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PUBLIC UTILITIES COMMISSION

21 S. Fruit St., Suite 10
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February 26, 2021

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

Re: DW 19-084: Pennichuck Water Works, Inc.
Staff Recommendations regarding Rate Case Expense Recovery and Permanent Rate Revenue Recoupment

Dear Ms. Howland:

The purpose of this letter is to provide Staff's recommendations relative to the requests recently filed by Pennichuck Water Works, Inc. ("PWW" or "the Company") in this case for recovery of rate case expenses as well as recoupment of the revenue difference between temporary and permanent rates. Staff recommends that the Commission approve a total of \$172,058.76 in rate case expenses for PWW to be recovered over a twelve-month period via a monthly surcharge of \$0.50 per customer commencing immediately upon the issuance of a Commission order approving such recovery. Staff further recommends that the Commission approve a permanent rate revenue recoupment amount for PWW totaling \$1,592,837.86 to be recovered through various customer surcharges over an eighteen-month period also commencing immediately upon the issuance of the Commission's order approving such recovery. Staff also recommends that the Commission grant approval of PWW's Motion for Confidential Treatment relative to certain information contained in copies of invoices included in its rate case expense filing.

Rate Case Expenses

On January 15, 2021, PWW submitted a filing seeking recovery of its rate case expenses incurred relative to DW 19-084 pursuant to Commission Order No. 26,425 (November 24, 2020).¹ PWW's original submission requested recovery of a total of \$178,490.10 in rate case

¹ Per Commission Order No. 26,425, the Company's submissions for rate case expense recovery and temporary-permanent revenue recovery were originally due 30 days from the date of that order, or December 24, 2020. On December 18, 2020, PWW filed a motion to extend that filing deadline to January 15, 2021. The Company explained that the extension was necessary in order for it to write the software program required to determine the temporary to permanent revenue recoupment at an individual customer level. PWW filed a typographical correction to its original extension request on December 28, 2020. On December 30, 2020, the Commission issued a Secretarial Letter approving PWW's extension request.

Staff Recommendations – Rate Case Expenses and Permanent Rate Revenue Recoupment

expenses to be recovered from 28,972 customers over a twelve-month period via a surcharge calculated at \$0.51 per customer per month. The nature of the expenses being sought for recovery consist of a cost of service study, legal services, filing preparation services, publication notices, customer mailings, and stenographer services.

In accordance with Puc 1905.03 (a) through (d), PWW's submission included the documentation necessary to support its request for rate case expense recovery including copies of invoices, schedules, and computations. Those documents included the names of vendors, amount of rate case expenses, and a description and date of the charge or service rendered. PWW also submitted documentation showing that the legal services it obtained for the rate proceeding were procured through a competitive bid process consistent with Puc 1905.03 (g) and (h). Additionally, PWW submitted documentation detailing its general procurement policies as well as provided statements indicating that the requests for qualifications and fee proposals for legal services were consistent with those procurement policies in accordance with Puc 1905.03 (e) and (f).²

Staff reviewed PWW's rate case expense filing and, in turn, propounded discovery relative to such on January 21, 2021. PWW provided responses to Staff's discovery on January 28, 2018. A redacted copy of PWW's data responses are attached to this correspondence. As a result of its responses to Staff discovery, PWW amended its request for rate case expense recovery to an amount of \$172,066.71, a reduction of \$6,423.39.³ Additionally, Staff is proposing a further reduction of \$7.95 in PWW's proposed rate case expenses related to a 20 percent "cost of money fee" included in a legal invoice.⁴ It is Staff's position that such expenses are not recoverable as rate case expenses, per Puc 1907.01(g) (Puc rule regarding rate case expenses not allowed). As a result, Staff is recommending that the Commission approve a total rate case expense recovery amount of \$172,058.76 (\$178,490.10 - \$6,423.39 - \$7.95).

In its original filing, PWW proposed that its rate case expense surcharge be applied to 28,972 customers. This amount, however, excludes certain of the Company's special contract customer accounts. This decision is based on Commission Order No. 26,429 (December 3, 2020) in DW 19-091, which held that PWW's rate case expense surcharge was not sufficiently volumetric to be recoverable under its special contract with the Town of Hudson. Further, as the Company's special contracts with the Town of Milford, the Town of Tyngsborough, and Anheuser-Busch contain similar language to that of the Town of Hudson, these accounts were also excluded from the total customer count over which the recoverable rate case expenses are applied. Additionally, per the Settlement Agreement in this proceeding approved by

² Puc 1905.03 Documentation of Expenses Required. For each expense filed with the commission for recovery as a rate case expense, the utility shall provide detailed evidence of all rate case expenses and any related allocations including: (a) All invoices paid or to be paid; (b) Name of each vendor; (c) The amount of the expense to be included as part of rate case expenses; (d) A description and date of the charge or service rendered; (e) A statement that the expense is consistent with the utility's written procurement policy; (f) The utility's procurement policy in place at the time the expenses were incurred; (g) The contract entered into that generated the expense; and (h) A statement of whether the contract was obtained after negotiations or competitive bid.

