

THE STATE OF NEW HAMPSHIRE

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February 15, 2018

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

HPUC 15FEB18AM 11:45

Re: DW 17-179: Pennichuck Water Works, Inc.  
Interim Petition for Approval of 2017 Qualified Capital Project Adjustment Charge  
Staff Recommendation for Approval

Dear Ms. Howland:

On November 20, 2017, Pennichuck Water Works, Inc. ("PWW" or "Company"), filed an Interim Petition for Approval of its 2017 Qualified Capital Project Adjustment Charge ("Interim QCPAC Petition") in accordance with Commission Order No. 26,070 (November 7, 2017) in Docket DW 16-806. Specifically, PWW's Interim QCPAC Petition requests that the Commission, 1) approve PWW's proposed 2017 projects for recovery under the Qualified Capital Project Adjustment Charge ("QCPAC") mechanism in 2018, subject to the Commission's audit and prudence review of the final costs associated with those projects; 2) receive PWW's proposed 2018 and 2019 projects for informational purposes only; and 3) take such further action and make such other findings and orders as in its judgement may be just, reasonable, and in the public good. The purpose of this letter is to recommend that the Commission grant approval of the Company's proposed 2017 projects for recovery under the QCPAC mechanism in 2018 as well as accept PWW's proposed 2018 and 2019 projects for informational purposes only. Following is a detailed explanation relative to Staff's review and recommendation for approval of PWW's Interim QCPAC Petition.

**Summary of QCPAC Mechanism**

In Order No. 26,070, the Commission approved a Settlement Agreement which not only provided for a general rate increase for PWW but also established a revised ratemaking structure for the Company, as well. This new ratemaking structure was principally necessitated by the

City of Nashua's ("City") acquisition of PWW in 2012.<sup>1</sup> Among the effects of this acquisition, was the elimination of PWW's access to equity markets for obtaining financing capital. As a result, the Company is now primarily reliant upon debt financing to meet its capitalization needs. As such, the new ratemaking structure was designed with the goal of enabling PWW to have the necessary cash flows to adequately satisfy its debt service and loan covenant requirements.

In order to promote the Company's necessity to maintain adequate cash flows even between rate proceedings, Order No. 26,070 also established the QCPAC mechanism as a replacement for PWW's pilot Water Infrastructure and Conservation Adjustment ("WICA") program. Like the WICA program, the QCPAC mechanism enables the Company to receive rate recovery on previously approved capital projects which are undertaken and completed between rate proceedings. However, whereas the WICA program only allowed for rate recovery on a limited scope of non-revenue producing capital projects, the QCPAC mechanism allows for rate recovery on essentially all of PWW's debt financed capital projects. Order No. 26,070 established the following criteria that proposed QCPAC projects must meet in order to be eligible for rate recovery: 1) the projects proposed by PWW must be completed, in service, and used and useful within the previous fiscal year for which the QCPAC filing is made; 2) the capital projects must have been financed by debt that has been approved by the Commission in accordance with RSA 369; and 3) the capital projects must specifically correspond with a capital budget which has been previously submitted by PWW and approved by the Commission.

PWW's annual QCPAC filings, which are anticipated to be received by approximately March of each year, will be in two phases. The first phase will contain a detailed reporting on the prior fiscal year's eligible QCPAC projects previously approved by the Commission, including the actual amounts expended to acquire and/or construct such assets. That information will be subject to review and audit by Staff and will be the basis for the annual QCPAC surcharge approved by the Commission. The QCPAC surcharge will be based on 1) 1.1 times the debt service associated with the approved and completed Qualified Capital Project's ("QCP's"), and 2) the incremental property taxes applicable to the approved and completed QCP's. The second phase shall consist of 1) a proposed budget for all capital project expenditures planned during the fiscal year in which the QCPAC filing is made for the purpose of receiving preliminary approval from the Commission; and 2) a forecast of capital project expenditures for the following two fiscal years, for informational purposes only. It is anticipated that the Commission's rulings concerning PWW's annual QCPAC requests will occur by approximately September of each year.

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<sup>1</sup> See *Joint Petition of City of Nashua, et al.*, Order No. 25,292 (November 23, 2011) in Docket DW 11-026.

**Background to Interim QCPAC Filing**

On January 31, 2017, PWW filed a petition, in accordance with the WICA program in existence at that time, requesting approval of an annual WICA surcharge increase of 1.66% for completed and in-service 2016 WICA-eligible projects, as well as requesting approval of its 2017 WICA-eligible projects. PWW's filing also contained information relative to its anticipated WICA-eligible projects for 2018 and 2019. PWW's petition was assigned Docket No. DW 17-017, and, accordingly, Staff reviewed PWW's WICA petition and conducted discovery. However, the Settlement Agreement approved by Order No. 26,070 resolved PWW's request for a WICA surcharge increase based on the 2016 WICA-eligible projects by instituting a step increase for PWW based on all of its 2016 and certain 2017 capital additions. As such, PWW agreed to withdraw its WICA petition in DW 17-017, as well as agreed to file an Interim QCPAC Petition within fifteen days of the issuance of Order No. 26,070. The purpose of requiring PWW to submit an Interim QCPAC Petition was to enable it to request and receive approval from the Commission for its fiscal year 2017 QCPAC budget as well as submit its projected capital expenditures for fiscal years 2018 and 2019. Upon approval of its 2017 QCPAC budget, PWW will then submit its first full QCPAC filing in March of this year, including a formal request for the establishment of the initial QCPAC surcharge based on the completed and in-service QCP's contained in the previously approved 2017 QCPAC budget.

**PWW's Interim QCPAC Filing**

As previously stated, on November 20, 2017, PWW submitted its Interim QCPAC Petition to the Commission. In support of its Petition, PWW's filing also includes the Direct Testimony of Donald L. Ware, the Company's Chief Operating Officer. On December 11, 2017, a Letter of Participation was submitted by the Office of the Consumer Advocate ("OCA") in accordance with RSA 363:28.

Pursuant to Order No. 26,070, PWW's Interim QCPAC Petition includes a proposed budget of its 2017 QCP's for Commission approval as well as a forecast of its anticipated capital project expenditures for the years 2018 and 2019, for informational purposes. Mr. Ware's testimony states that the submissions for all three years are based on the Capital Expenditure (Capex) budgets which were approved by PWW's Board of Directors in January of 2017 and have been previously provided to the Commission in the Company's response to Staff Data Request 2-21 in DW 16-806. At that time, PWW's projected Capex for the years 2017-2019 was as follows: 2017 - \$9,787,000; 2018 - \$10,754,500; 2019 - \$9,736,000. However, for purposes of the instant Interim QCPAC Petition, while PWW's projected Capex for 2018 and 2019 are unchanged, its total 2017 capital expenditures are now projected to be \$6,289,612. Of that amount, \$1,023,612 is associated with debt which was included in PWW's step adjustment

approved in Order No. 26,070. Therefore, PWW's Interim QCPAC Petition requests approval for the estimated remaining 2017 Capex budget of \$5,266,000 (\$6,289,612 - \$1,023,612). An estimated \$4,498,643 of this amount will be funded by debt anticipated to be obtained by PWW in March of this year.<sup>2</sup> Additionally, the Company is seeking to recover approximately \$767,357 in capital expenditures associated with remaining State Revolving Fund ("SRF") loan proceeds associated with its Amherst Street water main replacement project.<sup>3</sup>

Mr. Ware's testimony explains in detail the reasons for the approximate \$3.5 million decrease in PWW's 2017 projected Capex from the original amount of \$9,787,000 submitted in DW 16-806 to the revised amount of \$6,289,612 reported in the Company's Interim QCPAC Petition. These explanations range from scheduling constraints caused by either construction permit delays or an inability to coordinate certain projects with municipalities; resource restraints related to either available personnel or funding; as well as the realization that certain budgeted capital projects were either not necessary or not as extensive as originally anticipated. As a result, certain projects have been deferred to 2018, 2019 or later.

