

DW 01-081

PENNICHUCK WATER WORKS, INC.

Petition for Permanent and Temporary Rate Increase

**Order Scheduling Prehearing Conference and Temporary Rate Hearing and
Suspending Proposed Tariffs**

O R D E R N O. 23,736

June 29, 2001

Pennichuck Water Works, Inc. (Pennichuck or the Petitioner) filed with the New Hampshire Public Utilities Commission (Commission), on April 17, 2001, a notice of intent to file rate schedules and on June 8, 2001, filed a petition for an increase in permanent rates resulting from an overall increase in annual revenues of \$2,506,131 which represents a 20.09% increase to be effective on July 8, 2001 (Petition). The Petition was accompanied by testimony from Maurice L. Arel, Stephen J. Densberger, Charles J. Staab, Henry G. Mulle, Bonalyn J. Hartley and Donald L. Ware. Also filed that date was a Petition for Temporary Rates in the amount of \$1,137,610 or 9.12% over current rates.

Pennichuck serves the southern New Hampshire area, operating a core system that serves Nashua, Amherst, Merrimack, Londonderry, Litchfield, and portions of Milford, Hollis and Bedford, as well as a number of independent community systems serving portions of Epping, Derry, Bedford, Milford, Plaistow, Newmarket, Hooksett, Salem, Sandown, Atkinson, Pittsfield, and Raymond.

Pennichuck asserts that the increase in revenues is required because it is not earning a return adequate to cover its cost of capital or a reasonable return on the actual cost of its property used and useful in the public service. The Petitioner contends that its overall rate of return was 7.08% for the test year ending December 31, 2000 which is 126 basis points below the Petitioner's currently allowed rate of return. Other factors leading to the rate increase include rate base additions, labor increases and operation and maintenance increases.

Other issues raised include, inter alia, the Petitioner's proposed return on equity, a cost of service study to be submitted by Pennichuck upon completion of the study, the Petitioner's request to include rate base additions subsequent to the test year and the Petitioner's request to include in this proceeding a step increase to allow the inclusion of future rate base additions.

Based on the foregoing, it is hereby

ORDERED, that Pennichuck Water Works' NHPUC NO. 5 WATER Fourth Revised Page 39 and Fourth Revised Page 40 be and hereby are suspended, and it is

FURTHER ORDERED, that a Prehearing Conference, pursuant to N.H. Admin. Rules Puc 203.05, be held before the New Hampshire Public Utilities Commission located at 8 Old Suncook Road, Concord, New Hampshire on July 12, 2001, at 10:00 a.m. at which each party and

Commission Staff will provide a preliminary summary of its positions with regard to the Petition; and it is

FURTHER ORDERED, that, immediately following the Prehearing Conference, Pennichuck, Commission Staff and Intervenors hold a First Technical Session to review the noticed issues; and it is

FURTHER ORDERED, that pursuant to N.H. Admin. Rules Puc 203.01, Pennichuck notify all persons desiring to be heard at this hearing by publishing a copy of this Order of Notice no later than July 3, 2001, in the *Nashua Telegraph* and in a statewide newspaper of general circulation, publication to be documented by affidavit filed with the Commission on or before July 12, 2001; and it is

FURTHER ORDERED, that pursuant to N.H. Admin. Rules Puc 203.02, any party seeking to intervene in the proceeding shall submit to the Commission an original and eight copies of a Petition to Intervene with copies sent to Pennichuck and the Office of the Consumer Advocate on or before July 9, 2001, such Petition stating the facts demonstrating how its rights, duties, privileges, immunities or other substantial interests may be affected by the proceeding, as required by N.H. Admin. Rule Puc 203.02 (a)(2); and it is

FURTHER ORDERED, that any party objecting to a Petition to

Intervene make said Objection on or before July 12, 2001 and it is

FURTHER ORDERED, that Staff and Interveners may file testimony on Pennichuck's temporary rate request no later than July 24, 2001, and that a hearing on the request for temporary rates will be held on July 31, 2001 at 10:00 a.m.; and it is

FURTHER ORDERED, that in addition to the legal notice required above for the Prehearing Conference, Pennichuck shall publish by July 24, 2001, a display advertisement pertaining to the Temporary Rate Hearing, details of which shall be determined in consultation between Pennichuck and the Executive Director and Secretary.

By order of the Public Utilities Commission of New
Hampshire this twenty-ninth day of June, 2001.

Douglas L. Patch
Chairman

Susan S. Geiger
Commissioner

Nancy Brockway
Commissioner

Attested by:

Thomas B. Getz
Executive Director and Secretary

Any individuals needing assistance or auxiliary communication aids due to sensory impairment or other disability, should contact the American with Disabilities Act Coordinator, NHPUC, 8 Old Suncook Road, Concord, New Hampshire 03301-7319; 603-271-2431; TDD Access: Relay N.H. 1-800-735-2964. Preferably, notification of the need for assistance should be made one week before the scheduled event.