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Please reply to: Concord Office

August 7, 2019

VIA HAND DELIVERY AND ELECTRONIC MAIL

Ms. Debra A. Howland, Executive Director
New Hampshire Public Utilities Commission
21 South Fruit Street, Suite 10
Concord, New Hampshire 03301-2429

**Re: 2019 Petition of Pennichuck Water Works, Inc. for
Qualified Capital Project Annual Adjustment Charge
DW 19-029**

Dear Ms. Howland:

Enclosed please find the original and six (6) copies of the Quarterly Capex Projects Update, for filing with the PUC. The following documents are attached:

Bates Page	Description
PWW 2019 QCPAC - 1	Schedule A - Modified Revenue Requirement per DW-16-806 Computation of QCPAC Surcharge 2/9/2019, 6/17/2019 Revised per Tech Session DR1 Revised per Staff email of 6/24/2019 Updated to reflect June 30, 2019 Update
PWW 2019 QCPAC - 2	2017 QCPAC Capital Expenditures 1/30/2018 Updated 6/25/2018 to reflect corrections associated with Staff Data Requests
PWW 2019 QCPAC - 4	2018 QCPAC Additions 2/9/2019
PWW 2019 QCPAC - 7	Projected 2019 QCPAC Capital Expenditures June 30, 2019 Update
PWW 2019 QCPAC - 8	Projected 2019 QCPAC Capital Expenditures 2/9/2019, Revised 6/17/19 to reflect Tech Session DR's
PWW 2019 QCPAC - 9	Projected 2020 QCPAC Capital Expenditures 2/9/2019, 6/17/2019 Revised per Tech Session DR1

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PWW 2019 QCPAC - 10	Projected 2021 QCPAC Capital Expenditures 2/9/2019, 6/17/2019 Revised per Tech Session DR1
PWW 2019 QCPAC - 11	Accrued Liabilities - Retainage Account #241350-20000-001

Please note that the original presented 2019 budget of \$14,808,170 has increased to \$17,439,228. The PWW Board will be amending the approved 2019 Capex Budget to reflect this new amount. The primary reasons for this increase in the 2019 capital budget are:

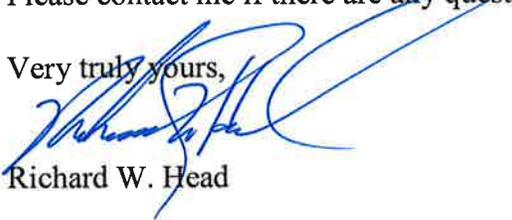
1. A \$1.1 million dollar increase in the projected cost of the Merrimack River Intake. This increase is primarily driven by design changes associated with final NHDES permit and higher than expected bids due to tight contractor market.
2. A \$0.5 million dollar increase in the filter replacement budget is due to a change from replacing 4 of the 12 filters to replacing 12 of the 12 filters. The total replacement of the filters is due to the recently promulgated PFAS regulations. PWW needs the additional carbon filters to insure compliance with the new standards.

The increase in the Lake Street project cost from \$990,000 to \$1,710,500 was driven by the large number of vertical conflicts with other utilities (gas, electric, sewer and storm drain) at intersections that were unknown until final design, the requirement BY THE City that the work on Lake Street be limited to between 8 am and 3 pm, the frequency in intersections and large number of conflicts required temporary main along the entire length of Lake Street (which required larger than anticipated temporary main to provide fire protection), the City's requirement that the pipe trench be paved at the end of each day and lastly the current bid environment means there are fewer bidders on projects resulting in higher bids.

The major changes are highlighted in yellow on the attached filing.

Please contact me if there are any questions about this filing.

Very truly yours,



Richard W. Head

RHW/mrp
Enclosures

Cc: Service list