Mr. Ware's testimony states that if the 2017 QCP's proposed in the instant filing are approved by the Commission in this docket, PWW will be requesting rate recovery for such in its initial full 2018 QCPAC petition to be submitted in March of this year. Based on the projected rates and terms of the debt which will be financing these projects, PWW estimates that it will be seeking recovery of an annual amount of approximately \$474,000 in the form of a surcharge from customers effective on or about March 1, 2018. PWW further estimates that such will result in an approximate 1.50% increase for typical residential general metered customers, or an approximate \$0.81 increase in their average monthly bills.

### **Staff's Review and Recommendation**

Staff reviewed PWW's filing and propounded discovery on January 9, 2018. The Company submitted its responses to Staff's discovery on January 24, 2018. A copy of PWW's discovery responses are attached to this correspondence.

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<sup>2</sup> On February 2, 2018, the Commission issued Order No. 26,101 in Docket DW 17-183 approving up to \$32.5 million in bond financing debt through the New Hampshire Business Finance Authority (NHBFA). The proceeds of this debt will be used to finance PWW's capital expenditures for the years 2017-2020. PWW anticipates that the closing on this debt will occur in March, 2018.

<sup>3</sup> On April 26, 2016, the Commission issued Order No. 25,877 in Docket DW 16-236 approving \$1.4 million in State Revolving Fund (SRF) financing for PWW's Amherst Street water main replacement project. Of the total debt approved by the Commission in that order, \$632,643 was included in the step adjustment approved by the Commission in Order No. 26,070 (November 7, 2017) in DW 16-806. Therefore, the remaining portion of that debt not yet included in PWW's rates is \$767,357 (\$1,400,000 - \$632,643).

Additionally, a report dated April 3, 2017 from Staff consultant, Douglas W. Brogan, has been attached to this correspondence. Mr. Brogan's report pertains to the engineering and operational aspects of PWW's DW 17-017 WICA filing for 2017. Even though PWW subsequently withdrew its petition in that case, Mr. Brogan's report is still considered valuable because, in it, he addresses PWW's proposed main replacement projects for 2017-2019, which Staff considers to be a significant portion of PWW's overall capital expenditure proposal in the instant docket. In his report, Mr. Brogan concludes that the Company's "proposed 2017-2019 projects appear reasonable." In light of Mr. Brogan's report, Staff requested that he review PWW's instant filing. Upon review, Mr. Brogan indicated to Staff that he noted no cause for deviating from his original conclusion.

Using the Company's 2017 project outline contained in its petition, Staff has summarized PWW's proposed 2017 QCP budget as follows:

a. General Projects	\$ 864,270
b. Nashua and Amherst Paving	412,789
c. Amherst Street Area Water Main Replacement Project	856,000
d. City Sewer Projects	560,643
e. Main Street Area Main Replacement Project	837,599
f. NHDOT Route 101 Widening Project	172,100
g. Information Technology Projects	826,842
h. Miscellaneous Equipment Purchases	<u>735,757</u>
Total Proposed 2017 QCP Budget	<u>\$5,266,000</u>

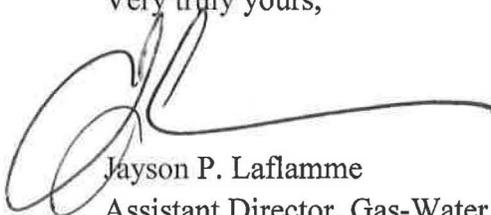
Based on its review of PWW's filing, Staff recommends that the Commission approve the above proposed 2017 Qualified Capital Projects for recovery under the QCPAC mechanism which is to be filed by PWW in March of this year and will be subject to the Commission's audit and prudence review of the final costs associated with those projects. Staff also recommends that the Commission accept submission of PWW's proposed 2018 capital projects with a current budget of \$10,754,500 and 2019 capital projects with a current budget of \$9,736,000, for informational purposes only.

Prior to filing this letter with the Commission, Staff provided a final draft to the OCA. In response, the OCA indicated agreement with Staff's recommendation to approve the proposed 2017 Qualified Capital Projects for recovery subject to audit prudence review as noted, and to accept PWW's proposed 2018 and 2019 capital budgets for informational purposes. The OCA also indicated general support for PWW's cash flow based ratemaking structure, including the QCPAC mechanism, as approved in Order No. 26,070.

DW 17-179: Pennichuck Water Works, Inc.  
Staff Recommendation for Approval of Interim QCPAC Petition  
February 15, 2018

Thank you for your assistance with this matter. If you have any questions relative to this filing, please do not hesitate to contact me.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Jayson P. Laflamme', with a long horizontal flourish extending to the right.

Jayson P. Laflamme  
Assistant Director, Gas-Water Division

Attachments

cc: Service List

**PENNICHUCK WATER WORKS, INC.**  
**DW 17-179**  
**INTERIM PETITION FOR APPROVAL OF 2017 QUALIFIED CAPITAL PROJECT**  
**ANNUAL ADJUSTMENT CHARGE**  
**RESPONSE TO STAFF DATA REQUESTS – SET 1**

Date Request Received: 1/9/18  
Request No. Staff 1-1

Date of Response: 1/24/18  
Witness: Donald L. Ware

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REQUEST: **Re: Page 6 (Bates 13), Line 13 through Page 9 (Bates 16), Line 20:** Mr. Ware's testimony indicates there is an approximate \$3.5 million total reduction in projected 2017 capital expenditures from that which was indicated in the Company's response to Staff 2-21 in DW16-806. However, the sum of the seven individual project reductions described in Mr. Ware's testimony appears to equal approximately \$5.4 million; a difference of \$1.9 million, as follows:

<u>Project Description</u>	<u>Net Change</u>
1. Replacement of Brass Meters with High Lead Content:	\$ 495,000
2. Information Technology Projects:	720,000
3. PWW-PEU Interconnection Project:	311,500
4. Snow Station Pumping Station Upgrade:	122,000
5. Replacement of Milford Booster Station:	550,000
6. Improvements to the Northwest High Pressure System:	800,000
7. Replacement of Water Mains:	<u>2,428,000</u>
Total	<u>\$5,426,500</u>

Please reconcile and explain this difference.

RESPONSE:

The approximate \$3.5 million in reductions is the approximate difference between the original budget of \$9,789,000 and the total projected 2017 capital expenditures of \$6,077,658 as detailed on Exhibit 1. While there were about \$5,426,500 in project reductions there were also project additions as detailed in Exhibit 1.

**PENNICHUCK WATER WORKS, INC.**  
**DW 17-179**  
**INTERIM PETITION FOR APPROVAL OF 2017 QUALIFIED CAPITAL PROJECT**  
**ANNUAL ADJUSTMENT CHARGE**  
**RESPONSE TO STAFF DATA REQUESTS – SET 1**

Date Request Received: 1/9/18  
Request No. Staff 1-2

Date of Response: 1/24/18  
Witness: Donald L. Ware

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REQUEST: **Re: Page 7 (Bates 14), Lines 17 14 - 20:** Mr. Ware states that the PWW-PEU Interconnection Project, which is estimated to cost \$311,000, has been deferred to 2018. However, it does not appear that this project has been included in the list of projected 2018 capital additions indicated on Bates 23.

