

RATE SCHEDULE

PUBLIC FIRE PROTECTION SERVICE

SCHEDULE FIRE PROTECTION – NON-METERED

LITCHFIELD

Application:

This schedule is applicable to all hydrants rendered in the Company's Town of Litchfield 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 \$12.59 per Litchfield 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.

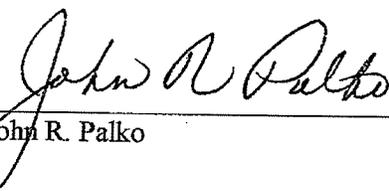
Schedule 5 illustrates the development of the settlement volumetric rate and calculates the settlement volumetric revenue.

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

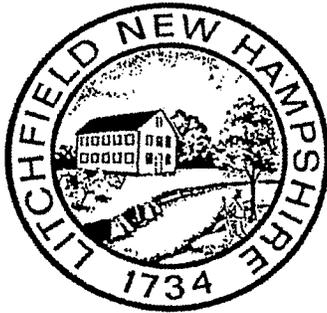
Pennichuck East Utility, Inc.
 GWS Customer Charges (Minimum Charges)
 Settlement Rates and Revenues

<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%



TOWN OF LITCHFIELD

2 Liberty Way, Suite 1, Litchfield, NH 03052
Tel: 603-424-4046 Fax: 603-424-3014 www.litchfield-nh.gov

10 March 2011

Donald L. Ware, P.E.
Pennichuck Water Works, Inc.
P.O. Box 1947
Merrimack, NH 03054-1947

Dear Mr. Ware,

Voters participating in the Town of Litchfield's annual meeting voted to adopt the following article:

To see if the Town will to enter into a contract with Pennichuck East Utilities to assume responsibility for Fire Protection charges for water system users. And further, to see if the Town will vote to raise and appropriate the sum of \$69,989 for that purpose. This amount represents the cost for 3 months of service in 2011 and is apportioned from an estimated annual cost of \$279,952. If this article is approved, future appropriations for Fire Protection Charges will be included in the operating budget of the Town.

Following this affirmative vote, I am requesting that Pennichuck East initiate proceedings with the Public Utilities Commission to amend the existing tariff such that the full cost of fire protection services be transferred from water system users to the Town of Litchfield to be effective October 1, 2011.

Please advise if you require any additional information from me. I appreciate your assistance in this matter.

Sincerely,

Jason Hoch
Town Administrator

**Pennichuck East Utility, Inc.
 Town of Litchfield Tariff Calculation**

Calculation of Fixed Monthly Fee:	For the Period Ending 12/31/10
Annual Fire Protection Charge	\$ 275,872.08 (3)
Annual Hydrant Charges	\$ 176,049.96 (4)
Calculated Fixed Annual Availability Fee	\$ 99,822.12
Calculated Fixed Monthly Availability Fee	\$ 8,318.51

Summary of the Litchfield Annual Fee:	
Calculated Fixed Annual Availability Fee	\$ 99,822.12
Annual Hydrant Charges	\$ 176,049.96
Total Annual Public Fire Protection fee	\$ 275,872.08

Fees are based on:	
Monthly Hydrant Charge	\$ 69.53 (1)
Public Hydrants in Service	211 (2)
Number of Customers	1,826 (2)
Customer Hydrant Charge per Month	\$ 12.59 (1)

Notes:

- (1) Monthly Hydrant Charge is based on January 30, 2008 Cost of Service Study.
- (2) Based on year end numbers
- (3) Based on Numbers of Customers and the Monthly Customer Hydrant Charge
- (4) Based on Number of Public Hydrants and the Monthly Hydrant Charge

NHPUC NO. 1 WATER

Proposed Page 44A

PENNICHUCK EAST UTILITY, INC.

RATE SCHEDULE

MUNICIPAL FIRE PROTECTION SERVICE

SCHEDULE FIRE PROTECTION – NON-METERED

LITCHFIELD

Application:

This schedule is applicable to all hydrants rendered in the Company's Litchfield service area for the purpose of public safety, where such service is paid for from tax revenues by and of the Town of Litchfield.

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:

- a. Monthly Hydrant Charge
For each fire hydrant installed, there shall be a Monthly Hydrant Charge of \$69.53 per hydrant, per month, payable in advance, from the month of installation.
- b. Monthly Availability Fee
There shall be a Monthly Availability Fee of \$8,318.51 per month payable in advance in addition to the Monthly Hydrant Charge.

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: VP Admin & Regulatory Affairs

NHPUC NO. 1 WATER

Fifth Revised Page 43

PENNICHUCK EAST UTILITY, INC.

Issued in Lieu of Fourth Revised Page 43

CANCELLING PAGE

Issued: _____

Issued by _____

Bonalyn J. Hartley

Effective: _____

Title: VP Admin & Regulatory Affairs