

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DW 14-174

PENNICHUCK EAST UTILITY, INC.

Request to Expand Franchise in the Town of Hooksett

Order *Nisi* Granting Request

ORDER NO. 25,708

August 27, 2014

In this order, the Commission approves the expansion of PEU's franchise to include two rest areas within the Hooksett Village Water Precinct, located along Interstate 93 in the Town of Hooksett.

I. BACKGROUND

Pennichuck East Utility, Inc. (PEU), is a regulated public utility pursuant to RSA 362:2 and RSA 362:4 and provides water service to over 7,000 customers in 18 towns in southern New Hampshire. PEU has provided service in the Town of Hooksett since 2000. *See Pennichuck East Utility, Inc.*, Order No. 23,456 (May 2, 2000). On June 20, 2014, PEU filed a petition to expand its existing franchise to serve two rest areas along Interstate 93. The rest areas are adjacent to PEU's Hooksett franchise. The Hooksett Village Water Precinct (HVWP) currently serves the rest areas, which are lots 1 and 118 on Hooksett Tax Map 5, but seeks to transfer that responsibility to PEU.

The rest areas are owned by the State of New Hampshire. *See* Petition Attachment A. Lot 118 abuts PEU's Hooksett franchise along the southbound side of Interstate 93. Lot 1 is on the northbound side of Interstate 93. The lots are served by a 6" water main that runs under Interstate 93. PEU has owned this main since November 2005. If the Commission approves

PEU's franchise request, the responsibilities of providing water to the area will be simplified. Instead of HVWP providing water to the rest areas through PEU's water main, HVWP will deliver water to a newly-constructed meter pit located on Route 3A, near Lot 1. PEU will then provide water to the rest areas, as well as to its existing franchise. HVWP's corporate boundaries will remain unchanged.

Granite State Hospitality, LLC d/b/a The Common Man Hooksett (Granite State Hospitality), is redeveloping the rest areas pursuant to a 35-year lease agreement with the New Hampshire Department of Transportation (NHDOT). *See* Petition Attachment E. The redevelopment, expected to be complete by April, 2015, will include a full service visitor center with dining, convenience shopping, state liquor and wine outlet, and fuel sales. As part of the redevelopment, Granite State Hospitality relocated portions of the 6" water main. This work was done in accordance with PEU's technical specifications and pursuant to a Main Extension Agreement between Granite State Hospitality and PEU. *See* Petition Attachment L. PEU will continue to own the main, including the relocated portions.

In support of its franchise request, PEU also provided Petition Attachment F (minutes of HVWP's vote to supply PEU with water for the rest areas), Attachment G (HVWP's letter of support), Attachment H (legal opinion on HVWP's authority to serve through a third party), Attachment I (Granite State Hospitality's request for service), Attachments J and K (Letters of support from NHDOT and the New Hampshire Liquor Commission).

PEU proposes to charge its existing consolidated General Service - Metered (G-M) and Private Fire Protection Service (FM - NM) rates in the proposed franchise area. The New Hampshire Liquor Commission will be metered and billed separately from Granite State

Hospitality for its water usage. PEU projects Granite State Hospitality and the Liquor Commission's daily demand to be approximately 12,000 gallons per day.

On July 30, 2014, Commission Staff recommended that the Commission approve PEU's petition. Staff opined that PEU has the requisite technical, managerial, and financial capability to operate a water utility in the proposed franchise area. Staff noted that HVWP supports the franchise request and that PEU successfully operates water systems in southern New Hampshire, including Hooksett.

On August 22, 2014, Staff filed a letter from the Department of Environmental Services (DES). The DES opined that the PEU water system met the suitability and availability criteria of RSA 374:22 to expand to the Hooksett rest areas.

The petition and subsequent docket filings, other than any information for which confidential treatment is requested of or granted by the Commission, are posted to the Commission's website at <http://www.puc.nh.gov/Regulatory/Docketbk/2014/14-174.html>.

II. COMMISSION ANALYSIS

The Commission's review of PEU's petition is guided by the following authorities. Pursuant to RSA 374:22, "[n]o person or business entity shall commence business as a public utility within this state ... without first having obtained the permission and approval of the commission." The Commission will grant a request for franchise authority upon a finding that it is for the public good pursuant to RSA 374:26. In determining whether a franchise is for the public good, the Commission assesses the managerial, technical, and financial abilities of the petitioner. *See Southern New Hampshire Water Co., Inc.*, Order No. 19,487, 74 NH PUC 262,

263 (1989). Pursuant to RSA 378:5 and RSA 378:7, the Commission is authorized to investigate whether rates, fares, charges, or prices a utility proposes to put into force are just and reasonable.

The Commission finds that PEU's request to provide water service to the Hooksett rest areas is for the public good. PEU will continue to own and maintain the water main that will provide service to the rest areas. PEU will continue to receive water supply for its franchise from the HVWP. That supply will now come through a meter pit located on Route 3A. PEU has confirmed that relocation of the 6" main and meter pit comply with its technical specifications. PEU has secured sufficient water to meet expected demand.

