

Attachment A -
sample customer notification



25 Manchester Street PO Box 1947 Merrimack, NH 03054-1947

603/882-5191, 800/553-5191

Fax 603/913-2362

ATTACHMENT A

Personal Customer information redacted

www.pennichuck.com

customer-service@pennichuck.com

FOR SERVICE AT

ROUTE NUMBER

ACCOUNT NUMBER

NASHUA NH

Pennichuck Water

METER NUMBER

FROM

TO

DAYS

PREVIOUS READING

PRESENT READING

CONSUMPTION

NEXT READ DATE

10/23

11/27

35

174

176

2

12/25/2017

Note Please go to www.pennichuck.com/CCR-A0.pdf to view your 2016 annual water quality report and learn about your drinking water. This report contains important information about the source and quality of your drinking water. If you would like a paper copy of the 2017 Annual Water Quality Report mailed to your home, please call our customer service department at 800-553-5191.

Previous Balance	150.41
Payment Since Last Bill	0.00
Adjustment Since Last Bill	0.00
Balance Before Current Charges	150.41

New Charges - ACTUAL READ

PWW WATER CONSUMPTION 2 CCF	7.05
15 Days at \$0.2264 per day	
15 Days at \$0.2438 per day	
PWW MTHLY MTR 5/8"	21.78
15 Days at \$0.6996 per day	
15 Days at \$0.7526 per day	

Current Charges 28.83

New Balance 179.24

CURRENT CHARGES ARE DUE BY 01/01/2018

PENNICHUCK WILL BE SUBMITTING A REQUEST TO THE NHPUC FOR APPROVAL TO IMPLEMENT A QCPAC SURCHARGE IN FEBRUARY OF 2018. PLEASE VISIT WWW.PENNICHUCK.COM FOR MORE INFORMATION.

The 2017 Annual Water Quality Report is now available on-line at www.pennichuck.com/CCR-A0.pdfPLEASE DETACH HERE
AND RETURN LOWER
PORTION WITH YOUR
PAYMENT.

ACCOUNT NUMBER	DIVISION	ROUTE NUMBER	BILL DATE	DUE DATE	TOTAL DUE
	NASHUA		12/07/2017	01/01/2018	179.24



25 Manchester Street PO Box 1947 Merrimack, NH 03054-1947

PLEASE DO NOT FOLD OR STAPLE

ACCOUNT NUMBER	DIVISION	BILL DATE	PAY ON OR BEFORE	TOTAL DUE
	NASHUA	12/07/2017	01/01/2018	179.24

AMOUNT ENCLOSED

FOR SERVICE AT:

☐ The 2017 Annual Water Report is available electronically at the url indicated above however, if you would prefer a paper copy mailed to your home, please check this box.

PLEASE CHECK HERE IF YOU ARE
ENROLLING IN DIRECT PAYMENT
AND FILL OUT APPLICATION ON
OTHER SIDE



PWW0035

PLEASE CROSS OUT INCORRECT INFORMATION AND WRITE IN ANY CHANGES TO ADDRESS OR NAME ABOVE

Attachment B QCPAC
Tariff Pages

1. Fifth Revised page 48
2. Fifth Revised page 49
3. Fifth Revised page 50
4. Fourth Revised page 51

ATTACHMENT B – DRAFT QCPAC TARIFF LANGUAGE

NHPUC NO. 6 Water

Fifth Revised Page 48

PENNICHUCK WATER WORKS, INC.

Superseding Fourth Revised Page 48

QUALIFIED CAPITAL PROJECT ADJUSTMENT CHARGE

In addition to the net charges provided for in this Tariff, a Qualified Capital Project Adjustment Charge ("QCPAC") surcharge of x.xx% will apply to all bills issued on or after March 21, 2018.

I. General Description

Purpose: To recover the fixed costs (1.1 time principal and interest and property taxes) of Commission-approved capital expenditures needed to operate maintain, insure regulatory compliance and to replace aging infrastructure which were completed and placed in service and to be recorded in the individual accounts, as noted below, between base rate cases. In addition, QCPAC provides the Company with the resources to complete essential asset replacement for infrastructure for the purpose of improving or protecting water quality and the reliability of service and to comply with evolving regulatory requirements imposed by the Safe Drinking Water Act.

QCPAC Eligible Property will encompass all Assets acquired by the Company as part of its annual capital improvements plan. Any regulatory asset that is recovered through an amortization expense is not eligible for QCPAC treatment.

Computation of the QCPAC

The charge effective for all bills issued on or after March 21, 2018 will be calculated to recover the fixed costs of eligible plant additions not previously reflected in the Company's rate base and placed in service between January 1, 2017 and December 31, 2017. Thereafter, the QCPAC will be updated on an annual basis to reflect eligible plant additions placed in service during the prior calendar year. Thus, changes in the QCPAC surcharge percentage will occur as follows:

<u>Effective Date of QCPAC Change</u>	<u>Date To Which QCPAC Eligible Plant Additions Reflected</u>
March 21, 2018	December 31, 2018

The QCPAC will be applied to all bills rendered after March 21, 2018. The QCPAC will be applied uniformly to all customer classes and charges with the exception that the QCPAC will not be applied against the monthly fixed contract charges associated with Anheuser-Busch, Town of Milford and Town of Hudson special contracts.