- a) Please explain why this project is not included on Bates 23.
- b) Will deferring this project to 2018 impact any of the other 2018 capital projects currently listed on Bates 23? Please explain

RESPONSE:

a) Per the filed testimony, the Capex Budgets presented in this interim QCPAC filing were those approved by the Board in January 2017. No changes were made to the Board January 2017 approved 2018 and 2019 budgets as it was not known in January 2017 that this project would be deferred. As with the WICA process, the QCPAC process will update the projects approved for the year the QCPAC is being sought but there will be no corresponding update to the remaining year Capital Budgets until the Board approves new budgets in the next year. The QCPAC filing made at the end of January 2018 will include new 2018 and 2019 Capex Budgets as approved by the Board in January of 2018 plus a Capex Budget for 2020. The new 2018 and 2019 Capex budgets will reflect project deferrals from 2017 as well as shifts in priorities and available Capex dollars.

b) Yes. As described above, the deferral of projects from 2017 will have an impact on 2018 projects that the Company sought preliminary approval from its Board in January 2017. The impacts of these deferrals will show up in the January 2018 Board approved 2018, 2019 and 2020 Capital Budgets.

**PENNICHUCK WATER WORKS, INC.**  
**DW 17-179**  
**INTERIM PETITION FOR APPROVAL OF 2017 QUALIFIED CAPITAL PROJECT**  
**ANNUAL ADJUSTMENT CHARGE**  
**RESPONSE TO STAFF DATA REQUESTS – SET 1**

Date Request Received: 1/9/18  
Request No. Staff 1-3

Date of Response: 1/24/18  
Witness: Donald L. Ware

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**REQUEST: Re: Page 8 (Bates 15), Line 7:** Is not the resulting reduction relative to the Snow Station Pumping Station Upgrade actually \$112,000 ( $\$125,000 - \$13,323 = \$111,677$ ) instead of the \$122,000 amount indicated in Mr. Ware's testimony? Please explain.

**RESPONSE:**

The Staff is correct. The entry should have been \$122,000 not \$112,000.

**PENNICHUCK WATER WORKS, INC.**  
**DW 17-179**  
**INTERIM PETITION FOR APPROVAL OF 2017 QUALIFIED CAPITAL PROJECT**  
**ANNUAL ADJUSTMENT CHARGE**  
**RESPONSE TO STAFF DATA REQUESTS – SET 1**

Date Request Received: 1/9/18  
Request No. Staff 1-4

Date of Response: 1/24/18  
Witness: Donald L. Ware

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REQUEST: **Re: Page 8 (Bates 15), Lines 18 – 23:** Mr. Ware states that the Improvements to the Northwest High Pressure System Project, which is estimated to cost \$800,000, are deferred to 2019. However, it does not appear that this project has been included in the list of projected 2019 capital additions indicated on Bates 24.

- a) Please explain why this project is not included on Bates 24.
- b) Will deferring this project to 2019 impact any of the other 2019 capital projects currently listed on Bates 24? Please explain.

RESPONSE:

a) As noted in the response to DR 1-2, and per the filed testimony, the Capex Budgets presented in this interim QCPAC filing were those approved by the Board in January 2017. No changes were made to the Board January 2017 approved 2018 and 2019 budgets as it was not known in January 2017 that this project would be deferred. As with the WICA process, the QCPAC process will update the projects approved for the year the QCPAC is being sought but there will be no corresponding update to the remaining year Capital Budgets until the Board approves new budgets in the next year. The QCPAC filing made at the end of January 2018 will include new 2018 and 2019 Capex Budgets as approved by the Board in January of 2018 plus a Capex Budget for 2020. The new 2018 and 2019 Capex budgets will reflect project deferrals from 2017 as well as shifts in priorities and available Capex dollars.

b) Yes. As described above, the deferral of projects from 2017 into 2019 will have an impact on 2019 projects that the Company sought preliminary approval from its Board in January 2017. The impacts of these deferrals will show up in the January 2018 Board approved 2018, 2019 and 2020 Capital Budgets.

**PENNICHUCK WATER WORKS, INC.**  
**DW 17-179**  
**INTERIM PETITION FOR APPROVAL OF 2017 QUALIFIED CAPITAL PROJECT**  
**ANNUAL ADJUSTMENT CHARGE**  
**RESPONSE TO STAFF DATA REQUESTS – SET 1**

Date Request Received: 1/9/18  
Request No. Staff 1-5

Date of Response: 1/24/18  
Witness: Donald L. Ware

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**REQUEST: Re: Page 9 (Bates 16), Lines 1 – 20:**

- a) Please specifically identify the Water Main Replacement Projects listed on Bates 21-22 which sum to the previously projected spending amount of \$4,428,000 indicated on Page 9, Line 2.
- b) Please specifically identify the Water Main Replacement Projects listed on Bates 21-22 which sum to the revised projected spending amount of \$2,000,000 indicated on Page 9, Line 4.
- c) Have any of the Water Main Replacement Projects previously planned for 2017 been deferred to 2018 or 2019? If yes, please specifically identify these projects, as well as indicate to which year it has been deferred.
- d) If the Company's response to (c) is "yes", will the deferral of previously planned 2017 Water Main Replacement projects to 2018 and 2019 impact other 2018 and 2019 capital projects which are currently indicated on Bates 23 and 24? Please explain.

**RESPONSE:**

- a) See attached Exhibit 1 from QCPAC Interim Filing. I have highlighted the Water Main Replacement Projects that were included in the originally 2017 Capex budget of \$4,428,000 in yellow. The total of the highlighted projects is \$4,313,000.
- b) See attached Exhibit 1 from QCPAC Interim Filing. I have highlighted the Water Main Replacement Projects that were included in the revised approximate total of about \$2,000,000 green. The total of the highlighted projects is \$2,667,031. The cells labeled I70, I71 and I72 had an estimated water main replacement cost of \$480,000 at the time this spreadsheet was prepared. This amount should have been in the \$2,000,000 estimate of replacement projects to be completed in 2017 making the actual total about \$2,500,000.
- c) Yes. In its filing, the Company identified the Water Main Replacement Projects that would be deferred. The revised years for implementation were noted in the original submission column labeled "Explanation for Change/Addition/Deletion since 1/18/2017".
- d) Yes. Please see the responses to Staff DR1-2b) and Staff DR1-4b)

