

STATE OF NEW HAMPSHIRE

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March 30, 2018

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

NHPUC 30MAR'18AM10:49

Re: DW 18-022: Pennichuck Water Works, Inc.  
2018 Petition for Qualified Capital Project Adjustment Charge  
Staff Recommendation of Procedural Schedule

Dear Ms. Howland,

On February 16, 2018, Pennichuck Water Works, Inc. ("PWW") filed its Qualified Capital Project Adjustment Charge ("QCPAC") petition for 2018. PWW's QCPAC mechanism was approved in Commission Order No. 26,070 (November 7, 2017) in DW 16-806 to provide rate recovery for the Company between general rate proceedings. On February 22, 2018, the Office of the Consumer Advocate filed a letter of participation in this proceeding.

The purpose of PWW's petition is three-fold: 1) to obtain approval for a QCPAC surcharge to be implemented during 2018 based on capital projects completed and placed in service during 2017<sup>1</sup>; 2) to obtain approval for the projects included in the Company's proposed 2018 capital budget<sup>2</sup>; and 3) to provide, for informational purposes only, the Company's forecasted capital projects and associated budgets for the years 2019 and 2020.<sup>3</sup>

Given that PWW's current QCPAC mechanism essentially replaces the Company's Water Infrastructure and Conservation Adjustment ("WICA") pilot program, Staff is recommending a procedural schedule in this case which is similar in nature to that of PWW's previous WICA filings, as follows:

<sup>1</sup> In its original petition, PWW projected a surcharge to customers of 1.62% based on an estimated interest rate of 5.0% on the debt service associated with its 2017 used and useful projects. This equates to an approximate \$0.87 increase in the monthly bills of average single family residential ratepayers. On March 28, 2018, PWW submitted an update to its 2018 QCPAC petition indicating that the actual interest rate associated with the proposed debt service for its 2017 projects is approximately 4.899%. As a result, PWW is now projecting a 1.60% QCPAC surcharge, which amounts to an \$0.86 monthly increase for average single family rate payers.

<sup>2</sup> PWW presented a proposed capital budget for 2018 of \$12,054,400.

<sup>3</sup> PWW's projected capital budgets for 2019 is \$12,002,800 and for 2020 is \$9,953,400.

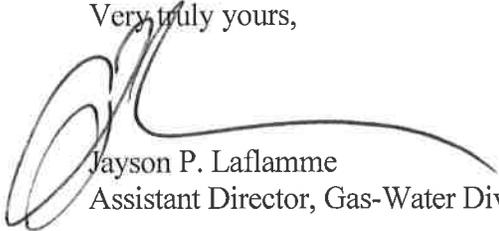
DW 18-022: Pennichuck Water Works, Inc.  
2018 Petition for Qualified Capital Project Adjustment Charge  
Staff Recommendation of Procedural Schedule - March 30, 2018

04/18/18	Set 1 Data Requests issued by Staff, OCA
05/02/18	Issuance of QCPAC Final Audit Report
05/02/18	Responses from Company to Set 1 Data Requests
05/16/18	Set 2 Data Requests issued by Staff, OCA
05/30/18	Responses from Company to Set 2 Data Requests
06/13/18	Set 3 Data Requests by Staff, OCA
06/27/18	Responses from Company to Set 3 Data Requests
07/11/18	Technical Session
07/18/18	Responses from Company to Technical Session DR's
08/08/18	Staff and OCA Recommendations filed with the Commission

Staff forwarded a copy of the above procedural schedule to both PWW and the OCA before filing this letter with the Commission. In response, PWW indicated its assent to the above proposed procedural schedule. Staff did not receive a response from the OCA.

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

Very truly yours,



Jayson P. Laflamme  
Assistant Director, Gas-Water Division

cc: Service List

**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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Docket #: 18-022-1 Printed: March 30, 2018

**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.**