³ Specifically, per its response to Staff 5-2, PWW reduced the amount of a certain legal invoice by \$6,555.69 relative to a clerical error. Per its response to Staff 5-5, PWW increased the amount of a certain legal invoice by \$132.30, also due to a clerical error. The net amount of the two adjustments is \$(6,423.39).

⁴ See PWW's response to Staff 5-1.

Staff Recommendations – Rate Case Expenses and Permanent Rate Revenue Recoupment

Commission Order Nos. 26,383 (July 24, 2020) and 26,425 (November 24, 2020), PWW requested that its authorized rate case expenses be recovered over a twelve-month period via a surcharge which now amounts to \$0.50 per customer per month ($\$172,058.76 \div 28,972$ customers \div 12 months).

Staff supports PWW's request. Staff agrees that the remaining charges are expenses recoverable as rate case expenses, per Puc 1906.01, and, as such, recommends that the Commission rule that the resulting surcharge, per the proposal above, is just and reasonable per RSA 378:7 (statute regarding the fixing of rates by the Commission).

Motion for Confidential Treatment

Pursuant to N.H. Admin. Rule Puc 203.08 (PUC rule regarding motions for confidential treatment) and RSA 91-A (statute regarding access to governmental records and meetings), PWW also submitted a Motion for Confidential Treatment with its rate case expense documentation. The Company's Motion for Confidential Treatment related to the hourly billing rate data and vendor account information for legal and cost of service consulting services performed for the Company in addition to delivery services employed by the Company. The motion averred that disclosure of the hourly billing information would: reveal the competitive rates of these vendors; be an invasion of the vendors' privacy as to their billing rates; and result in competitive harm to the vendors that could potentially have a detrimental impact on the Company's future competitive bidding efforts. PWW also requested confidential treatment of invoices from a certain document delivery carrier. These invoices include account numbers, which, if made public, may result in unauthorized charges to these accounts. Accompanying the motion, PWW provided redacted as well as confidential copies of the relevant billing information in accordance with Puc 201.04 (PUC rule regarding public records).

The Commission applies a three-step balancing test to determine whether documents should be kept from disclosure as "confidential, commercial, or financial information" under RSA 91A:5, IV. *Pennichuck East Utility, Inc.*, Order No. 26,418 at 12 (October 29, 2020) (citing *Northern Utilities, Inc.*, Order No. 25,700 at 6 (August 1, 2014) and *Lambert v. Belknap County Convention*, 157 N.H. 375, 382-83 (2008)). Applying this test, the Commission first inquires whether the information involves a privacy interest and then asks if there is a public interest in disclosure. *Id.* at 7. Finally, the Commission must balance "those competing interests and decide whether disclosure is appropriate." *Id.* (citing *Lambert*, 157 N.H. at 383).

Staff recommends that the Commission grant PWW's Motion for Confidential Treatment relative to certain information contained in copies of invoices included in its rate case expense filing. Staff concurs with the Company's concerns that disclosure of the hourly billing rate information related to professional services performed for the Company in this proceeding will cause competitive harm to PWW's attorneys and cost of service expert, which could potentially have a future detrimental effect on the Company and its customers with regard to subsequent competitive bidding efforts. Staff also notes that the Commission has granted confidential treatment for similar hourly billing in prior orders. *Pennichuck East Utility, Inc.*, Order No. 26,222 (February 26, 2019). Further, with regard to the disclosure of certain account information contained in the invoices of a certain delivery carrier, Staff supports PWW's concern that if such

Staff Recommendations – Rate Case Expenses and Permanent Rate Revenue Recoupment

account information were made public, it may result in unauthorized charges to the Company. Furthermore, Staff is not aware of any public interest in disclosing the hourly billing rate or of the delivery carrier's account information. As such, Staff supports PWW's request for confidential treatment and recommends that the Commission approve PWW's motion.

Temporary-Permanent Rate Revenue Recoupment

PWW proposed recovery of a total of \$1,592,837.86 in revenues for service rendered from April 14, 2020 through November 23, 2020, inclusive, for the incremental difference between temporary and permanent rates. Per the Settlement Agreement in this proceeding approved by Commission Order Nos. 26,383 (July 24, 2020) and 26,425 (November 24, 2020), PWW requests to recover these revenues over an eighteen-month period through various surcharges based on customer class and customer usage during the recoupment period. The total charges by customer class were determined to be as follows:

<u>Customer Class</u>	<u>Total Recoupment</u>
General Metered	\$ 935,164.82 ⁵
Anheuser Busch	13,731.94
Town of Milford	8,780.51
Town of Hudson	28,132.87
Town of Tyngsborough	14,032.90
Pennichuck East Utility	<u>8,241.82</u>
Sub-Total:	<u>\$1,008,084.86</u>
Private Fire Protection	<u>\$ 460,417.32</u>
Public Fire Hydrant:	
City of Nashua	\$ 104,043.21
Town of Merrimack	3,262.90
Town of Amherst	8,065.46
Town of Bedford	7,529.82
Town of Derry	<u>1,434.29</u>
Sub-Total:	<u>\$ 124,335.68</u>
Grand Total Recoupment	<u>\$1,592,837.86</u>

PWW provided Staff with the computations of its proposed surcharges for each customer class, which Staff verified without exception. Staff recognizes the Company's right to recover the difference between the Company's temporary rates and the final rates determined by the Commission, pursuant to RSA 378:29 (statute regarding adjustment of rates) and per Order Nos. 26,373, 26,383 and 26,425. As a result, Staff recommends the Commission approve PWW's proposed total revenue recoupment amount. Staff, furthermore, recommends that the

⁵ Average total recoupment per residential customer is \$35.16. ($\$935,164.82 \div 26,599$ residential customers)

Commission rule that the resulting surcharge, per the proposal above, is just and reasonable per RSA 378:7 (statute regarding the fixing of rates by the Commission).

