

**STATE OF NEW HAMPSHIRE
BEFORE THE
NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION**

RE: PENNICHUCK WATER WORKS, INC.

DW 12-359

**2012 WATER INFRASTRUCTURE
AND CONSERVATION ADJUSTMENT FILING**

SUPPLEMENTAL DIRECT TESTIMONY

OF

DONALD L. WARE

February 5, 2013

1 **Q. What is your name and what is your position with Pennichuck Water Works,**
2 **Inc. (the “Company”)?**

3 A. My name is Donald L. Ware. I am the Chief Operating Officer of the Company.

4 **Q. Have you previously submitted prefiled testimony in this Docket?**

5 A. Yes, I have. I submitted testimony that accompanied the Company’s Petition
6 dated December 19, 2012.

7 **Q. Do you have additional information that you wish to bring to the attention of**
8 **the Commission?**

9 A. Yes. My testimony detailed the Company’s filing relating to the Water
10 Infrastructure and Conservation Adjustment (“WICA”) mechanism established by
11 Order No. 25,230 in Docket DW 10-091. On page 8 of my testimony,
12 commencing on line 8, I testified that the Company was proposing to include a
13 25% contingency as a part of the 2013 improvements for which approval was
14 sought. This contingency was necessitated by the fact that the Company at that
15 time did not have from the City of Nashua (the “City”) the list of streets planned for
16 sewer and storm drain replacement work during the latter part of 2013. The
17 Company received that list in early January and has now been able to budget
18 accompanying water infrastructure work. The Company proposes to revise the list
19 of budgeted projects based on this new information and eliminate the contingency
20 portion of its request. The new list of 2013 projects for which approval is sought is
21 set forth on Revised Attachment B, Page 1 of 3, attached to this supplemental
22 testimony. Please note that I highlighted the new streets that the City added on
23 Revised Attachment B, Page 1 of 3. It should also be noted that I did not

1 complete the rating assessment for the highlighted streets due to time constraints
2 as well as the fact that the coordination with City projects provided the overriding
3 assessment rating. The total estimated investment in new projects increases from
4 \$2,251,357 (including the contingency) to \$2,624,102.

5 **Q. What is the impact of these changes on the estimated WICA surcharge for**
6 **which approval will be sought in 2014?**

7 A. The revised WICA charge calculations are set forth in the revised Attachment C to
8 this testimony. The estimated surcharge increases from 0.85% to 1.02%. For a
9 typical residential customer using 7.88 CCF per year, the estimated surcharge
10 would increase from \$0.40 per month to \$0.47 per month.

11 **Q. Do you have anything further that you wish to add?**

12 A. Yes. In my testimony, the Company had calculated what the estimated surcharge
13 would have been using the Company's cost of capital prior to the acquisition of
14 Pennichuck Corporation by the City. To complete this update, if one applies the
15 pre-acquisition capital structure to the new investment amount, the WICA
16 surcharge would have been 1.54%, or \$0.71 per month for the typical residential
17 customer rather than the 1.02% and \$.047 per month estimated using the post-
18 acquisition capital structure.

19 **Q. Does this complete your supplemental testimony?**

20 A. Yes, it does.