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	
1	Permanack Water Works, Inc.														
2	Various QCPAC filing updates to Staff DR 2-21	Projected 2017 Capital Addition - filed on 1/18/2017													
3	Updated with 9/30/2017 actuals and projections through 12/31/2017														
4	11/17/2017														
5	2017														
6	2017														
7	Project Name/Description	Project Description	Work Order #	Proposing Order No.	NHPUC Order No.	Date of NHPUC Order	Status	Estimated Project Cost as of 1/18/2017 per DW16-806, Staff 2-21	Estimated Cost to be funded by 2018 QCPAC surcharge as of 11/17/2017	Capital \$5 Funded in DW16-806 surp.	Community	Totals	Tax Rate %	QCPAC Eligible Annual Tax Expense	Explanation for Changes/Additional/Deletion since 1/18/2017
8	Heavy Dump Truck Replacement (17)	Replace 15 year old Heavy Dump Truck (17)	DW14-130	25,734	11/7/2014	Yes		\$ 130,000	Funded with 2014 Bond	\$ 81,760	Merriam	No	\$ -	\$ -	- P&I and property taxes recovered in DW16-806 Step Increase
9	Add Alternates Change Order to Truck 312	Retire existing truck and add tandem axle plus Retire existing truck and add tandem axle plus	DW14-131	25,735	11/7/2014	Partial		\$ 80,000	Funded with 2014 Bond	\$ 51,716	Nashua	Yes	\$ 31.67	\$ -	- P&I and property taxes recovered in DW16-806 Step Increase
10	Replace Aging Services	25 Renewed Services	2018 Bond	TRD <sup>1</sup>	No			\$ -	40,000	\$ -	Nashua	Yes	\$ 31.67	\$ 1,267	P&I and property taxes to be recovered in Interim 2017 QCPAC filing
11	Replace Aging Services	25 Renewed Services	2018 Bond	TRD <sup>1</sup>	No			\$ -	40,000	\$ -	Nashua	Yes	\$ 31.67	\$ -	P&I and property taxes to be recovered in Interim 2017 QCPAC filing
12	Replace Aging Services	20 Hydrants Replacements	DW14-131	25,735	11/7/2014	Partial		\$ 42,000	Funded with 2014 Bond	\$ 17,197	Nashua	Yes	\$ 31.67	\$ -	- P&I and property taxes recovered in DW16-806 Step Increase
13	Replace Aging Services	20 Hydrants Replacements	2018 Bond	TRD <sup>1</sup>	No			\$ -	11,000	\$ -	Nashua	Yes	\$ 31.67	\$ 348	P&I and property taxes to be recovered in Interim 2017 QCPAC filing
14	Replace Aging Services	10 Valve Replacements	2018 Bond	TRD <sup>1</sup>	No			\$ 30,000	Funded with 2014 Bond	\$ 50,000	Nashua	Yes	\$ 31.67	\$ 1,584	P&I and property taxes to be recovered in Interim 2017 QCPAC filing
15	New Services	New Services for Single Family Residential, water bulk per Tarif	DW14-131	25,735	11/7/2014	Partial		\$ -	Funded with 2014 Bond	\$ 15,804	Nashua	Yes	\$ 31.67	\$ -	P&I and property taxes recovered in DW16-806 Step Increase
16	New Services	New Services for Single Family Residential, water bulk per Tarif	2018 Bond	TRD <sup>1</sup>	No			\$ -	54,537	\$ -	Nashua	Yes	\$ 31.67	\$ 1,984	P&I and property taxes to be recovered in Interim 2017 QCPAC filing
17	Replace Leaded Brass Meters with Lead free brass meters	2,355 New Meters for Lead Meter exchanges (PWW-CORE & CWS) 5/8" x 6"	DW14-131	25,735	11/7/2014	Partial		\$ 832,000	Funded with 2014 Bond	\$ 90,065	Nashua	Yes	\$ 31.67	\$ -	- P&I and property taxes recovered in DW16-806 Step Increase
18	Replace Leaded Brass Meters with Lead free brass meters	2,355 New Meters for Lead Meter exchanges (PWW-CORE & CWS) 5/8" x 6"	2018 Bond	TRD <sup>1</sup>	No			\$ -	247,200	\$ -	Nashua	Yes	\$ 31.67	\$ 7,831	P&I and property taxes to be recovered in Interim 2017 QCPAC filing
19	Replace Aging meter reading Rollers	Replace 200 failed rollers	DW14-131	25,735	11/7/2014	Partial		\$ -	Funded with 2014 Bond	\$ 12,893	Nashua	Yes	\$ 31.67	\$ -	- P&I and property taxes recovered in DW16-806 Step Increase
20	Replace Aging meter reading Rollers	200 failed rollers	2018 Bond	TRD <sup>1</sup>	No			\$ -	22,720	\$ -	Nashua	Yes	\$ 31.67	\$ 720	P&I and property taxes to be recovered in Interim 2017 QCPAC filing
21	Ferro-magnetic Pipe Replacements	Ferro-magnetic Pipe leak detectors (3)	2018 Bond	TRD <sup>1</sup>	No			\$ 10,500	\$ 10,500	\$ -	Merriam	No	\$ -	\$ -	
22	Heavy Dump Truck Replacement (24)	Replace 10 year old Heavy Dump Truck (24)	2018 Bond	TRD <sup>1</sup>	No			\$ 100,000	\$ 100,000	\$ -	Merriam	No	\$ -	\$ -	
23	Service Truck Replacement (24)	Service Truck replacement (24)	2018 Bond	TRD <sup>1</sup>	No			\$ 60,000	\$ 38,750	\$ -	Merriam	No	\$ -	\$ -	This vehicle was not returned. New Vehicle was purchased to accommodate new shift
24	Replacement of Fireman truck	Replacement of Fireman truck (24)	2018 Bond	No Bond sought	No QCPAC sought			\$ 90,000	\$ -	\$ -	Merriam	No	\$ -	\$ -	Delayed delivery until April 2018
25	Medium Duty Dump Truck Replacement (25)	Replace 10 year old Medium Duty Dump Truck (25)	2018 Bond	TRD <sup>1</sup>	No			\$ 70,000	\$ 70,000	\$ -	Merriam	No	\$ -	\$ -	Replaced Get one number
26	20 Ton Tag Trailer replacement	20 Ton Tag Trailer replacement	2018 Bond	No Bond sought	No QCPAC sought			\$ 20,000	\$ -	\$ -	Merriam	No	\$ -	\$ -	Deferred
27	Variable Message Signs - 2	Variable Message Signs - 2	DW14-130	25,734	11/7/2014	Yes		\$ 30,000	Funded with 2014 Bond	\$ 27,000	Merriam	No	\$ -	\$ -	P&I and property taxes recovered in DW16-806 Step Increase
28	Replacement Radio Meter Reading Equipment (4)	Replace 10 year old radio meter reading handheld units	DW14-130	25,734	11/7/2014	Yes		\$ 28,000	Funded with 2014 Bond	\$ 11,000	Merriam	No	\$ -	\$ -	P&I and property taxes recovered in DW16-806 Step Increase
29	Pipe Saws (5)	Pipe Saws (5)	2018 Bond	TRD <sup>1</sup>	No			\$ 6,000	\$ 11,000	\$ -	Merriam	No	\$ -	\$ -	Need Chris Gutierrez input
30	Metal Detectors (6)	Metal Detectors (6)	2018 Bond	TRD <sup>1</sup>	No			\$ 7,000	\$ -	\$ -	Merriam	No	\$ -	\$ -	
31	Replacement Electrodes	Replace 11 Year old Electrodes (11)	2018 Bond	TRD <sup>1</sup>	No			\$ 75,000	\$ 62,554	\$ -	Merriam	No	\$ -	\$ -	