Proposed Surcharge Implementation Dates

The Company's cover letter to its January 15, 2021 submission proposed that with regard to PWW's rate case expense surcharge, that implementation of such commence with its March 2021 customer bills. Further, with regard to the Company's temporary-permanent revenue recoupment surcharge, PWW proposed that implementation of such should commence immediately upon Commission approval of that surcharge.

However, per the permanent rate Settlement Agreement, approved by Order No. 26,383, the implementation dates for the two respective surcharges were both predicated, in part, on the implementation dates of PWW's 2020 Qualified Capital Project Adjustment Charge (QCPAC) and related recoupment surcharge.⁶

With regard to the rate case expense surcharge, Section IV.I.3 (Page 53) of the Settlement Agreement states that PWW will, "commence implementation of its rate case expense recovery surcharge five months following the implementation of new base rates, at the earliest, **but no sooner than one month following the billing of the last monthly 2020 QCPAC [recoupment]** . . ." (Emphasis added.)

With regard to the temporary-permanent revenue recoupment surcharge, Section IV.I.4 (Page 53) of the Settlement Agreement states that PWW will, "commence implementation of the temporary-permanent rate surcharge three months following the implementation of new base rates, at the earliest, **but no sooner than two months following the initial implementation of the 2020 QCPAC surcharge and recoupment . . .**" (Emphasis added.)

At the time the Settlement Agreement was filed with the Commission on June 24, 2020, the Settling Parties envisioned that the temporary-permanent rate recoupment surcharge would commence approximately with PWW's monthly billings in January 2021 and the rate case expense surcharge would commence approximately with the Company's monthly billings in March 2021. (See Appendix 2, Attachment E (page 91) of the Settlement Agreement.)

In PWW's responses to Staff 5-7 and 5-8, the Company explained that its proposed alternative implementation dates relative to the rate case expense surcharge and temporary-permanent rate revenue recoupment surcharge were based on the fact that its 2020 QCPAC in DW 20-020 is still pending before the Commission. PWW argued from a number of standpoints, that a further delay in the implementation of these two surcharges relative to its yet to be determined implementation date for its 2020 QCPAC would result in several adverse consequences for the Company and its customers, including the adverse impact this would have on PWW's tenuous cash flow situation.

⁶ PWW submitted its 2020 QCPAC filing on February 19, 2020, which was assigned Docket No. DW 20-020. As of the date of this correspondence, PWW's 2020 QCPAC filing remains pending before the Commission.

Staff Recommendations – Rate Case Expenses and Permanent Rate Revenue Recoupment

In subsequent supplemental responses to Staff 5-7 and 5-8, PWW proposed another implementation alternative whereby it would institute the rate case expense and temporary-permanent revenue recoupment surcharges over a four-month period from March through June 2021, to be immediately followed by implementation of its 2020 QCPAC and recoupment over a six-month period from July through December 2021. Staff, however, indicated its opposition to this subsequent alternative proposal, which it felt could be unduly burdensome for a number of PWW's consumers. Rather, Staff supports the Company's originally proposed implementation and recovery alternative as indicated in the cover letter to its January 15, 2021 filing. Specifically, Staff recommends the Commission authorize an immediate implementation date upon its approval of both PWW's rate case expense surcharge, over a twelve-month period, and temporary-permanent revenue recoupment surcharge, over an eighteen-month period.

Positions of the Parties

Prior to filing this letter with the Commission, the Staff provided a final draft to the Company, the City of Nashua, and the OCA to ascertain their positions regarding Staff's recommendations. In response, PWW and the OCA stated their concurrence with Staff's recommendations. The City of Nashua, however, did not provide a position with regard to Staff's recommendations.

Conclusion

In conclusion, Staff recommends the Commission approve a total of \$172,058.76 in rate case expenses for PWW to be recovered over a twelve-month period via a monthly surcharge of \$0.50 per customer commencing immediately upon the issuance of a Commission order approving such recovery. Staff further recommends the Commission approve a permanent rate revenue recoupment amount for PWW totaling \$1,592,837.86 to be recovered through various customer surcharges over an eighteen-month period also commencing immediately upon the issuance of the Commission's order approving such recovery. Staff also recommends that the Commission grant approval of PWW's Motion for Confidential Treatment relative to certain information contained in copies of invoices included in its rate case expense filing.

Thank you for your attention and assistance with this matter. If you have any questions, please do not hesitate to contact me.

