Raymond, and Windham, monthly per customer fire protection surcharges were developed. The monthly per customer fire protection surcharges are conceptually similar to the fire protection surcharge currently in effect in Litchfield.

The results of the rate design are set forth on a series of five schedules identified as Schedules 1 through 5 and attached hereto.

Ms. Bonalyn J. Hartley
Pennichuck Water Works
January 30, 2008
Page 2

Schedule 1 summarizes the revenues which would be attained from the settlement rates. As shown thereon, there is a \$3,904 difference between the generated revenues and the settlement revenue requirement. This difference is only 0.08% of the settlement revenue requirement.

Schedule 2 sets forth the municipal fire protection settlement rates and charges and settlement revenues by municipality.

Schedule 3 sets forth the private fire protection settlement rates and settlement revenues.

Schedule 4 sets forth the monthly customer (or minimum) charges and the settlement revenue generated from these charges.

Schedule 5 illustrates the development of the settlement volumetric rate and calculates the settlement volumetric revenue.

AUS Consultants appreciates the opportunity to develop the settlement rates and to present this letter report for your consideration.

Please advise should you have any questions or comments or should you require the development of additional rate scenarios.

Respectfully submitted,

AUS Consultants

By: 
John R. Palko

atts.



Pennichuck East Utility, Inc.
Settlement Rates and Revenues

**Schedules to
Accompany
Letter Report**
Schedules 1 through 5

AUS Consultants

January 30, 2008

Pennichuck East Utility, Inc.
Summary of Revenues
Settlement Rates and Revenues

<u>Description</u>	<u>Settlement Revenue</u>
GWS Volume Revenue	\$ 3,018,317.39
GWS Customer Charge Revenue	1,122,756.24
Total GWS Revenue	\$ 4,141,073.63
Total Private Fire Revenue	148,309.68
Total Municipal Fire Revenue	567,005.40
Grand Total Revenue	\$ 4,856,388.71
Settlement Revenue Requirement	4,852,485.00
Difference	\$ 3,903.71
	0.08%

Pennichuck East Utility, Inc.
Municipal Fire Protection
Settlement Rates and Revenues

	<u>Hydrants</u>	<u>Settlement</u>
<u>Bow</u>	2	
Customer Bills	10	
Monthly Customer Rate	\$	16.89
Annual Revenue	\$	2,026.80
<u>Litchfield</u>	198	
Customer Bills	1,672	
Monthly Customer Rate	\$	12.59
Annual Revenue	\$	252,605.76
<u>Londonderry</u>	194	
Monthly Hydrant Rate	\$	69.53
Monthly Availability Fee	\$	7,194.66
Annual Revenue	\$	248,201.76
<u>Pelham Fire</u>	28	
Monthly Hydrant Rate	\$	69.53
Monthly Availability Fee	\$	698.75
Annual Revenue	\$	31,747.08

Pennichuck East Utility, Inc.
Municipal Fire Protection
Settlement Rates and Revenues

	<u>Hydrants</u>	<u>Settlement</u>
<u>Pelham School</u>	0	
Monthly Hydrant Rate		Private
Annual Revenue		\$ -
<u>Raymond</u>	12	
Customer Bills	240	
Monthly Customer Rate		\$ 4.22
Annual Revenue		\$ 12,153.60
<u>Windham</u>	20	
Customer Bills	410	
Monthly Customer Rate		\$ 4.12
Annual Revenue		\$ 20,270.40
<u>Total Municipal Fire</u>		
Annual Revenue		\$ 567,005.40

Pennichuck East Utility, Inc.
Private Fire Protection Service
Settlement Rates and Revenues

<u>Size</u>	<u>Number</u>	<u>Number of Bills</u>	<u>Settlement Rates</u>
1 1/2"	0	0	\$ 7.94
2"	13	156	14.12
3"	0	0	31.78
4"	7	84	56.50
6"	22	264	127.14
8"	19	228	226.00
10"	0	0	353.12
12"	2	24	508.50
Hydrant	40	480	91.80

<u>Size</u>	<u>Number</u>	<u>Number of Bills</u>	<u>Settlement Revenue</u>
1 1/2"	0	0	\$ -
2"	13	156	2,202.72
3"	0	0	0.00
4"	7	84	4,746.00
6"	22	264	33,564.96
8"	19	228	51,528.00
10"	0	0	0.00
12"	2	24	12,204.00
Hydrant	40	480	44,064.00
Totals	103	1,236	\$ 148,309.68

Pennichuck East Utility, Inc.
GWS Customer Charges (Minimum Charges)
Settlement Rates and Revenues

<u>Size</u>	<u>Number</u>	<u>Number of Bills</u>	<u>Settlement Rates</u>
5/8"	4,789	57,468	\$ 16.20
3/4"	31	372	34.44
1"	86	1,032	48.76
1 1/2"	35	420	106.14
2"	36	432	157.47
3"	4	48	334.10
4"	0	0	524.54
6"	0	0	1,049.05
8"	0	0	1,310.21
10"	0	0	1,484.31
	4,981	59,772	

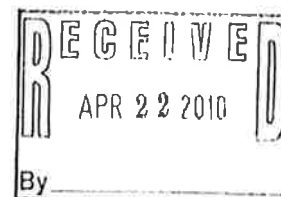
<u>Size</u>	<u>Number</u>	<u>Number of Bills</u>	<u>Settlement Revenue</u>
5/8"	4,789	57,468	\$ 930,981.60
3/4"	31	372	12,811.68
1"	86	1,032	50,320.32
1 1/2"	35	420	44,578.80
2"	36	432	68,027.04
3"	4	48	16,036.80
4"	0	0	0.00
6"	0	0	0.00
8"	0	0	0.00
10"	0	0	0.00
Totals	4,981	59,772	\$ 1,122,756.24