32	Complete construction of 16 DW# Highways	Final bid by the completion of work by contractor at 16 DW# Highways	2018 Bond	TRD <sup>1</sup>	No			\$ -	\$ 67,050	\$ -	Merriam	Yes	\$ 27.48	\$ 1,843	Billing from final work on 16 DW not carried over in original budget
33	Replace Truck #70	Replace 8 year old van with 90,124 miles	2018 Bond	TRD <sup>1</sup>	No			\$ -	\$ 32,074	\$ -	Merriam	No	\$ -	\$ -	
34	MOX meter reading device	Replace failed CBE meter reading device	2018 Bond	TRD <sup>1</sup>	No			\$ -	\$ 8,190	\$ -	Vermont	No	\$ -	\$ -	Existing 8 year old meter reading device failed
35	Nashua & Amherst Paving	Paving associated with watermain projects						\$ 1,890,000			Nashua	Yes	\$ -	\$ -	Budget fluctuations
36	Nashua & Amherst Paving	Park Street Water Main Replacement project paving	2018 Bond	TRD <sup>1</sup>	No			\$ -	\$ 4,300	\$ -	Nashua	Yes	\$ 31.67	\$ 155	Budgeted under Final Paving associated with water main replacement projects
37	Nashua & Amherst Paving	Mellory Street Water Main Replacement project paving	2018 Bond	TRD <sup>1</sup>	No			\$ -	\$ 4,240	\$ -	Nashua	Yes	\$ 31.67	\$ 217	Budgeted under Final Paving associated with water main replacement projects
38	Nashua & Amherst Paving	Contributions to City of Nashua in lieu of final trench restoration - Nashua, Amherst, and Mayeux	2018 Bond	TRD <sup>1</sup>	No			\$ -	\$ 12,000	\$ -	Nashua	Yes	\$ 31.67	\$ 629	P&I and property taxes to be recovered in Interim 2017 QCPAC filing
39	Nashua & Amherst Paving	Contributions to City of Nashua in lieu of final trench restoration - Lake St to Hill	2018 Bond	TRD <sup>1</sup>	No			\$ -	\$ 4,190	\$ -	Nashua	Yes	\$ 31.67	\$ 209	Budgeted under Final Paving associated with water main replacement projects
40	Nashua & Amherst Paving	Chestnut Street Phase II Water Main Replacement project paving	2018 Bond	TRD <sup>1</sup>	No			\$ -	\$ 45,780	\$ -	Nashua	Yes	\$ 31.67	\$ 2,083	Budgeted under Final Paving associated with water main replacement projects
41	Nashua & Amherst Paving	Scouper Street Water Main Replacement project paving	2018 Bond	TRD <sup>1</sup>	No			\$ -	\$ 11,220	\$ -	Nashua	Yes	\$ 31.67	\$ 355	Budgeted under Final Paving associated with water main replacement projects
42	Nashua & Amherst Paving	Water Street Water Main Replacement project paving	2018 Bond	TRD <sup>1</sup>	No			\$ -	\$ 44,340	\$ -	Nashua	Yes	\$ 31.67	\$ 1,411	Budgeted under Final Paving associated with water main replacement projects
43	Nashua & Amherst Paving	Boiler Path Water Main Replacement project paving	2018 Bond	TRD <sup>1</sup>	No			\$ -	\$ 47,980	\$ -	Nashua	Yes	\$ 31.67	\$ 1,552	Budgeted under Final Paving associated with water main replacement projects
44	Nashua & Amherst Paving	Tadde Street Water Main Replacement project paving	2018 Bond	TRD <sup>1</sup>	No			\$ -	\$ 45,500	\$ -	Nashua	Yes	\$ 31.67	\$ 1,441	Budgeted under Final Paving associated with water main replacement projects
45	Amherst Street Project	Amherst Street Area Water Main Replacement Project						\$ 1,404	Funded with SRP, match of \$90K to be funded with 2018 Bond	\$ 632,643					
46	Amherst Street Project - Amherst Street water main replacement	Replace 3,150 LF of 6" Unlined CI Water main on Amherst Street	DW16-256	25,887	4/26/2016	Partial		\$ -			Nashua	Yes	\$ 31.67	\$ -	P&I and property taxes recovered in DW16-806 Step Increase
47	Amherst Street Project - Amherst Street water main replacement	Replace 3,350 LF of 6" Unlined CI Water main on Amherst Street	DW16-256	25,888	4/26/2016			\$ -	\$ 10,000	\$ -	Nashua	Yes	\$ 31.67	\$ 16,152	P&I and property taxes to be recovered in Interim 2017 QCPAC filing
48	Amherst Street Project - Buckle Hill Water main replacement	Replace 510 LF of 6" CI Water main on Buckle Hill Street	DW16-256	25,887	4/26/2016			\$ -	\$ 12,000	\$ -	Nashua	Yes	\$ 31.67	\$ 629	P&I and property taxes to be recovered in Interim 2017 QCPAC filing
49	Amherst Street Project - Tissue Ave water main replacement	Replace 180 LF of 2" Steel A/C Unlined CI Water main on Tissue Ave	DW16-256	25,887	4/26/2016			\$ 75,000	\$ 75,000	\$ -	Nashua	Yes	\$ 31.67	\$ 2,375	P&I and property taxes to be recovered in Interim 2017 QCPAC filing
50	Amherst Street Project - Tissue Street water main replacement	Replace 280 LF of 6" Unlined CI Water main on Tissue Street	DW16-256	25,887	4/26/2016			\$ 75,000	\$ 75,000	\$ -	Nashua	Yes	\$ 31.67	\$ 2,375	P&I and property taxes to be recovered in Interim 2017 QCPAC filing
51	Permanack Bog - Educational Program Assessment	New Supplemental TRD	2018 Bond	TRD <sup>1</sup>	No			\$ 80,000	\$ 80,000	\$ -	Nashua	Yes	\$ 26.88	\$ 2,150	SRP funded carry over project from 2010
52	Permanack Bog - Educational Program Assessment	Concrete Nature Walk around Permanack Bog	2018 Bond	No Bond sought	No QCPAC sought			\$ 30,000	\$ -	\$ -	Nashua	No	\$ -	\$ -	Deferred
53	Amherst Mack Hill & Dodge	Replace # 8 6 in CI with 1222 ft of 8 inch CL20	2018 Bond	No Bond sought	No QCPAC sought			\$ 425,000	\$ -	\$ -	Nashua	Yes	\$ -	\$ -	Deferred until 2018
54	Milford Booster Station Replacement	Replace 1325 feet of 8 A/C with GLEYS Transfer system from A/C to D/I Dodge Rd	2018 Bond	No Bond sought	No QCPAC sought			\$ 500,000	\$ -	\$ -	Amherst	Yes	\$ -	\$ -	Deferred until future date in coordination with Town Storm Drain project
55	New Station Upgrade - Add 1st pump	Replace 25 Year old below ground confined space booster station w/above ground station	2018 Bond	No Bond sought	No QCPAC sought			\$ 550,000	\$ -	\$ -	Amherst	Yes	\$ -	\$ -	Project deferred indefinitely
56	City Sewer Projects - TRD	Increase pumping capacity to meet existing demands and contractual obligations	2018 Bond	TRD <sup>1</sup>	No			\$ 123,000	\$ 13,525	\$ -	Nashua	Yes	\$ 31.67	\$ 422	Analysis showed that sub-line pumping system would provide the most economic solution
57	City Sewer Projects - TRD	Acting infrastructure replacement in coordination with sewer replacement						\$ 400,000							

