

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DW 10-152

PENNICHUCK EAST UTILITY, INC.

Revisions to Fire Protection Tariff

Order *Nisi* Approving Revisions

ORDER NO. 25,141

August 25, 2010

I. BACKGROUND

On June 1, 2010, Pennichuck East Utility, Inc. (PEU) submitted a Verified Petition requesting approval of certain revisions to its fire protection tariff for its customers in the Town of Raymond. PEU amended this filing on June 15, 2010. PEU is a regulated water utility that serves customers throughout the state. PEU provides fire protection service in the Town of Raymond in the limited area of Green Hills.

In PEU's last general rate case, Docket No. 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 Raymond. *Pennichuck East Utility, Inc.*, Order No. 24,840, 93 NH PUC 161 (2008). That charge was approved based upon the results of a cost of service study filed with the rate case recommending PEU's recovery of \$12,153 in annual revenues for costs associated with the capacity to serve 12 hydrants within the Green Hills franchise area.

On April 19, 2010, the Raymond Board of Selectmen approved a resolution whereby the Town agreed to contribute \$7,200 toward the Green Hills fire protection charge, which represents a payment of \$600 for each hydrant in the development, provided that PEU requests, and the Commission approves, a lower fire protection rate.

According to PEU, the Town's contribution would reduce the fire protection charge from \$4.22 per month to \$1.76 per month for the Green Hills customers. PEU seeks Commission approval to modify its fire protection tariff by reducing the charge to \$1.76 for these customers and charging the Town \$600 per hydrant.

On August 4, 2010, Staff filed a letter with copies of discovery materials. Staff recommended that the Commission approve PEU's request. Staff stated that the proposal was revenue-neutral to PEU. Staff noted that the Town's resolution was not explicit as to whether the Town's \$7,200 payment was a one-time payment or would be made on an annual basis. In discovery, Staff received clarification that the payment would be made annually. PEU responded that it had consulted the Town's Town Manager and confirmed that the Town intended to pay \$600 per hydrant per year toward the \$12,153.60 annual revenue requirement associated with the hydrants in Green Hills, but that the actual payment would be subject to the Town's annual budgeting process.

II. COMMISSION ANALYSIS

RSA 378:7 authorizes the Commission to fix rates after a hearing upon determining that the rates, fares, and charges are just and reasonable. The Commission previously approved PEU's revenue requirement in Docket No. DW 07-032 and this revenue requirement will not be impacted by the proposed tariff changes. PEU thus does not bear the burden of justifying a change in the revenue requirement or the necessity of increasing rates to support the revenue requirement. In this situation, the Board of Selectmen has voted to pay for a portion of the fire protection service provided in Raymond. In making contributions toward the charge for fire protection service in Green Hills, the fee paid by customers to PEU will be reduced. Since the

new payment arrangement is revenue-neutral to PEU the proposed tariff changes do not adversely affect PEU or its customers and we consider the resulting rates to be just and reasonable. We approve PEU's proposed tariff pages effectuating this change: First Revised Page 43B which imposes a \$1.76 per customer per month charge for fire hydrants and Original Page 43D which imposes a \$600 per hydrant per year charge upon the Town of Raymond that is payable monthly in advance. We will issue this order on a *nisi* basis to afford interested parties notice and an opportunity to be heard.

Based upon the foregoing, it is hereby

ORDERED *NISI*, that subject to the effective date below, Pennichuck East Utility, Inc. is authorized to modify its tariff consistent with the above; and it is

FURTHER ORDERED, that PEU shall cause a copy of this Order *Nisi* to be published once in a statewide newspaper of general circulation or of circulation in those portions of the state where operations are conducted, such publication to be no later than September 3, 2010 and to be documented by affidavit filed with this office on or before September 24, 2010; and it is

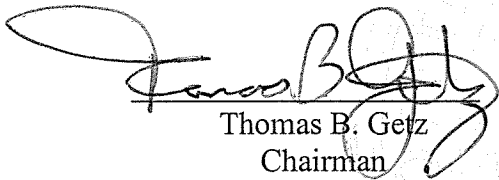
FURTHER ORDERED, that all persons interested in responding to this Order *Nisi* be notified that they may submit their comments or file a written request for a hearing which states the reason and basis for a hearing no later than September 10, 2010 for the Commission's consideration; and it is

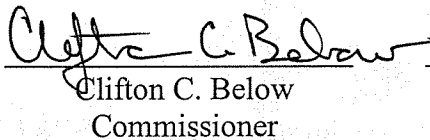
FURTHER ORDERED, that any party interested in responding to such comments or request for hearing shall do so no later than September 17, 2010; and it is

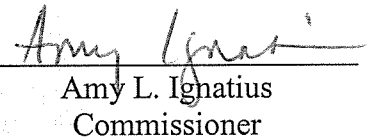
FURTHER ORDERED, that this Order *Nisi* shall be effective September 24, 2010, unless PEU fails to satisfy the publication obligation set forth above or the Commission provides otherwise in a supplemental order issued prior to the effective date; and it is

FURTHER ORDERED, that PEU shall file a compliance tariff with the Commission on or before October 4, 2010, in accordance with N.H. Admin. Rules Puc 1603.02(b).

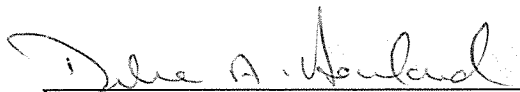
By order of the Public Utilities Commission of New Hampshire this twenty-fifth day of August, 2010.


Thomas B. Getz
Chairman


Clifton C. Below
Commissioner


Amy L. Ignatius
Commissioner

Attested by:


Debra A. Howland
Executive Director

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

Docket #: 10-152 Printed: August 25, 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:

DEBRA A HOWLAND
EXEC DIRECTOR & SECRETARY
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CONCORD NH 03301-2429