The Commission is familiar with PEU's operations because it already provides water service to approximately 7,000 customers in eighteen towns in southern New Hampshire, including Hooksett. PEU has demonstrated sound financial planning by periodically taking advantage of low-cost financing through the State Revolving Loan fund to install pump stations and address leakage by replacing water mains. *See Pennichuck East Utility, Inc.*, Order No. 25,541 (July 9, 2013); *Pennichuck East Utility, Inc.*, Order No. 25,339 (March 29, 2012); *Pennichuck East Utility, Inc.*, Order No. 25,248 (July 7, 2011). PEU has regularly filed petitions for rate increases, which demonstrate its ability to ensure it earns a revenue requirement sufficient to cover its expenses and capital investments. *See Pennichuck East Utility, Inc.*, Order No. 25,007 (August 13, 2009); *Pennichuck East Utility, Inc.*, Order No. 24,840 (April 4, 2008); *Pennichuck East Utility, Inc.*, Order No. 24,591 (February 24, 2006). Based on the above, the Commission finds that PEU has the requisite managerial, technical, financial, and legal expertise to operate a regulated water utility and to provide service in the requested franchise area.

We next consider RSA 374:22, III, which states that no water company shall obtain the permission or approval of the Commission to operate as a public utility without first satisfying any requirements of the DES concerning the suitability and availability of water. The DES has opined that the franchise expansion satisfies these criteria. According to the filing, PEU anticipates the proposed franchise area will increase water demand by approximately 12,000 gallons per day. PEU has made arrangements to obtain water supply from the HVWP through a meter pit on Route 3A. HVWP has committed to continuing to supply PEU with water. *See* Petition Attachment F. The Commission therefore finds that PEU satisfies the suitability and availability requirements of RSA 374:22, III.

The Commission approved PEU's new rates on July 25, 2014. Since PEU's tariff rates are consolidated rates for all its services areas, we see no reason to deviate from those rates in the instant case. Accordingly, we find that the rates are just and reasonable for application in the new franchise areas and we will authorize PEU to charge its General Service - Metered (G-M) and Private Fire Protection Service (FM - NM) rates.

PEU did not request a specific date by which to implement rates. The Commission authorizes PEU to charge its consolidated rates on a service-rendered basis as of the effective date of this order, pursuant to N.H. Code Admin. Rules Puc 1203.05.

RSA 374:26 authorizes the Commission to grant requests for franchise authority without a hearing "when all interested parties are in agreement." Here, Staff, PEU, the HVWP, the State of NH DOT, and Granite State Hospitality are in agreement that PEU should assume the franchise responsibilities for the rest areas presently served by the HVWP. While the Commission is not aware of any parties that are opposed to PEU's petition, the Commission

approves the petition on a *nisi* basis with a delayed effective date, to ensure that all interested parties receive notice of the proposed franchise and rates, and have an opportunity to request a hearing.

Based upon the foregoing, it is hereby

ORDERED *NISI*, PEU's request to provide regulated water service in Hooksett in the proposed franchise areas described above, is granted; and it is

FURTHER ORDERED, that PEU is authorized to charge its Commission-approved tariff rates described above in the new franchise area, on a service-rendered basis; and it is

FURTHER ORDERED, that PEU shall cause a copy of this Order *Nisi* to be mailed by first class mail to the Hooksett Town Clerk, as well as cause a summary of this Order *Nisi* to be published once in a statewide newspaper of general circulation, or of circulation in those portions of the state where operations are conducted, such publication to be no later than September 5, 2014 and to be documented by affidavit filed with this office on or before September 26, 2014; and it is

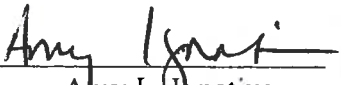
FURTHER ORDERED, that all persons interested in responding to this Order *Nisi* be notified that they may submit their comments or file a written request for a hearing which states the reason and basis for a hearing no later than September 12, 2014 for the Commission's consideration; and it is

FURTHER ORDERED, that any party interested in responding to such comments or request for hearing shall do so no later than September 19, 2014; and it is


FURTHER ORDERED, that this Order *Nisi* shall be effective September 26, 2014, unless PEU fails to satisfy the publication obligation set forth above or the Commission provides otherwise in a supplemental order issued prior to the effective date; and it is

FURTHER ORDERED, that PEU shall file a compliance tariff within fourteen days from the effective date of this order in accordance with N.H. Code Admin. Rules Puc 1603.02(b).


By order of the Public Utilities Commission of New Hampshire this twenty-seventh day of day of August, 2014.



Amy L. Ignatius
Chairman

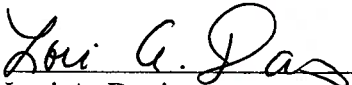


Robert R. Scott
Commissioner



Martin P. Honigberg
Commissioner

Attested by:



Lori A. Davis
Assistant Secretary