Pennichuck East Utility, Inc.
GWS Volume Charges
Settlement Rates and Revenues

	<u>Settlement Revenue</u>
Settlement Revenue Requirement	\$ 4,852,485.00
GWS Customer Charge Revenue	1,122,756.24
Total Private Fire Revenue	148,309.68
Total Municipal Fire Revenue	567,005.40
Balance From GWS Volume	\$ 3,014,413.68
Volume in CCFT	547,789
Rate per CCFT	\$ 5.51
Actual GWS Volume Revenue	\$ 3,018,317.39
Grand Total Revenue	\$ 4,856,388.71
Settlement Revenue Requirement	\$ 4,852,485.00
Difference	\$ 3,903.71
	0.08%



PEU Ex. 3
TOWN OF RAYMOND
4 Epping St., Raymond, NH 03077
Christopher Rose, Town Manager
Tel: (603) 895-4735 Ext. 113
Fax: (603) 895-0903
Email: crose@townofraymondnh.com
www.raymond-nh.com



April 19, 2010


Mr. Donald Ware, P.E.
President
Pennechuck Water Works, Inc.
P.O. Box 1947
Merrimack, NH 03054-1947

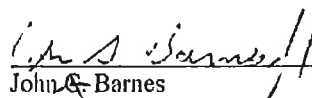
Dear Mr. Ware:

At the April 19, 2010 meeting of the Board of Selectmen of the Town of Raymond they approved the following resolution:


Provided that the Pennechuck Water Works, Inc. agrees to request a rate adjustment from the state Public Utilities Commission to allow them to lower the hydrant fees for their customers in the Green Hills area of Raymond, the Town of Raymond will agree to provide to Pennechuck Water Works, Inc., the sum of \$7,200 which represents a payment of \$600 for each hydrant in the Green Hills development area, with the payment to be effective upon the approval of the reduced rate by the PUC.

With this agreement Pennechuck Water Works, Inc. further agrees that the payment of \$7,200 will only be used to benefit their customers in the Green Hills area of the Town of Raymond.


Timothy Auclair
Chairman, Board of Selectmen
Town of Raymond


John Barnes
Selectman


William A. Hoitt
Selectman


Lee Weldy
Selectman


Joyce Wood
Selectman

NHPUC NO. 1 WATER

Proposed Original Page 43D

PENNICHUCK EAST UTILITY, INC.

RATE SCHEDULE

MUNICIPAL FIRE PROTECTION SERVICE

SCHEDULE FIRE PROTECTION – NON-METERED

TOWN OF RAYMOND
GREEN HILLS WATER SYSTEM

Application:

This schedule is applicable to all hydrants rendered in the Company's Town of Raymond and Green Hills Water System service area for the purpose of public safety.

Character of Service:

The installation and maintenance of fire hydrants, and the supplying of water through such hydrants, is for the sole use of authorized fire fighting personnel for the control and extinguishment of any fire, or for any other use authorized by the Company. The Company will make every effort to maintain normal pressures at all times on the distribution system, but shall not be held liable for the failure of either the supply or distribution division of its system to adequately furnish its normal quantity of water when such failure is due to the elements, natural causes, breaks, leaks, unusual or concurrent droughts, or waste or unlawful use of water.

Rate:

Monthly Hydrant Charge

For all fire hydrants installed, there shall be an annual hydrant charge of \$600 per hydrant per year, payable monthly in advance .

Terms of Payment:

Bills under this rate are net; will be rendered monthly, and are due and payable at the office of the Company on the due date as stated on water bill.

Special Provisions:

All hydrants, lead valves, branches and other appurtenances shall remain the property of the Company.

Issued: _____

Issued by Bonaly J. Hartley
Bonaly J. Hartley

Effective: _____

Title: Vice President, Administration

NHPUC NO. 1 WATER

Proposed First Revised Page 43B

PENNICHUCK EAST UTILITY, INC.

Superseding Original Page 43B

RATE SCHEDULE

PUBLIC FIRE PROTECTION SERVICE

SCHEDULE FIRE PROTECTION – NON-METERED

TOWN OF RAYMOND GREEN HILLS WATER SYSTEM

Application:

This schedule is applicable to all hydrants rendered in the Company's Town of Raymond and Green Hills Water System service area for the purpose of public safety.

Character of Service:

The installation and maintenance of fire hydrants, and the supplying of water through such hydrants, is for the sole use of authorized fire fighting personnel for the control and extinguishment of any fire, or for any other use authorized by the Company. The Company will make every effort to maintain normal pressures at all times on the distribution system, but shall not be held liable for the failure of either the supply or distribution division of its system to adequately furnish its normal quantity or water when such failure is due to the elements, natural causes, breaks, leaks, unusual or concurrent droughts, or waste or unlawful use of water.

Rate:

Monthly Hydrant Charge

For all fire hydrants installed, there shall be a Customer Hydrant Charge of \$1.76 per customer per month based on 235 customers.

Terms of Payment:

Bills under this rate are net; will be rendered monthly, and are due and payable at the office of the Company on the due date as stated on water bill.

Special Provisions:

All hydrants, lead valves, branches and other appurtenances shall remain the property of the Company.

Issued: _____

Issued by


Bonalyn J. Hartley

Effective: _____

Title: Vice President, Administration