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VIA ELECTRONIC DELIVERY

Debra A. Howland, Exec. Director  
N.H. Public Utilities Commission  
21 South Fruit Street, Suite 10  
Concord, NH 03301

Re: Docket No. DW 19-084  
Pennichuck Water Works, Inc. – Rate Proceeding  
Post Order Revenue Requirement and Rates Compliance Filing

Dear Director Howland:

Pursuant to the Commission's temporary electronic filing requirements and pursuant to Order No. 26,383 (July 24, 2020), Pennichuck Water Works, Inc. (PWW) is filing: (1) revised rate case schedules to reflect the debt service savings from the recent bond financing; (2) draft, track-change tariff pages which show the resulting customer rates; and (3) an updated Appendix 2, Attachment E. This attachment illustrated the impact of various rate changes to customer bills and presumed permanent rates would affect October bills. (See, Hearing Exhibit 9, page 53.)

As reported in Docket No. DW 20-055, the net result of the overall bond transaction is a net annual debt service savings in 2021 of \$826,153.74. To compare this savings to what was presented at hearing, Staff and the parties presented two revenue requirements: one, called Estimated, was based on a proforma bond issuance model with a total interest cost (TIC) of 3.67%; a second, called Maximum, was based on a proforma bond issuance model with a TIC of 4.67%. See Hearing Exhibit 9, pages 70, 73, and 76. The percent overall increase from these estimates ranged from 11.35% or 11.91%. See Exhibit 9, page 76. In comparison, the bond financing produced a TIC of 4.01%, and was issued as a hybrid offering including both serial bonds and term bonds with annual sinking fund payments, which translated into an overall increase of 11.85%, based upon the actual annual debt service savings in 2021 referenced above. This percentage is before applying the reduction for revenues PWW receives under the Qualified Capital Project Adjustment Charge program. The bond financing and savings has been incorporated into PWW's revised PART Puc 1604 rate case schedules, which are attached.

As noted in the settlement agreement (Exhibit 9, pages 52-53 and 91), Staff and the parties anticipated permanent rates to commence with October 1, 2020 bills which would have meant an effective date of September 1, 2020 because PWW bills monthly in arrears. Because of the timing of the closing on the bond and this compliance filing, PWW is proposing its tariffs be effective for service rendered as of October 1<sup>st</sup> such that the rate increase will affect November bills.

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With respect to the annual adjustments to municipal fire and other customer rate groups noted in the settlement agreement (Exhibit 9, pages 42-44, 89, and 90), PWW will, accordingly, file tariff pages no later than August 31<sup>st</sup> effectuating those annual changes in usage as of October 1<sup>st</sup> of the affected years.

Thank you in advance for your assistance with this filing and for the Commission's review of PWW's rate case schedules and associated tariffs. If you have any questions, please do not hesitate to contact me.

Very Truly Yours,



Marcia A. Brown

cc: Docket-Related Service List w/ Enclosures:

- Attachment 1: DLW-Exhibit 1
- Attachment 2a and 2b: Puc 1604.06 and Puc 1604.07 Filing Requirement Schedules (Redacted) (Confidential will be transmitted to the Commission, Staff, the OCA pursuant to the Commission's rules governing confidential materials. It will be transmitted to the City of Nashua pursuant to a signed non-disclosure agreement.)
- Attachment 3: Puc 1604.08 Rate of Return Schedules
- Attachment 4: Settlement Agreement Appendix 2, Attachment E
- Attachment 5: Draft, Track Change Tariffs