Sincerely,

/s/ Jayson P. Laflamme

Jayson P. Laflamme
Assistant Director, Gas-Water Division

Attachments: PWW's Redacted Responses to Staff Data Requests – Set 5
PWW's Supplemental Responses to Staff 5-7 and 5-8

cc: Service List



Marcia A. Brown
Attorney at Law

Environmental Law ■ *Utility Law*

January 28, 2021

ELECTRONIC DELIVERY

Christopher Tuomala, Esq.
N.H. Public Utilities Commission
21 South Fruit Street, Suite 10
Concord, NH 03301

Re: DW 19-084 Pennichuck Water Works, Inc.
Rate Proceeding
Responses to Staff Set 5

Dear Attorney Tuomala:

Attached please find the Company's responses to Staff's Set 5 data requests. Corrections pertaining to rate case expenses have been made as requested in Staff 5-2 and 5-5. Explanations of other rate case expenses were provided in response to Staff 5-1, 5-3, and 5-4. In response to Staff 5-6, the Company has revised the tariff supplement as requested.

Finally, in responses Staff 5-7 and Staff 5-8, the Company provides its reasons why it used the implementation months it did: March bills for rate case expenses and as soon as possible for the recoupment because it is already January.

As Staff and the parties are aware, the settlement agreement anticipated an order approval that would result in implementation months of March 2021 for rate case expenses and January 2021 for recoupment. The last paragraph of Section IV.I of the settlement agreement expressly allowed parties to revisit the implementation calculation if the order came after October. The Company's preference, for the reasons set forth in Staff 5-7 and 5-8, is to adhere to the original March and January implementation months. The Company has explained the ramifications to its financial status and to customers and has explained the measures the Company will need to take if it is required to use later implementation months. It has revised Appendix 2, Attachment E of the settlement to illustrate the impact.

This explanation is offered to inform Staff, the Office of the Consumer Advocate, and the City of Nashua so as to facilitate agreement on implementation as soon as possible. Thank you for Staff's review and consideration.

Very Truly Yours,

A handwritten signature in black ink that reads "Marcia A. Brown".

Marcia A. Brown

cc: DW 19-084 Discovery Related Service List

Pennichuck Water Works, Inc.
DW 19-084

PWW-Rate Proceeding
Responses to Staff Data Requests – Set 5

Date Request Received: 01/21/21
Request No. Staff 5-1

Date of Response: 01/28/21
Witness: Donald L. Ware

REQUEST:

Re: Page 2, 05/10/19 NH Brown Law Invoice - \$2,316.23: There appears to be a 20% markup reflected in the FedEx print expense reimbursement charge of \$15.55 ($\12.96×1.20) and the FedEx ship expense reimbursement charge of \$32.18 ($\26.82×1.20).

- a) Please explain.
- b) Is this apparent markup in expense reimbursement charges reflected elsewhere in other NH Brown Law Invoices contained in the Company's overall request for rate case expense reimbursement? Please explain.

RESPONSE:

- a) The noted expenses included a 20% cost of money. However, a cost of money fee was not charged in subsequent invoices from NH Brown Law, PLLC.
- b) See response to a).

Pennichuck Water Works, Inc.
DW 19-084

PWW-Rate Proceeding
Responses to Staff Data Requests – Set 5

Date Request Received: 01/21/21
Request No. Staff 5- 2

Date of Response: 01/28/21
Witness: Donald L. Ware

REQUEST:

Re: Pages 8-10, 07/19/19 NH Brown Law Invoice - \$19,131.01: The sum of the charges indicated on Pages 8-9 appears to result in a subtotal amount of \$10,411.00. However, the subtotal indicated on Page 9 and included in the total invoice is \$16,966.69, a difference of \$6,555.69. Please reconcile and explain this difference.

RESPONSE:

Staff is correct, the 05/10/19 NH Brown Law invoice was calculated incorrectly. The subtotal shown was a total of fees from April 25, 2019 (\$28.50) through June 29, 2019 (\$256.50). The correct subtotal should be \$10,411.00, which, when added to the expenses, totals \$12,575.32 instead of \$19,131.01. Corrected confidential and redacted invoice pages (pages 9 and 10 of the filing) are attached. The recoupment surcharge for rate case expenses has also been recalculated to reflect this correction and the associated revised tariff supplement 5 is attached to these data responses.

Pennichuck Water Works, Inc.
DW 19-084

PWW-Rate Proceeding
Responses to Staff Data Requests – Set 5

Date Request Received: 01/21/21
Request No. Staff 5- 3

Date of Response: 01/28/21
Witness: Larry Goodhue

REQUEST:

Re: Page 11, 07/19/19 Rath, Young and Pignatelli PC - \$574.00: This invoice pertains to review and comment of draft testimony of Mr. Goodhue. Please provide further explanation regarding the relevancy of these charges to the DW 19-084 rate proceeding.