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
76		Kanby Invert	Engineered and cost study to sub-street ahead of City paving	Deferred	No Bond sought	No QCPAC sought		\$ 175,000	\$ -		Nashua				Project deferred to 2018
77		Future Street	Engineered and cost study to sub-street ahead of City paving	Deferred	No Bond sought	No QCPAC sought		\$ 200,000	\$ -		Nashua				Project deferred to 2018
78	Route 101 Winding, Bedford	NHDOIT Project													
79		Route 101 Winding, Bedford	Relocate water main on Route 101	2018 Bond	TRD	No		\$ -	\$ 46,200		Bedford	Yes	\$ 28.97	\$ 1,338	NHDOIT project that was added in Spring of 2017
80		Route 101 Winding, Bedford	Relocate water main along Nashua Road	2018 Bond	TRD	No		\$ 43,100	\$ -		Bedford	Yes	\$ 28.97	\$ 1,249	NHDOIT project that was added in Spring of 2017
81		Route 101 Winding, Bedford	Relocate water main on Bell Hill Road	2018 Bond	TRD	No		\$ 13,400	\$ -		Bedford	Yes	\$ 28.97	\$ 446	NHDOIT project that was added in Spring of 2017
82		Route 101 Winding, Bedford	Relocate Service to 2 Nashua Road	2018 Bond	TRD	No		\$ 67,400	\$ -		Bedford	Yes	\$ 28.97	\$ 1,852	NHDOIT project that was added in Spring of 2017
83	Route 132 @ Nashua Land Law Water Main Relocation	Water Main Relocation to accommodate Times of Ambient Street Closes installation	2018 Bond	TRD	No		\$ -	\$ 50,000	\$ -		Amherst	Yes	\$ 29.47	\$ 1,610	Town of Amherst Street Drain project added in Fall of 2017
84	Trouble Devices - Used for field locating Assets via GIS program	Upgrade to iPad device devices	2018 Bond	TRD	No		\$ 72,000	\$ 68,625	\$ -		Merimack	Yes	\$ 27.48	\$ 1,886	
85	Engineering Reimbursements - Vehicles (2)	Replace 2 Vehicles	DW14-150	25/34	11/7/2014	Yes		\$ 64,000	\$ -	\$ 54,689	Merimack				Field and property taxes recovered in DW16-866 Strip Increase Project underway, will not be used and used in 2017
86	Complete PWK Gas System Hydraulic Model	Distribution Model Phase 2	Deferred	No Bond sought	No QCPAC sought			\$ 25,000	\$ -		Merimack				
87	PWK, FBI Interconnection - Highway to River	DW1 Highway to Merimack River Booster station	Deferred	No Bond sought	No QCPAC sought			\$ 311,500	\$ -		Merimack				Deferred to 2018 due to timing of final NHDES permitting
88	WTP - Conversion to LED Lighting	WTP - Conversion to LED Lighting	Deferred	No Bond sought	No QCPAC sought			\$ 80,000	\$ -		Nashua				Deferred, staff time not available to complete in 2017
89	Booster/Well/Chem Feed pump replacements	Booster/Well/Chem Feed pump replacements	DW14-151	25/35	11/7/2014	Partial			\$ 38,000	\$ 18,385	Derry	Yes			Field and property taxes recovered in DW16-866 Strip Increase
90	Booster/Well/Chem Feed pump replacements	Booster/Well/Chem Feed pump replacements	2018 Bond	TRD	No			\$ 60,000	\$ 38,000		Derry	Yes	\$ 31.43	\$ 1,191	Projected through year end
91	Booster/Well/Chem Feed pump replacements	Replace VFD on Train Ridge VFD	2018 Bond	TRD	No			\$ 2,000	\$ -		Plastow	Yes	\$ 26.88	\$ 56	Budgeted under Booster/Well/Chem Feed pump replacement
92	Install/replace treatment systems in small CSOs	Install/replace treatment systems in small CSOs	Deferred	No Bond sought	No QCPAC sought			\$ 15,000	\$ -		Derry				Budget place holder - No treatment system available/replacement YTD
93	Misc. Structural Improvements	Misc. Structural Improvements	Deferred	No Bond sought	No QCPAC sought			\$ 20,000	\$ -		Nashua				Budget place holder - No structural improvements YTD
94	Replace 7 year old truck with 110691 miles	Replace 7 year old truck with 110691 miles	2018 Bond	TRD	No			\$ 60,000	\$ 45,000		Nashua	No			
95	Replace Vehicle #002	Replace 7 year old truck with 152,984 miles	2018 Bond	TRD	No			\$ 60,000	\$ 45,000		Nashua	No			
96	Replace Vehicle #009	Replace 7 year old truck with 106,100 miles	2018 Bond	TRD	No			\$ 35,000	\$ 35,000		Nashua	No			
97	Replace vehicle #204	Replace 6 year old truck with 176,290 miles	2018 Bond	TRD	No			\$ 60,000	\$ 45,000		Nashua	No			
98	Replace Vehicle #003	Replace 7 year old truck with 111,123 miles	2018 Bond	TRD	No			\$ 35,000	\$ 35,000		Nashua	No			
99	Replace Vehicle #040	Replace 9 year old truck with 191,355 miles	2018 Bond	TRD	No			\$ -	\$ 63,000		Nashua	No			
100	Install overhead crane and door WTP process area	Install overhead crane and door WTP process area	2018 Bond	TRD	No			\$ 75,000	\$ 75,000		Nashua	Yes	\$ 31.67	\$ 2,375	
101	Merimack River Station pump station rebuild	Merimack River Station pump station rebuild	2018 Bond	TRD	No			\$ 25,000	\$ -		Merimack	Yes	\$ 27.48	\$ 847	Misc. structural less expenses than anticipated
102	Misc. equipment purchases	Misc. equipment purchases	2018 Bond	TRD	No			\$ 22,000	\$ -		Nashua				
103	Misc. equipment purchases	Misc. equipment purchases	2018 Bond	TRD	No			\$ -	\$ 1,500		Nashua	No	\$ 31.67	\$ 48	Budgeted under WTP Misc. equipment purchased
104	Misc. equipment purchases	Misc. equipment purchases	2018 Bond	TRD	No			\$ 2,600	\$ -		Amherst	Yes	\$ 29.47	\$ 77	Budgeted under WTP Misc. equipment purchased
105	Misc. equipment purchases	Misc. equipment purchases	2018 Bond	TRD	No			\$ 3,500	\$ -		Nashua	Yes	\$ 31.67	\$ 111	Budgeted under WTP Misc. equipment purchased
106	Misc. equipment purchases	Misc. equipment purchases	2018 Bond	TRD	No			\$ 17,177	\$ -		Nashua	Yes	\$ 31.67	\$ 544	Budgeted under WTP Misc. equipment purchased
107	Purchase new lab equipment	Purchase new lab equipment	2018 Bond	TRD	No			\$ 13,000	\$ -		Nashua				
108	Purchase new lab equipment	Purchase new lab equipment	2018 Bond	TRD	No			\$ -	\$ 5,900		Nashua	No			Budgeted under Purchase new lab equipment
109	WTP structural/HVAC	WTP structural/HVAC	2018 Bond	TRD	No			\$ 10,000	\$ 5,868		Nashua	Yes			
110	Misc. Security upgrades (cameras, lockers)	Misc. Security upgrades (cameras, lockers)	Deferred	No Bond sought	No QCPAC sought			\$ 25,000	\$ -		Nashua				Budget place holder - No Misc. Security Projects YTD
111	Replace Classifier (2) Valves, Boxes and Actuators	Replace Classifier (2) Valves, Boxes and Actuators	Deferred	No Bond sought	No QCPAC sought			\$ 25,000	\$ -		Nashua	Yes			Deferred
112	Misc. SCADA Electrical upgrades	Misc. SCADA Electrical	Deferred	No Bond sought	No QCPAC sought			\$ 30,000	\$ -		Nashua	Yes			
113	Misc. SCADA Electrical upgrades	Valleyfield - Invert Cellulas Communications	2018 Bond	TRD	No			\$ -	\$ 3,000		Plastow	Yes	\$ 26.88	\$ 134	Budgeted under Misc. SCADA Electrical upgrades
