

STATEMENT OF THE SPECIAL CIRCUMSTANCES

1. The Town of Hudson (Hudson) is now Pennichuck Water Works, Inc.'s (Pennichuck) largest customer as it now takes in excess of 1.0 million gallons per day (MGD) which equates to at least 365,000,000 gallons per year. By comparison, PWW's next largest customer Anheuser-Busch, LLC used about 290,987,708 gallons of PWW water in 2021. Based on Hudson's guaranteed take of 1.0 MGD, this will result in Hudson's usage accounting for about 9.7% of PWW's total average daily usage (based on pumpage levels for 2021). PWW's five largest volumetric users: Town of Hudson, Anheuser Busch, Tyngsborough Water District, Pennichuck East Utility, and the Town of Milford are all existing special contract customers of PWW.
2. Hudson has its own infrastructure. Hudson has water storage tanks, which is beneficial to PWW, as it results in Hudson's usage being a level and steady demand, without troublesome hourly or daily peaks during seasonal peaking periods.
3. The Hudson rates were arrived at using a Cost of Service (COSS) which was conducted in accordance with the American Water Works Association's (AWWA) Water Rates Manual. Because the COSS was recently conducted, it is more reflective of the actual cost to serve Hudson as opposed to the tariffed rate that would otherwise apply, absent a special contract. The variable cost of producing water through the Nashua Water Treatment plant in 2021 was about \$0.55 per CCF (based on a complete carbon change out every two years, all chemicals and all power; power costs are based on 100% of water being pumped from the Merrimack River) versus the proposed Hudson Volumetric Charge of \$1.0012 per CCF (\$1.0737 with the QCPAC's applied from DW 20-20, DW 20-023 and DW 22-006). The proposed Hudson Volumetric Charge, along with the guaranteed annual purchase volume, ensures that Hudson pays a ratable share of PWW's administrative and general, water supply and distribution expenses.
4. As with other wholesale water customers, Hudson has other supply options. If PWW continued to charge Hudson based on the 2005 contract, the rates would not be competitive as compared to Hudson developing its own supply and PWW could lose Hudson as a customer. The loss of Hudson as a customer would result in its share of the fixed costs associated with PWW's water supply facilities having to be paid for by PWW's other general metered customers.
5. The service to be rendered under the proposed contract is for an initial two-year term followed by the ability to renew the contract in three more two-year increments. The contract is proposed to become effective July 1, 2021 to coincide with the approximate date the Town of Hudson changed its seasonal service to full-time and a guaranteed take and to achieve cost-based rates for the duration of the contract.
6. For the above reasons, Pennichuck believes "special circumstances exist which render such departure from the general schedules just and consistent with the public interest." RSA 378:18.

4/27/2022
Date

Donald L. Ware
Donald L. Ware, Chief Operating Officer
Pennichuck Water Works