RESPONSE:

This invoice includes time for Attorney Richard Head and Attorney Paul Burkett, both of Rath, Young and Pignatelli at the time of this usage of their time, and their review of Mr. Goodhue's testimony in support of the rate case filing under Docket No. DW 19-084. Rath, Young & Pignatelli was retained as backup counsel on the overall rate case proceeding, as a backup to Attorney Marcia Brown. In that capacity, and due to the rate structure modifications being requested in the case, and its impact on the Company's ability to issue its annual bonds, and/or refinancing of existing bonds, a review of this testimony was warranted at this juncture in the filing. Attorney Burkett is the primary Borrower Counsel used in the Company's periodic bond issuances, and has intimate knowledge of how the Company's current and proposed rate structure affects and is affected by the bond issuances, the Company's credit rating, and the Company's compliancy with all requirements and attributes of the bond issuance and legal documents. As such, it was important that the Company seek this review and guidance on the testimony to be filed in the rate case, to verify the veracity of the rate structure modifications being sought and testified to in the rate case. It should be noted that legal fees relating to Rath, Young & Pignatelli's work on DW 20-055 are not being sought for recovery as a rate case expense.

Pennichuck Water Works, Inc.
DW 19-084

PWW-Rate Proceeding
Responses to Staff Data Requests – Set 5

Date Request Received: 01/21/21
Request No. Staff 5- 4

Date of Response: 01/28/21
Witness: Donald L. Ware

REQUEST:

Re: Page 15, 08/23/19 Curtis 1000 Invoice - \$6,924.19: This invoice reflects an initial Rate Notification Mailing consisting of 27,808 pieces. However, a subsequent customer mailing reflected in a 04/30/20 Curtis 1000 Invoice of \$5,571.25 (Page 46) indicates that it consisted of 26,404 pieces, a difference of 1,404 pieces. Please reconcile and explain this apparent difference in pieces mailed.

RESPONSE:

The first mailing was sent to each account with a manual review by PWW staff of the mailing list and the elimination of mailings to accounts with the same owner which resulted in a reduction in pieces mailed from PWW's account total of around 28,900 accounts to the 27,808 notifications mailed. The second mailing our Customer Service Manager was able to write a program that converted the manual same owner of multiple account search to an automated one resulting in the need to only mail 26,404 notifications.

Pennichuck Water Works, Inc.
DW 19-084

PWW-Rate Proceeding
Responses to Staff Data Requests – Set 5

Date Request Received: 01/21/21
Request No. Staff 5- 5

Date of Response: 01/28/21
Witness: Donald L. Ware

REQUEST:

Re: Pages 32-33, 01/20/20 NH Brown Law Invoice - \$3,227.75: The sum of the charges indicated on the bottom of Page 32 and Page 33 appears to result in a subtotal amount of \$1,335.50. However, the subtotal indicated on Page 33 and included in the total invoice is \$1,203.20, a difference of \$132.30. Please reconcile and explain this difference.

RESPONSE:

Staff is correct, the entries on pages 32 and 33 were incorrectly added. The subtotal for the December entries should be \$1,335.50 instead of \$1,203.20. The correct grand total should be \$1,352.55 instead of \$1,220.25. A corrected confidential and redacted invoice page (page 33 of the filing) is attached. The recoupment surcharge for rate case expenses has also been recalculated to reflect this correction and the associated revised tariff supplement 5 is attached to these data responses.

Pennichuck Water Works, Inc.
DW 19-084

PWW-Rate Proceeding
Responses to Staff Data Requests – Set 5

Date Request Received: 01/21/21
Request No. Staff 5- 6

Date of Response: 01/28/21
Witness: Donald L. Ware

REQUEST:

Re: Page 102, Permanent Rate Recoupment Tariff: This proposed tariff contains the following: “The Company will recoup from customers for **service rendered** from April 14, 2020 through **bills rendered** on December 4, 2020 for the incremental difference between temporary and permanent rates.” (emphasis added) Staff finds this language confusing with regard to the reference to both “service rendered” and “bills rendered”. Please amend this sentence.

RESPONSE:

The tariff language is verbatim to what the Commission approved in Docket No. DW 16-806 and the Company kept that language for consistency, however, the Company is open to the revisions intimated by Staff. Please see the revised proposed tariff supplement 4 and replacement pages 74 and 75 of the filing.

Pennichuck Water Works, Inc.
DW 19-084

PWW-Rate Proceeding
Responses to Staff Data Requests – Set 5

Date Request Received: 01/21/21
Request No. Staff 5- 7

Date of Response: 01/28/21
Witness: Donald L. Ware

REQUEST:

Section IV.I.3 of the approved settlement agreement in this case (page 53) regarding the phased-in date for implementation of a rate case expense recovery surcharge indicates that PWW will:

“. . . Commence implementation of its rate case expense recovery surcharge five months following the implementation of new base rates, at the earliest, but no sooner than one month following the billing of the last monthly 2020 QCPAC surcharge, and extend the recovery period for such over twelve months . . .”

However, the 01/15/21 cover letter to the instant filing (page 1) states that “. . . Pursuant to page 91 of the settlement agreement, implementation of the 12-month rate case expense recovery surcharge will be delayed until customers’ March bills.”

Please provide further explanation regarding how the Company’s intention to commence implementation of a rate case expense surcharge in March 2021 comports with Section IV.I.3 (page 53) of the approved settlement agreement.

