

STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITIES COMMISSION

RE: PENNICHUCK EAST UTILITY, INC.

DOCKET NO. DW 05-072

PETITION FOR TEMPORARY RATES

Pennichuck East Utility, Inc. (the "Company"), pursuant to RSA 378:27, petitions the New Hampshire Public Utilities Commission (the "Commission"), to fix, determine and prescribe, effective with service rendered on or after June 1, 2005, reasonable temporary rates pending the Commission's final decision on the Company's request for permanent rate relief in this docket. In support thereof, the Company states as follows:

1. On April 8, 2005, in accordance with Puc Rule 1604.05, the Company filed a Notice of Intent to file Rate Schedules with the Commission and the New Hampshire Attorney General.
2. Contemporaneous with this Petition for Temporary Rates, the Company is filing revised tariff pages to Tariff NHPUC No. 1 – Water, proposing an increase in the Company's permanent rates. If approved, such rates will produce additional annual gross operating revenue of \$779,027. This request represents an overall increase of 24.99% over the Company's operating revenues for the test year ending December 31, 2004, for a total revenue requirement of \$3,116,056.
3. The Commission currently allows the Company to earn an overall rate of return of 8.30%, based on a 11.0% return on equity See Order No. 22,792, dated November 21, 1997.

4. The Company did not earn its allowed rate of return during the test year. As of December 31, 2004, the Company's overall rate of return was 4.12% or 418 basis points below the currently allowed rate of 8.30%.

5. The Company's rate of return during the test year was substantially below its allowed rate of return, resulting from the following, among other things: (i) the investment required for compliance with the Federal Safe Drinking Water Act and other regulatory requirements; (ii) capital improvements necessitated by the infrastructure of the Company's system; and (iii) the increasing operating costs for items such as insurance, chemicals, energy, purchased water, Public Utilities Tax Assessment and property taxes.

6. Unless temporary and, ultimately, permanent rate relief is granted, the Company will not earn a reasonable rate of return on the cost of its property used and useful in the public service. The continuation of current rates will result in the confiscation of the Company's property.

7. The reports on file with the Commission and supporting documentation filed in connection with the Company's permanent rate request and with this Petition demonstrate that the Company is earning substantially below its allowed rate of return. The Company therefore requests that the Commission order a temporary rate increase, applied to all customers in order to generate an increase of \$381,565 or 12.25% in operating revenues annually.

8. The temporary rates proposed herein are just and reasonable, and therefore should be granted.

9. The Company seeks to implement these temporary rates on a service rendered basis beginning June 1, 2005.

WHEREFORE, the Company respectfully requests that the Commission:

A. Grant this Petition for Temporary Rates, allowing the Company an increase in the amount of \$381,565 in annual operating revenue to be effective on June 1, 2005 on a service rendered basis;

B. Order such temporary rates to remain in effect until a determination of the Company's request for a permanent rate increase; and

C. Grant such other relief as is just and equitable.

Respectfully submitted,

Pennichuck East Utility, Inc.

By Its Attorneys

MCLANE, GRAF, RAULERSON &
MIDDLETON, P.A.

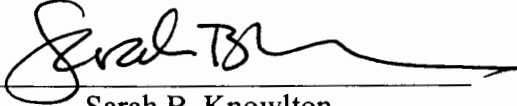
Dated: May 20, 2005

By: 

Steven V. Camerino, Esq.
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Certificate of Service

I hereby certify that a copy of this Petition for Temporary Rates has been sent via first class mail, postage prepaid, to F. Anne Ross, Esq. this 20th day of May, 2005.


Sarah B. Knowlton