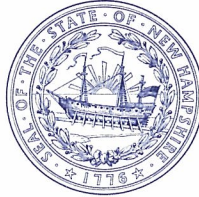


THE STATE OF NEW HAMPSHIRE

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EXECUTIVE DIRECTOR  
AND SECRETARY  
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**PUBLIC UTILITIES COMMISSION**  
21 S. Fruit Street, Suite 10  
Concord, N.H. 03301-2429

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FAX (603) 271-3878

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1-800-735-2964

Website:  
[www.puc.nh.gov](http://www.puc.nh.gov)

May 14, 2010

Ms. Debra A. Howland, Executive Director  
New Hampshire Public Utilities Commission  
21 South Fruit Street, Suite 10  
Concord, New Hampshire 03301



Re: DW 10-105, Pennichuck Water Works, Inc.  
Petition for Authority to Issue up to \$1,600,000 of Long-Term Debt

Dear Ms. Howland:

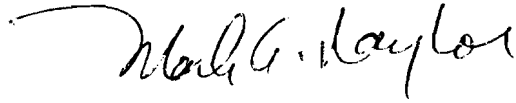
Staff is writing as a follow-up to our letter filed with the Commission on May 10, 2010 in this docket. We inadvertently omitted from that recommendation letter our analysis of the potential rate impact of the proposed financing being sought in this docket.

The request of Pennichuck Water Works, Inc. (PWW) in this docket is for approval of borrowing in an amount up to \$1,600,000. PWW estimates the cost of the project to be \$1,218,000 but has requested State Revolving Funds up to \$1,600,000 should the project costs be higher. Staff has calculated that the potential rate impact of this project would be about 1.1%, based on a project cost of \$1,218,000. Factoring in the cost of the SRF debt to PWW's overall rate of return as established in the company's last rate case DW 08-073, adding incremental operating expenses, depreciation, and taxes, the additional revenue that would result would be approximately \$254,000, or about 1.1% over the revenue requirement established in DW 08-073.

If you have any questions with regard to this matter, please do not hesitate to contact me.

May 14, 2010  
Page 2

Sincerely,

A handwritten signature in black ink, reading "Mark A. Naylor". The signature is fluid and cursive, with a long horizontal stroke extending from the "M" across the top of the name.

Mark A. Naylor  
Director, Gas & Water Division

cc:           Service List

SARAH KNOWLTON  
MCLANE GRAF RAULERSON & MIDD  
PO BOX 459  
PORTSMOUTH NH 03801

Docket #: 10-105      Printed: May 14, 2010

**FILING INSTRUCTIONS:**    **PURSUANT TO N.H. ADMIN RULE PUC 203.02(a),**  
**WITH THE EXCEPTION OF DISCOVERY, FILE 7 COPIES (INCLUDING COVER LETTER) TO:**  
DEBRA A HOWLAND  
EXEC DIRECTOR & SECRETARY  
NHPUC  
21 SOUTH FRUIT STREET, SUITE 10  
CONCORD NH 03301-2429

**PURSUANT TO N.H. ADMIN RULE 203.09 (d), FILE DISCOVERY**

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**RATHER THAN WITH THE EXECUTIVE DIRECTOR**

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