RESPONSE:

I have attached a revised schedule of the recovery of rate case expense based upon the terms noted in Section IV.I.3 of the settlement agreement. Please note that the implementation of the timeline discussed in the settlement agreement was premised on permanent rates being approved and included in the October 2020 bills and the 2020 QCPAC being approved and billed in the January 2020 bills. Please also see the last paragraph in Section IV.I of the settlement agreement.

The Company proposed the March 1, 2021 effective date based on the following considerations. At present there is no Staff recommendation or order on the 2020 QCPAC. If we assume that an order is issued in time for the Company to institute the QCPAC in the March 2021 bills and the QCPAC recoupment ends in the July 2021 bills, it would delay the collection of rate case expense until the August 2021 bills. As such, rate case expenses would not be fully collected until the completion of the July 2022 bills.

Please note that 2021 is a test year for PWW and that customers will likely receive a notice of intent (NOI) to file a rate case in their May or June 2022 bills. If we still follow Section IV.I.3, customers will be noticed of the new rate case while they are still paying rate case expense from the old rate case.

As proposed in the cover letter, rate case expense for DW19-084 would end in the February 2022 bills, well in advance of the NOI to customers. The optics of having the overlap of collecting rate case expense while the Company is initiating the next rate case looks very poorly on the Company from a customer’s perspective. Whereas the rate case expense is only \$0.50 per customer per month, the Company believes

that starting the collection in the March 2020 bills, which reflects the timing of the rate case order anticipated at the time of the settlement agreement, meets the spirit of the settlement agreement.

Please note that each month the 2020 QCPAC order lags being issued, it further delays the rate case expense collection and also increases the size of the QCPAC recoupment. Also, the Company is one month further from the April 30, 2020 issuance of the Bonds sold to pay for the 2019 QCP's. During the period between April 30, 2020 and the completion of the collection of the QCPAC recoupment, the Company must borrow money and pay principal and interest on the April 30, 2020 Bonds.

All that said, the Company is willing to follow the timing of the implementation of the rate case and QCPAC rate implementations as if Section IV.I.3 still applied if that is the Staff's final position.

Pennichuck Water Works, Inc.
DW 19-084

PWW-Rate Proceeding
Responses to Staff Data Requests – Set 5

Date Request Received: 01/21/21
Request No. Staff 5- 8

Date of Response: 1/28/21
Witness: Donald L. Ware

REQUEST:

Section IV.I.4 of the approved settlement agreement in this case (page 53) regarding the phased-in date for implementation of a temporary-permanent rate surcharge indicates that PWW will:

“. . . Commence implementation of the temporary-permanent rate surcharge three months following the implementation of new base rates, at the earliest, but no sooner than two months following the initial implementation of the 2020 QCPAC surcharge and recoupment, and extend the recovery period for such over eighteen months . . .”

However, the 01/15/21 cover letter to the instant filing (page 2) states: “With respect to the recoupment of permanent rates, pursuant to page 91 of the approved settlement agreement, implementation of the 18-month surcharge was to begin with January 2021 customer bills. However, now that it is January, PWW will implement the surcharge as soon as the Commission approves it.”

Please provide further explanation regarding how the Company’s intention to commence implementation of a temporary-permanent rate surcharge upon the issuance of a Commission order approving it comports with Section IV.I.4 (page 53) of the approved settlement agreement.

RESPONSE:

As noted in the response to Staff 5-7 above, the premise for the settlement agreement was that permanent rates would be implemented in the October 2020 bills and the QCPAC surcharge would be implemented in the January 2021 bills, resulting in the implementation of the temp to perm recoupment in the May 2021 bills. If the 2020 QCPAC order is issued by February of 2021 and the 2020 QCPAC is implemented in the March 2021 bills, following Section IV.I.4 of the settlement agreement would delay the start of the recoupment of the temp to perm rates until the May 2021 bills. The full 18-month recoupment would not be completed until October of 2022 which will be well into the prosecution of the 2022 PWW rate filing based on a 2021 Test Year. The optics of having the overlap of collecting the recoupment while the Company is prosecuting the next rate case looks very poorly on the Company from a customer’s perspective.

Additionally, the projected \$1.592 million in recoupment meant to recover the difference in DW16-806 revenues created to cover pro forma 2016 operating expenses and the DW19-084 revenues created to cover pro forma 2020 expenses will result in a 20-month lag of approved revenues to incurred expenses which will require that those funds be borrowed from the Corporate working capital line of credit.

The Company is currently drawing down the MOER RSF at a rapid pace as the impact of rate relief has yet to occur and, during 2020, the Company's operating expenses increased over the pro forma 2019 expenses allowed in the DW19-084 rates. By the time the cash from the recoupment is collected, it will be the second half of 2022, fully 30 months beyond the approved 2019 pro forma expense levels. Each month of delay also impacts the level of recoupment available to the Company because as time passes, customer leave the system.

As stated in Staff 5-7, the Company is willing follow the schedule intimated by Staff and as laid out the revised Appendix 2, Attachment E, attached in response to Staff 5-7, if the Staff requires it but please know that for each month that recoupment is delayed, additional interest expense is incurred to borrow the funds necessary to operate.