Issued: September 21, 2018

Issued by: _____

Effective: March 21, 2018

Name: Donald L. Ware

Title: Chief Operating Officer

PWW0037

The fixed costs of eligible infrastructure system improvement projects will consist of principal and interest payments and property taxes calculated as follows:

Principal and Interest: The principal and interest expense will be based on the annual principal and interest associated with the Bond sold on or about March 21, 2018 to pay for the QCPAC qualified projects that were completed and used in useful by December 31, 2017. The Bond Principal and interest of the Bond will be multiplied by 1.1 to determine this portion of the QCPAC surcharge. The revenues collected via the QCPAC surcharge shall be divided into two revenue streams with the revenues associated with 1.0 times the QCPAC principal and interest being part of the Company's Debt Service Revenue Requirement ("DSRR") and the revenues associated with 0.1 times the QCPAC principal and interest being part of the Company's 0.1 Debt Service Revenue Requirement ("0.1 DSRR").

Property Taxes: For the first year that a QCPAC for any particular project is in effect, the property tax expense will reflect an estimate of the tax expense for such projects based on the tax rate then in effect times the year ending net book value of the eligible QCPAC infrastructure improvement projects. If such property taxes will be due for only a portion of the calendar year, then the QCPAC for the first year shall reflect only the property taxes projected to be paid. For the second and subsequent years that a QCPAC for those projects is in effect, the QCPAC shall be determined using the property tax rate in effect at the end of the most recent year completed (the "tax rate"), and shall be applied to the cumulative year ending net book value of all eligible QCPAC projects included from the first year thru the end of the current year.

QCPAC Surcharge Amount: The charge will be expressed as a percentage carried to two decimal places and will be applied to the effective portion of the total amount billed to each customer under the Company's otherwise applicable rates and charges.

The QCPAC Surcharge Amount approved by the Commission will be recouped back to the effective date of this tariff. The recoupment will be calculated based on actual charges incurred between the effective date of this tariff and the issued date of this tariff and shall be collected as a lump sum on the first bill rendered after the issuance date of this tariff.

Issued: September 21, 2018
Effective: March 21m 2018

Issued by: _____
Name: Donald L. Ware
Title: Chief Operating Officer

Formula: The formula for calculation of the QCPAC surcharge is as follows:

$$\text{QCPAC} = \frac{1.1 \times (\text{AP} + \text{AI}) + \text{PT}}{\text{BRWR}}$$

Where:

AP = the annual principal payments associated with the bonds issued to fund QCPAC eligible projects that were used and useful before the end of the preceding year.

AI = the annual interest payments associated with the bonds issued to fund QCPAC eligible projects that were used and useful before the end of the preceding year the pre-tax return rate applicable to eligible infrastructure system improvement projects.

PT = annual property taxes related to eligible infrastructure system improvement projects.

BRWR= base retail water revenues as approved by the Commission in the Company's last rate proceeding, DW 16-806, or a subsequent docket.

Annual updates: Supporting data for each annual update will be filed with the Commission and the Office of Consumer Advocate no later than the end of the first full week in February of each year.

Audits: The QCPAC will be subject to audit prior to the determination by the Commission.

New Base Rates: The QCPAC charge will be reset at zero as of the effective date of new base rates that provide for prospective recovery of the annual costs that had theretofore been recovered under the QCPAC. Thereafter, only the fixed costs of new eligible plant additions that have not previously been reflected in the Company's rate base would be reflected in the annual updates of the QCPAC.

Issued: September 21, 2018

Effective: March 21, 2018

Issued by: _____

Name: Donald L. Ware

Title: Chief Operating Officer

Customer Notice: At least thirty (30) days in advance of a QCPAC filing, the Company will notify Customers of the filing by including an explanatory bill insert with the bills. Customers shall also be notified of changes in the QCPAC by including appropriate information with the first bill they receive following any change.

