

**STATE OF NEW HAMPSHIRE**  
**BEFORE THE**  
**PUBLIC UTILITIES COMMISSION**  
**Docket No. DW 22-\_\_\_\_\_**  
**PENNICHUCK WATER WORKS, INC.**

**PETITION FOR APPROVAL OF SPECIAL CONTRACT**  
**WITH TOWN OF MILFORD**

The Pennichuck Water Works, Inc. (PWW) requests Commission approval, pursuant to RSA 378:18, to deviate from its general tariff and enter into a special contract with the Town of Milford (Milford) for wholesale water supply. In support of this request, PWW offers the attached pre-filed testimony of Mr. Donald L. Ware and attachments and also states as follows:

**Parties and Current Contract**

1. PWW is a regulated public utility under RSA 362:2 and RSA 362:4. PWW is authorized by the Commission, under RSA 374:22 and 26, to provide water service in the City of Nashua and towns of Amherst, Bedford, Derry, Epping, Hollis, Merrimack, Milford, Newmarket, Plaistow, and Salem, New Hampshire as well as in Tyngsboro, Massachusetts at rates filed or approved under RSA Chapter 378. PWW also has, pursuant to RSA 378:18, Commission-approved special contracts with the Town of Hudson, Anheuser-Busch, LLC, Tyngsborough Water District, Pennichuck East Utility, Inc., and the Town of Milford.

2. Milford is a New Hampshire municipal corporation providing water service to its customers. Milford's letter of support is attached to Mr. Ware's testimony as Attachment DLW-

5.

3. The Commission approved a first special contract between PWW and the Town of Milford in 1988. See, *Pennichuck Water Works, Inc.*, Docket No. DR 87-167, Order No. 19,027 (1988). The contract enabled Milford to purchase water at wholesale rates from PWW for a term of 15 years, until March 2003. That contract was prompted by the New Hampshire Department of Environmental Services' requirement that Milford have a safe and reliable backup source of supply for its system which depended, at that time, upon a single well field consisting of two wells drawing water from a common groundwater regime. *Id.* PWW's water system supplies customers in a portion of Amherst and Milford and Milford's connection point is on the Amherst side of Milford. In 2003, the Commission continued PWW's assistance to Milford and approved a second contract for twenty (20) years, with two 10-year automatic renewals. See, *Pennichuck Water Works, Inc.*, Order No. 24,122 in Docket No. DW 02-157 (February 6, 2003). The 2003 contract is Attachment DLW-4 to Mr. Ware's testimony. This current contract contains two (2) automatic ten (10) year extensions, however, PWW and Milford both seek to have the 20-year contract terminate in February 2023 and enter into a new contract.

4. Both PWW and Milford have made investments in plant to support these special contracts, including lengths of main and booster station. For the proposed third special contract, attached to Mr. Ware's testimony as Attachment DLW-2, Milford will design, permit, and construct of a new booster station that will deliver water from PWW into Milford. The new pumping station will be located in Milford just over the Amherst-Milford line and will only benefit the Town of Milford. Milford will own, maintain, and operate the new booster station. PWW will purchase and provide a 4" turbine meter to the Town of Milford for installation in the new booster station. The meter being provided by PWW will be the meter that will measure the

volume and rate of water used by Milford. This meter will be the property of PWW and PWW will be responsible for reading the meter and testing its accuracy on a biannual basis.

5. The circumstances justifying the departure from PWW's filed tariff are described in Mr. Ware's testimony and in the statement of special circumstances (Attachment DLW-3) signed by PWW. In addition to the capital upgrades described above, Milford owns water storage facilities, which results in Milford's usage being steady without troublesome hourly or daily peaks during seasonal peaking periods. Milford also paid for the entire cost of constructing the water main and booster station that feeds water from Amherst into Milford. Milford has a two large wells with a combined capacity capable of providing 100% of Milford's water supply. PWW provides Milford with a second source of water supply in the event that Milford's one of its wells is not operations or the well field becomes contaminated resulting in the loss of both wells as a source of supply. These facts distinguish Milford from PWW's general metered customers. Overall, the terms of the contract will better match Milford's actual water use while ensuring PWW's full costs to provide the service are covered. In light of the better match and coverage of costs, PWW avers that the proposed Milford contract is a reasonable departure from PWW's tariffs that will be just and reasonable and in the public interest.