If the Company follows the proposed revised schedule it implores the Staff to issue its 2020 QCPAC recommendation letter and for the Commissioners to issue the 2020 QCPAC order as soon as practical to eliminate further delay in the collection of necessary operating revenues. This is not only needed for cash flow purposes, to cover necessary operating expenses and stop the impairment of RSF funds, but also to properly service debt issued into the markets, for which the Company has a fiduciary and financial obligation to pay. The Company's ability to get orders such at the QCPAC orders in a timely fashion each year, related to annual bond issuances, is essential in maintaining its good standing with the credit agencies, and its continuing ability to access lowest cost of debt financing, to the benefit of customers long term.

6/23/19	jsb	Reviewed revised testimonies and verified consistency with RoR and FR schedules.		\$66.50
6/23/19	mab	Researched NHPUC caselaw and revised motion for protective treatment. Reviewed revisions by JBlaisdell on testimonies.		\$340.00
6/24/19	mab	Reviewed and revised testimony and schedules. Revised pleadings.		\$1,460.00
6/25/19	mab	Reviewed and revised testimony and schedules. Revised pleadings.		\$1,140.00
6/26/19	mab	Reviewed and revised testimony and schedules. Revised pleadings.		\$1,600.00
6/26/19	mlt	Reviewed rate case schedules for accuracy.		\$66.50
6/26/19	jsb	Verified index of tabs. Created, compiled master PDF documents for Confidential and Redacted versions of the filing.		\$427.50
6/27/19	jsb	Updated PDF masters with revised files, final formatting of documents for submission		\$522.50
6/28/19	mlt	Coordinate with print company to resolve page size discrepancies from client pdfs.		\$66.50
6/28/19	mab	Corresponded with client regarding revisions to filing. Prepared final portions of rate case filing. Telephone calls with print vendor to troubleshoot software difficulties with printing project (N/C).		\$120.00
6/29/19	mlt	Reviewed print project from vendor for completeness. Identified errors and discussed corrections with print vendor.		\$256.50
			Subtotal:	\$10,411.00

Expenses:					
6/27/19		Staples - Binders			\$45.00
6/29/19		FedEx Printing			\$1,804.42
6/26/19		Staples - Binders			\$134.90
6/26/19		Staples - Legal Tabs			\$180.00
				Subtotal:	\$2,164.32
				Total:	\$12,575.32

12/9/19	mab	Telephone call with client and to NHPUC regarding clarification on data request. Followed up with email correspondence.		\$0.00
12/13/19	mab	Reviewed additional data requests from Staff, corresponded with client regarding same.		\$60.00
12/16/19	mab	Telephone call with client to discuss data responses and updating rate case expense report. Reviewed final responses for completeness. Prepared cover letter for explanation of response attachments.		\$340.00
12/16/19	jsb	Prepared voluminous data response attachments for filing as succinct documents. Prepared confidential and redacted attachments.		\$190.00
12/23/19	mab	Prepared rate case expense report #3 for client review.		\$80.00
12/26/19	mab	Reviewed data responses for content. Corresponded with client.		\$80.00
12/26/19	mlt	Reviewed data responses for accuracy and prepared final filing. Predrafted cover letter.		\$47.50
12/31/19	mab	Reviewed draft responses from client, corresponded with client regarding attachments and revisions. Reviewed final version for completeness.		\$300.00
12/31/19	jsb	Prepared final data response attachments for submission to Staff.		\$38.00
			Subtotal:	\$1,335.50
Expenses				
12/23/19		Print and courier charge		\$17.05
			Total:	\$1,352.55

Permanent Recoupment -Service Rendered April 14, 2020 through November 23, 2020**Total Recoupment by Rate Class**

Customer Class	Total Recoupment
General Metered	\$ 935,164.82
Anheuser	\$ 13,731.94
Milford	\$ 8,780.51
Hudson	\$ 28,132.87
Tyngsborough	\$ 14,032.90
Pennichuck East Utility	\$ 8,241.81
Private Fire Protection	\$ 460,417.32
City of Nashua FP	\$ 104,043.21
Town of Merrimack FP	\$ 3,262.90
Town of Amherst FP	\$ 8,065.46
Town of Bedford FP	\$ 7,529.82
Town of Derry FP	\$ 1,434.29
Total Recoupment	\$ 1,592,837.86

**DW 19-084
Pennichuck Water Works, Inc. Order No. 26,425
Recoupment Calculations Methodology for PWW Perm Rate Increase**

All Customer classes to be surcharged individually based on customer charge, actual usage and fire protection in accordance with the permanent rate increase.

Calculation for service from April 14, 2020 thru November 23, 2020.

Recoupment was calculated by taking difference between the actual bill amounts at Temporary Rate for each account multiplying by the Permanent Rate increase percentage for the Rate Class (as seen in chart below) then reducing this amount by the QCPAC surcharge collected during this time frame.