114	Misc. SCADA Electrical upgrades	Amesbury VPD replacements for high flow pumps will use the budgeted amount	2018 Bond	TRD	No			\$ -	\$ 23,500		Nashua	Yes	\$ 31.67	\$ 744	Budgeted under Misc. SCADA Electrical upgrades
115	Misc. SCADA Electrical upgrades	Review all SCADA Computers and Upgrade Servers	2018 Bond	TRD	No			\$ 43,000	\$ -		Nashua	Yes	\$ 31.67	\$ 1,363	Unbudgeted - Security upgrades in annual hardware replacement
116	WTP Rehabilitation (9)	WTP Rehabilitation	Deferred	No Bond sought	No QCPAC sought			\$ 80,000	\$ -		Derry	Yes	\$ 31.43	\$ -	Budget place holder - No WTP Rehabilitation Projects YTD
117	WTP Closed Circuit Camera replacement (equipment)	Closed Circuit Camera replacement (equipment)	Deferred	No Bond sought	No QCPAC sought			\$ 60,000	\$ -		Nashua				Deferred
118	WTP - Replace overflow glass, renovate WTP equipment	Replace overflow glass, renovate WTP equipment	Deferred	No Bond sought	No QCPAC sought			\$ 50,000	\$ -		Nashua				Deferred
119	Complete fencing around WTP for Security	Complete fencing around WTP for Security	2018 Bond	TRD	No			\$ 80,000	\$ 5,388		Nashua	Yes	\$ 32.67	\$ 157	Main Gate opening mechanism replaced. Fencing deferred
120	Office renovation-renovate areas	Office renovation-renovate areas	Deferred	No Bond sought	No QCPAC sought			\$ 50,000	\$ -		Nashua	Yes			Deferred
121	Water Supply - Wareshed Public Education	Fertilization / Potentole - Phase 1	Deferred	No Bond sought	No QCPAC sought			\$ 20,000	\$ -		Nashua	Yes			Will not be completed until 2018
122	Stormwater BMP Installation and Community Education	Stormwater BMP Installation and Community Education	Deferred	No Bond sought	No QCPAC sought			\$ 12,000	\$ -		Nashua	Yes			Will not be completed until 2018
123	Secure reception area	Office Security for Front Reception Desk	2018 Bond	TRD	No			\$ 10,000	\$ -	\$ 20,990	Merimack	No			Original estimate did not include bullet proof glass and other security features
124	Adjustable Desk Tops	Accommodate back issues	2018 Bond	TRD	No			\$ -	\$ 4,088		Merimack	No			
125	Asset Management - Phase 3	Asset Management 2016 Carry over	2018 Bond	TRD	No			\$ 200,000	\$ 200,000		Merimack	Yes	\$ 27.48	\$ 5,496	
126	Conversion to R.A.M. Fixed Assets computers	Conversion to R.A.M. Fixed Assets computers	2018 Bond	TRD	No			\$ 11,600	\$ 11,000		Merimack	Yes	\$ 27.48	\$ 302	
127	Firewall	Firewall replacement	2018 Bond	TRD	No			\$ 50,000	\$ 36,426		Merimack	No	\$ 27.48	\$ 1,001	
128	Asset Management - Phase 4	Continue progress on Asset Management implementation	2018 Bond	TRD	No			\$ 736,000	\$ 450,000		Merimack	Yes	\$ 27.48	\$ 11,816	Reduced level of work than budgeted due to staff time diverted to PFOA response
129	Click Mobile Upgrade	Upgrade Click-Mobile to work on iPad	2018 Bond	TRD	No			\$ 150,000	\$ 5,400		Merimack	Yes	\$ 27.48	\$ 148	2016 Work completed, 2017 work deferred until 2018
130	Click Mobile Upgrade	Purchase iPads for Click-Mobile Platform	2018 Bond	TRD	No			\$ 1,000	\$ 5,160		Merimack	Yes	\$ 27.48	\$ 142	Budgeted for mobile Upgrade Click-Mobile to work on iPads
131	Infrastructure Upgrade	Upgrade Inflow to the latest platform	2018 Bond	TRD	No			\$ 5,000	\$ 3,150		Merimack	Yes	\$ 27.48	\$ 87	
132	Retention - Inflow Software	Upgrade Exchange to the latest version	Deferred	No Bond sought	No QCPAC sought			\$ 21,600	\$ -		Merimack	Yes	\$ 27.48	\$ 561	
133	Misc. Enhancements	Enhancements to Archive older stagnant files	Deferred	No Bond sought	No QCPAC sought			\$ 80,000	\$ -		Merimack	No			Deferred until 2018
134	Misc. Enhancements	Bid points/forms, Forms import, Click-Movers import, CSS and Dashboard/Control	Deferred	No Bond sought	No QCPAC sought			\$ 180,000	\$ -		Merimack	No			Waiting for vendor acceptance of software enhancements
135	Miscellaneous Software	Miscellaneous Software	Deferred	No Bond sought	No QCPAC sought			\$ 15,000	\$ -		Merimack	No			Budget place holder
136	Miscellaneous Software	Upgrade Synopsys/WAM	2018 Bond	TRD	No			\$ -	\$ 10,366		Merimack	No			Budgeted to under Misc. Software
137	Miscellaneous Software	Backflow Data Collection software	2018 Bond	TRD	No			\$ -	\$ 6,700		Merimack	No			Budgeted for under Misc. Software
138	Miscellaneous Hardware	Upgrade to Laboratory Information Systems software	Deferred	No Bond sought	No QCPAC sought			\$ 18,000	\$ -		Merimack	No			Budget place holder - No Misc. Hardware purchased YTD
139	IT Security Project	IT Security Project	Deferred	No Bond sought	No QCPAC sought			\$ 11,000	\$ -		Merimack	No			Release of new version delayed until 2018
140	Physical Server for Assetlink Portal	Physical Server for Assetlink Portal	Deferred	No Bond sought	No QCPAC sought			\$ 2,000	\$ -		Merimack	No			Project cancelled for 2017
141	IT Security Project	IT Security Project	Deferred	No Bond sought	No QCPAC sought			\$ 2,000	\$ -		Merimack	No			Project cancelled for 2017
142	IT Security Project	IT Security Project	Deferred	No Bond sought	No QCPAC sought			\$ 2,000	\$ -		Merimack	No			
143	IT Security Project	IT Security Project	2018 Bond	TRD	No			\$ 36,000	\$ 21,700		Merimack	No			
144	Physical Server for Assetlink Portal	Physical Server for Assetlink Portal	Deferred	No Bond sought	No QCPAC sought			\$ -	\$ 40,900		Merimack	No			Evaluation of IT infrastructure for security
145	Physical Server for Assetlink Portal	Physical Server for Assetlink Portal	Deferred	No Bond sought	No QCPAC sought			\$ 8,000	\$ -		Merimack	No			Deferred
146	Investment in Desktops Installed Servers	Investment in Desktops Installed Servers	DW14-131	22/35	11/7/2014	Partial		\$ 12,000	\$ -		Merimack	No			Deferred
147	Investment in Desktops Installed Servers	Investment in Desktops Installed Servers	2018 Bond	TRD	No			\$ -	\$ 30,000	\$ 14,109	Wares	Yes	\$ 31.22	\$ 1,128	Field and property taxes recovered in DW16-866 Strip Increase
148		Investment in Desktops Installed Servers	Investment in Desktops Installed Servers	2018 Bond	TRD	No		\$ -	\$ 30,000	\$ -	Wares	Yes	\$ 31.22	\$ 1,128	Taxified investment amount not in original capital budget
149								\$ 9,976,000	\$ 3,208,000	\$ 1,023,812					Projected Property Tax Expenditure - \$ 111,888
150															
151															
152															
153															
154															

