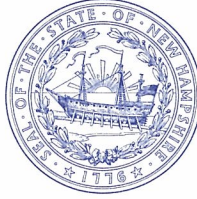


THE STATE OF NEW HAMPSHIRE

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**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  
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Website:  
[www.puc.nh.gov](http://www.puc.nh.gov)

August 4, 2010

Debra A. Howland  
Executive Director  
New Hampshire Public Utilities Commission  
21 S. Fruit Street, Suite 10  
Concord, NH 03301

Re: DW 10-152, Pennichuck East Utility, Inc.  
Revisions to Fire Protection Tariff  
Staff Recommendation of Approval



Dear Ms. Howland:

On June 1, 2010, Pennichuck East Utility, Inc. (PEU) submitted a Verified Petition requesting approval of certain revisions to its fire protection tariff. On June 15, 2010, PEU filed a Revised Verified Petition and asked that the original be withdrawn. The Revised Verified Petition corrected an error contained within the first filing. After review of PEU's revised petition and PEU's discovery response, Staff recommends approval.

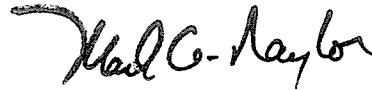
In PEU's last general rate proceeding, DW 07-032, the Commission approved the establishment of a monthly fire protection charge of \$4.22 to the customers within PEU's Green Hills water system in the Town of Raymond. See Order No. 24,840 (April 4, 2008). That charge was based on the results of a cost of service study filed in DW 07-032 which determined that \$12,153 of annual revenue should be realized by PEU for the service provided to the 12 hydrants within the Green Hills system in Raymond. Recently PEU received a letter from the Raymond Board of Selectmen indicating that the Board had approved a resolution that would result in the Town contributing a portion of the revenues for the fire protection service provided in Green Hills. Specifically the Selectmen voted to pay \$7,200 to PEU, provided that PEU agrees to modify its fire protection tariff for the Green Hills customers and reduce their current \$4.22 monthly fire protection charge. Accordingly, PEU now requests authority to revise its fire protection tariff for these customers and reduce the monthly charge to \$1.76. Because the reduction in revenues received through the customer charge will be offset by the payment from the Town of Raymond, PEU's proposal to modify its fire protection tariff is revenue-neutral.

DW 10-152 Pennichuck East Utility, Inc.  
Revisions to Fire Protection Tariff  
Staff Recommendation

Staff has reviewed the petition filed by PEU and recommends approval. The fire protection charges to these Raymond customers will be reduced and the difference in revenues will be paid by the Town. Staff issued one data request to PEU in an attempt to clarify the issue of whether the Town will continue to make the payment of \$7,200 in future years. A reading of the letter from the Raymond Selectmen was not clear that the payment is a one-time payment or will continue. PEU's response to Staff's data request is attached to this letter. PEU indicates that it is the understanding of the company that it is the intention of the Town to continue this payment in future years, consistent with and depending upon the Town's annual budgeting process. PEU also noted that the Town makes an annual payment to Raymond's municipal water department, and thus the company is confident that the Town will similarly make payments to PEU in the future toward the cost of fire protection in Green Hills. Staff believes this is a reasonable basis on which to reduce customer bills for the Raymond customers and recommends approval of the proposed tariff changes through the issuance of an order *nisi*.

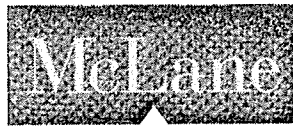
If there are any questions regarding Staff's recommendation, please let me know.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark A. Naylor". The signature is fluid and cursive, with the first name "Mark" and last name "Naylor" clearly distinguishable.

Mark A. Naylor  
Director, Gas & Water Division

Attachment  
cc: service list



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July 12, 2010

***VIA ELECTRONIC MAIL***

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

Re: **DW 10-152 – Pennichuck East Utility, Inc.,  
Revisions to Fire Protection Tariff**

Dear Marcia:

In connection with the above captioned matter, I enclose Pennichuck East Utility, Inc.'s Response to Staff's Data Requests – Set 1.

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

Very truly yours,

Sarah B. Knowlton

SBK/blb  
Enclosure

cc: Service List (by electronic mail)  
PUC Librarian (by electronic mail)  
Donald Ware  
Bonalyne Hartley

PENNICHUCK EAST UTILITY, INC.  
DW 10-152

Pennichuck East Utility, Inc.'s Response to  
Staff's Data Requests – Set 1

Date Request Received: July 1, 2010  
Request No. Staff 1-1

Date of Response: July 12, 2010  
Witness: Donald L. Ware

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**REQUEST:** On page 2 of the revised verified petition PEU states: "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." The Town of Raymond's letter does not appear to commit the Town to provide this payment in future years. What is the company's understanding with respect to future payments from the Town?

**RESPONSE:** The Town has committed in its current budget to pay \$600.00 per hydrant for one year. The Company's understanding from its discussions with the Raymond Town Manager is that the Town will pay \$600.00 a hydrant per year towards the \$12,153.60 annual revenue requirement for hydrants in Green Hills on an ongoing basis but the actual annual payment is subject to the Town's annual budgeting process. The Company would note that the Town of Raymond has been paying its own Water Department for fire protection charges for many years. Thus, the Company has every reason to believe that the Town intends to fund, on an ongoing basis, an annual payment towards the Green Hills fire protection charges.

SARAH KNOWLTON  
MCLANE GRAF RAULERSON & MIDD  
PO BOX 459  
PORTSMOUTH NH 03801

Docket #: 10-152      Printed: August 04, 2010

**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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NHPUC  
21 SOUTH FRUIT STREET, SUITE 10  
CONCORD NH 03301-2429

**PURSUANT TO N.H. ADMIN RULE 203.09 (d), FILE DISCOVERY**

**DIRECTLY WITH THE FOLLOWING STAFF**

**RATHER THAN WITH THE EXECUTIVE DIRECTOR**

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CONCORD NH 03301-2429

**BULK MATERIALS:**

Upon request, Staff may waive receipt of some of its multiple copies of bulk materials filed as data responses. Staff cannot waive other parties' right to receive bulk materials.

JAMES LENIHAN  
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