Notice of Project Substitution: If, after the Company has received Commission approval for Year 1 QCPAC projects, because of changed circumstances or significant new information the Company plans to undertake projects in Year 1 that were not included on the list of approved QCPAC projects for that year or it has decided not to proceed with one or more projects that were included on the Commission-approved list, it shall notify the Commission and all parties to the proceeding in which the list of QCPAC projects was approved that the Company plans to add to or delete projects and the reason for the proposed changes, in accordance with the following schedule. The Company will submit updates for approved QCPAC projects for that year, based upon information known on a year-to-date basis, from the beginning of the year through the following effective dates, on the associated reporting dates:

Effective Date

June 30
September 30
November 30

Reporting Date

July 15
October 15
January 15

Issued: September 21, 2018
Effective: March 21, 2018

Issued by: _____
Name: Donald L. Ware
Title: Chief Operating Officer

Attachment C
screen shot of PWW's website describing the
pending QCPAC filing

Home

My Water System

About Us

General Information for Our Water Customers

Payment Options

Rate Information

Qualified Capital Project Adjustment Charge (QCPAC)

Frequently Asked Questions

Customer Security

New Customer Process

Switch to Ebill

Property Transfers

Watertight Protection Plan

Cross Connection Program

Water Infrastructure and Conservation Adjustment (WICA)

Flushing Program

Bill Inserts

Fact Sheets

Water Restrictions & Conservation

Household Hazardous Waste Collection

Water Quality

Source Water Protection

Board of Directors Meetings and Minutes

Qualified Capital Project Adjustment Charge (QCPAC)

Pennichuck Water Works, Inc.'s ("Pennichuck") primary goal is to provide exceptional service and delivery of quality water 24 hours a day, 365 days a year. We regularly evaluate the infrastructure of our systems to identify areas that require improvement. As part of PWW's rate proceeding in 2016 and 2017 associated with public docket DW16-806, the New Hampshire Public Utilities Commission (PUC) granted approval for PWW to implement a Qualified Capital Project Adjustment Charge (QCPAC). The QCPAC will allow PWW to bill a monthly surcharge based on a percentage of your monthly bill. The surcharge will recover the costs of Pennichuck's ongoing investment in capital projects necessary to provide service to its customers, in compliance with State and Federal regulations, and to maintain its overall water supply and treatment infrastructure in a proactive and responsive manner.

[The PUC order can be viewed here](#)

The QCPAC surcharge replaces the Water Infrastructure and Conservation Adjustment (WICA) surcharge that was in effect prior to the PUC's approval of the QCPAC surcharge. The WICA surcharge only existed for a portion of PWW's customers, whereas the QCPAC applies to all PWW customers. The WICA allowed the Company to recover the cost of debt and property taxes associated with the replacement of water mains, valves, and hydrants that had either reached the end of their useful life or were negatively impacting water quality or service reliability. The QCPAC expands the WICA surcharge by allowing Pennichuck to recover 1.10 times the annual principal and interest for the debt issued, plus the property taxes associated with capital expenditures that Pennichuck made on plant and equipment placed into service during the prior year. As a part of this annual process, Pennichuck's capital expenditures will be audited by the PUC for prudence and confirmation of actual expenditure levels. The benefits of the QCPAC program to our customers is that it provides the funding necessary for Pennichuck to maintain a consistent plan for the replacement of aging infrastructure, which in turn increases reliability and quality of service. The QCPAC program will also result in smaller annual rate changes for customers by permitting Pennichuck to recover the expenses associated with the replacement of aging infrastructure between rate cases.

Pennichuck will be filing a proposed three-year capital expenditure plan for 2018-2020 QCPs (Qualified Capital Projects) with the PUC on or before February 16, 2018. The 2018-2020 proposed QCP's submitted will update a submission of Pennichuck's 2017 through 2019 proposed capital expenditures placed on file with the PUC in January of 2017 in conjunction with its DW 16-806 rate filing for QCP capital expenditures planned for 2017 to 2019. As part of the February 2018 QCPAC filing, Pennichuck is requesting the PUC to allow it to establish a QCPAC surcharge of 1.62%. The QCPAC surcharge will apply to meter classes and charges for service rendered after March 1, 2018.

The requested QCPAC surcharge of 2017 QCPs, if approved, would result in the average single family residential bill increasing by approximately \$0.81 per month, and resulting in the average single family residential bill increasing from about \$54.00 per month to \$54.87 per month.

If you have any questions or concerns related to Pennichuck's February 2018 QCPAC filing, please contact Pennichuck Customer Service at 800-553-5191 or the New Hampshire Public Utilities Commission at 800-852-3793.

Attachment D
PWW Board approval of 2018
capital expenditure projects



PENNICHUCK CORPORATION

CORPORATE SECRETARY'S CERTIFICATE

I, Suzanne L. Ansara, do hereby certify that I am the duly elected Corporate Secretary of Pennichuck Corporation (the "Company"), a New Hampshire corporation, and that I am authorized to execute and deliver this Certificate on behalf of the Company. In that capacity, I do hereby further certify that:

1. The following resolution was adopted by the Board of Directors of the Company on January 26, 2018; and such resolution has not been altered, amended or repealed, and is in full force and effect, as of the date hereof:

Resolved: that the revised 2018 Capital Budget and 2019/2020 Capital Expenditure Plans, as presented at this meeting, are hereby approved.

In Witness Whereof, I have hereunto set my hand this 16th day of February, 2018.


Suzanne L. Ansara
Corporate Secretary