### **Proposed Contract**

6. Under the terms of the new, proposed contract, Milford will pay a Base Annual Fixed Fee of \$107,813 which will cover Milford's share of the City Bond Fixed Revenue Requirement, 1.0 Debt Service Revenue Requirement, and 0.1 Debt Service Revenue Requirement. Milford will pay a Volumetric Rate of \$1.6669 per hundred cubic feet (CCF), which is lower than its current volumetric rate. The Volumetric Rate ensures Milford pays its appropriate share of the variable cost to operate PWW's: (1) raw water facilities, (2) water

treatment facilities, (3) distribution system maintenance, and (4) administrative expenses.

Milford will pay a Monthly Fixed Meter Charge that reflects the cost of operating and maintaining the water meter serving Milford. As far as quantity of water supplied, Milford will purchase a minimum of 120,000 gallons per day (GPD). This usage is down from the current contract of 2 MGD. Milford will limit its annual Average Daily usage to 180,000 GPD and its Maximum Daily usage to 350,000 GPD. Milford will limit its Peak Hour usage to 900,000 GPD. Lastly, the proposed term is for an initial five-year term, followed by three (3) five-year automatic renewals.

### **Legal Authority and Factual Support for Approval of Proposed Contract**

7. Pursuant to RSA 378:14, no public utility “shall charge or receive a greater or different compensation for any service rendered to any person, firm, or corporation than the compensation fixed for such service by the schedules on file with the Commission and in effect at the time such service is rendered.” Pursuant to RSA 378:1, PWW’s tariff, terms and conditions of service, and rate schedules are on file with the Commission and set forth the rates and terms of service.

8. Pursuant to RSA 378:18, the Commission may deviate from RSA 374:14 and approve special rates for utility service if it finds that “special circumstances exist which render such departure from the general schedules just and consistent with the public interest...” RSA 378:18.

9. In support of the request to approve the proposed special contract, and as required by Puc 1606 and Puc 203.06, PWW has attached to this petition the pre-filed direct testimony of Mr. Donald L. Ware and attachments. Specifically, Attachment DLW-1 is the new Milford Cost of Service model that analyzed the rates needed to pay for PWW’s expenses associated with

supplying the revised GPD Milford will use; Attachment DLW-2 is the proposed special contract Wholesale Water Supply Contract reflecting the new rates and quantities, Attachment DLW-3 is the Statement of Special Circumstances as required by Puc 1606.02(b) that affirms that Milford's unique situation warrants a departure from PWW's general rate schedules, and Attachment DLW-4 is a copy of the current 2003 Special Contract which is included for historical reference.

10. Mr. Ware testified that PWW and its customers benefit from the proposed contract. Retaining Milford as a customer for the next 5 to 20 years provides PWW and its customers a guaranteed contribution to the fixed expenses associated with its water supply facilities as well as a contribution to PWW's General, Administrative, Water Supply and Distribution expense that will not change regardless of whether Milford is a customer or not. See Mr. Ware's testimony at page 16.

11. The proposed contract is also consistent with the public interest because it continues a legislative policy encouraging regional cooperation among water systems. See 2000 N.H. Laws Ch. 64 and 2002 N.H. Laws Ch. 141:7. PWW's provision of water supply to Milford in 1998 began in response to contamination of Milford's water supply well. The 2003 and proposed special contracts function as continued support for Milford's water supply needs.

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WHEREFORE, PWW respectfully requests the Commission:

A. Approve the proposed special contract between Pennichuck Water Works, Inc. and Town of Milford, on or before the last day of the current special contract, which is February 5, 2023; and

B. Grant such other and further relief as may be just and reasonable.

Respectfully submitted,

PENNICHUCK WATER WORKS, INC.

By its Attorney,

Date: October 21, 2022

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Certificate of Service

I hereby certify that a copy of the foregoing petition and supporting materials have been emailed this day to the Department of Energy and the Office of the Consumer Advocate.

Date: October 21, 2022

Marcia A. Brown  
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