Remaining portion of Amherst Water Area water main improvements to be funded with remaining SHP Debt - \$ 767,557

1. TBD - To Be Determined. Financing Position for PSW March 2018 Bond issuance for 2017 QCPAC not decketed yet  
 2. Tax rate is the sum of the local grants plus the Statewide Urban tax rate of \$6.60 \$1000

**PENNICHUCK WATER WORKS, INC.**  
**DW 17-179**  
**INTERIM PETITION FOR APPROVAL OF 2017 QUALIFIED CAPITAL PROJECT**  
**ANNUAL ADJUSTMENT CHARGE**  
**RESPONSE TO STAFF DATA REQUESTS – SET 1**

Date Request Received: 1/9/18  
Request No. Staff 1-6

Date of Response: 1/24/18  
Witness: Donald L. Ware

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REQUEST: **Re: Bates 21-22:** Certain projects listed on this schedule are indicated as related to Financing Docket No. DW 14-131. However, this particular docket does not appear to be one that is related to Pennichuck Water Works. Please explain.

RESPONSE:

The referred to Financing Docket No should have been DW 14-130 for each project where Docket DW 14-131 was used. This was the result of dragging one cell into another in excel.

**PENNICHUCK WATER WORKS, INC.**  
**DW 17-179**  
**INTERIM PETITION FOR APPROVAL OF 2017 QUALIFIED CAPITAL PROJECT**  
**ANNUAL ADJUSTMENT CHARGE**  
**RESPONSE TO STAFF DATA REQUESTS – SET 1**

Date Request Received: 1/9/18  
Request No. Staff 1-7

Date of Response: 1/24/18  
Witness: Donald L. Ware

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REQUEST: **Re: Bates 24:** It does not appear that the following projects have been classified to a specific asset account:

a) Tinker Road Water Main Replacement:	\$ 225,000
b) Replace Flashboard Bowers Pond:	<u>600,000</u>
Total	<u>\$ 825,000</u>

Please explain.

RESPONSE:

Chart of accounts were not applied to those two projects when these schedules were submitted as part of the PWW rate case in January of 2017. The Chart of accounts for these two projects are as follows:

a) Tinker Road Water Main Replacement:	Acct 331
b) Replace Flashboard Bowers Pond:	Acct 305

Whereas the Chart of Account was originally lists on these schedules for purposed of determining depreciation expense associated with the new assets and whereas depreciation expense is not part of the revenue determination in the QCPAC process the Company did not update the original submissions in regards to Chart of Accounts and deprecation expense.

# STATE OF NEW HAMPSHIRE

## Inter-Department Communication

**DATE:** April 3, 2017

**AT (OFFICE):** NHPUC

**FROM:** Douglas W. Brogan

**SUBJECT:** DW 17-017, Pennichuck Water Works, Inc.  
2017 WICA Adjustment Filing

**TO:** Mark A. Naylor  
Director, Gas & Water Division

This memo is being submitted at your request to provide observations and recommendations in relation to docket DW 17-017, the 2017 WICA adjustment filing of Pennichuck Water Works, Inc. (Pennichuck or company). I have filed recommendations as a consultant to the Commission in the company's three most recent WICA dockets, DW 13-358, DW 15-043 and DW 16-220. In the current docket the company is seeking approval of a WICA surcharge for projects completed in 2016, approval of projects proposed for 2017, and preliminary approval of 2018 projects. My review is limited primarily to the engineering and operational aspects of the current filing and is based on review of the filing, case discovery and associated materials. My comments focus in particular on the water main project listings in Attachment B, pages 1 through 4, of the testimony of Donald Ware in the case.

### 2016 Projects

The projects completed in 2016 differed in many instances from what was approved in DW 16-220. As such 'year 1' projects depend increasingly on coordination with City of Nashua and Town of Amherst sewer, drain and paving projects, as well as gas company projects, such changes can continue to be expected. Internal company pressures can affect WICA project evolution as well.

Recently adopted quarterly reporting of project changes shows significant variations in overall project listings, as well as individual project scope and cost, not only by year end, but quarter by quarter throughout the year. These changes carried through to significant variations, both up and down, in total projected WICA feet of main and dollars as the year progressed as well.

Reasons for such changes in 2016 included emergency projects added, projects deferred due to allocation of Staff to critical, unplanned non-WICA projects or for other reasons, refining of project lengths and/or paving costs, cost increases as a result of higher than expected bid pricing, deferred projects added back, addition of projects late in the construction season, and paving deferred to 2017. While the Staff allocation issue is somewhat unique, the other kinds of impacts are again not uncommon during the first year of the three year WICA cycle.

Reasons for some higher than anticipated individual project costs, and costs per foot of main, were probed in discovery (responses to Staff 1-3 and 1-4), with the company supplying adequate explanations for those higher costs.

The company has affirmed that the projects completed in 2016 and proposed for inclusion in its WICA surcharge are used and useful. These include valve, service and hydrant replacements in addition to the water main work.

2017 - 2019 Projects

Approximately half of the water main replacement projects proposed for 2017 are based on coordination with municipal or gas company projects, the other half solely on Pennichuck’s current rating system for selection of mains for replacement. All are described in company testimony (Donald Ware, pp. 12-13).

The company’s current replacement goal is 15,000 feet of main per year (Ware testimony, p. 5). The WICA program is subject to two rate caps - 2% per year and 7.5% between rate cases. The latter cap is not a factor at this time, and WICA rates will be reset to zero in the company’s current rate case, DW 16-806.

The extent of WICA projects proposed for 2017 was limited by the availability of Staff resources resulting from the same critical non-WICA work as in 2016 (Ware testimony, pp. 10-11) - a situation presumably unlikely to recur often. However, WICA expenditures for 2018 and 2019 were also constrained, in this case by the 2% per year rate cap (response to Staff 1-1). This latter constraint, combined with steadily increasing contractor bid costs per foot, will make it difficult to reach the 15,000 foot per year replacement goal in future years. This can be seen to some extent in the numbers below (numbers are the average of the three future years proposed in each docket; lengths are in feet, spending in millions of dollars):

	DW 12-359	DW 13-358	DW 15-043	DW 16-220	DW 17-017
Length of Main	7,462	10,205	14,473	15,247	12,655
Total WICA Spending	2.3	2.8	5.0	5.6	5.1

While proposed WICA spending remains near the rate cap limit, the number of replacement feet it yields will likely continue to decline over time.

However, two other significant factors will also impact future WICA filings:

- 1) The company is in the fourth of its five year development of an asset management program. When completed, the program is intended to provide an even more detailed basis for selecting main replacements than the company’s current rating system. The more accurate and time-appropriate selection of individual mains may replace the 15,000 foot per year goal. See Ware testimony, pp. 4-5.
- 2) Continuation of the WICA program itself must be evaluated in the company’s current rate case (Order 25,230 in DW 10-091 (p. 17); and Order 25,693 in DW 13-130 (pp. 10-11)); and an

alternate capital investment recovery mechanism (annual step increases) has been proposed by the company in that case.

Details and costs of the proposed future year projects were again investigated in discovery, with reasonable responses again provided by the company.

**Conclusion**

The company's 2016 projects appear to have been completed prudently, and its proposed 2017 - 2019 projects appear reasonable. As such, I support approval of the company's petition.

I trust these comments are responsive to your request. Please let me know if you need anything further in this regard.

**SERVICE LIST - EMAIL ADDRESSES - DOCKET RELATED**

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**Pursuant to N.H. Admin Rule Puc 203.11 (a) (1): Serve an electronic copy on each person identified on the service list.**

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**FILING INSTRUCTIONS:**

- a) Pursuant to N.H. Admin Rule Puc 203.02 (a), with the exception of Discovery, file 7 copies, as well as an electronic copy, of all documents including cover letter with:**
- DEBRA A HOWLAND  
EXECUTIVE DIRECTOR  
NHPUC  
21 S. FRUIT ST, SUITE 10  
CONCORD NH 03301-2429
- b) Serve an electronic copy with each person identified on the Commission's service list and with the Office of Consumer Advocate.**
- c) Serve a written copy on each person on the service list not able to receive electronic mail.**