Charge Codes	Inc %
5/8" Metered Customer Charge	7.81%
All other Customer Charges	10.17%
Usage	10.17%
Private Fire	71.74%
Public Fire	10.17%
QCPAC	-4.06%

As this increase is for service rendered as of April 14, 2020, the May bill for all customers was prorated based on the read dates based on the following calculation:

- Cycle Days minus Days at old rate = Days at new rate
- Days at old rate = Service Rendered Effective Date minus Previous Read Date
- Billed Amount divided by the cycle days = Daily Amount Billed
- Daily Amount Billed multiplied by Days at new rate multiplied by % increase

Please note: recoupment dollars are truncated to 4 decimal positions and then rounded to 2 decimal positions in the total calculation.

NHPUC NO. 6 – WATER

PENNICHUCK WATER WORKS, INC.

SUPPLEMENT NO. 4

TARIFF

FOR

WATER SERVICE

in

THE STATE OF NEW HAMPSHIRE

Issued: January 15, 2021

Issued by: Donald L. Ware

Effective: March 1, 2021

Title: Chief Operating Officer

Authorized by NHPUC Order No. _____ in Docket No. DW 19-084 dated _____.

NHPUC NO. 6 WATER

Supplement No. 4

PENNICHUCK WATER WORKS, INC.

Page 1

PERMANENT RATE RECOUPMENT

Customers will be surcharged individually based on customer charge, actual usage, and contract rates. The Company will recoup from customers for service rendered from April 14, 2020 through ~~November 23~~ ~~bills rendered on December 4~~, 2020, inclusive, for the incremental difference between temporary and permanent rates. The surcharge will be collected over eighteen (18) months. The total charges are as follows:

<u>Customer Class</u>	<u>Total Recoupment</u>
General Metered	\$ 935,164.82
Anheuser Busch	\$ 13,731.94
Town of Milford	\$ 8,780.51
Town of Hudson	\$ 28,132.87
Town of Tyngsboro	\$ 14,032.90
Pennichuck East Utility	<u>\$ 8,241.81</u>
Total:	\$ 1,008,084.86

Average recoupment for residential customers is \$35.16 (based on 26,599 residential customer) or \$1.95 per month per customer based on recoupment over eighteen (18) months.

Private Fire Protection	\$ 460,417.32
-------------------------	---------------

Public Fire Hydrant

City of Nashua	\$ 104,043.21
Town of Merrimack	\$ 3,262.90
Town of Amherst	\$ 8,065.46
Town of Bedford	\$ 7,529.82
Town of Derry	\$ 1,434.29

Issued: January 15, 2021Issued by: Donald L. WareEffective: ~~March 1~~, 2021Title: Chief Operating Officer

Authorized by NHPUC Order No. _____ in Docket No. DW 19-084 dated _____.

NHPUC NO. 6 – WATER

PENNICHUCK WATER WORKS, INC.

SUPPLEMENT NO. 5

TARIFF

FOR

WATER SERVICE

in

THE STATE OF NEW HAMPSHIRE

Issued: January 15, 2021

Issued by: Donald L. Ware

Effective: March 1, 2021

Title: Chief Operating Officer

Authorized by NHPUC Order No. _____ in Docket No. DW 19-084 dated _____.

NHPUC NO. 6 WATER

Supplement No. 5

PENNICHUCK WATER WORKS, INC.

Page 1

Recovery of Rate Case Expenses

Pennichuck Water Works, Inc. will recoup by surcharge its rate case expense from its customers in the amount of \$17~~28,067,490.10~~ to be recovered from 28,972 customer accounts or \$0.5~~0+~~ per customer over 12 months as shown below:

Rates:

	<u>No. Customers</u>	<u>Surcharge</u>
Pennichuck Water Works, Inc.	28,972	\$0.5 0+ per month for 12 months

Issued: January 15, 2021

Issued by: Donald L. Ware

Effective: March 1, 2021

Title: Chief Operating Officer

Authorized by NHPUC Order No. _____ in Docket No. DW 19-084 dated _____.

Pennichuck Water Works, Inc.
DW19-084

Appendix 2, Attachment E

Illustrative Typical Customer Monthly bill pre and post permanent and QCPAC implementation
Staff Tech 5-1 (5-7-20); Supp Staff Tech 5-1 (Rev. 5-29-20)
Revised 6/18/2020 for Settlement
Revised for final rates approved with 4.01% TIC
Revised on first permanent billing at new rates occurring in Dec 2020 Bills
1/22/21

Charge Description	Monthly Bill Charges												
	September	October	November	December	January	February	March	April	May	June	July	August	September
5/8 inch Meter Customer Charge (1) -	\$ 22.58	\$ 22.58	\$ 22.58	\$ 24.34	\$ 24.34	\$ 24.34	\$ 24.34	\$ 24.34	\$ 24.34	\$ 24.34	\$ 24.34	\$ 24.34	\$ 24.34
Volumetric Charge based on Usage (2) -	\$ 28.44	\$ 28.44	\$ 28.44	\$ 31.33	\$ 31.33	\$ 31.33	\$ 31.33	\$ 31.33	\$ 31.33	\$ 31.33	\$ 31.33	\$ 31.33	\$ 31.33
QCPAC Surcharge (3) -	\$ 2.07	\$ 2.07	\$ 2.07	\$ -	\$ -	\$ -	\$ 2.17	\$ 2.17	\$ 2.17	\$ 2.17	\$ 2.17	\$ 2.17	\$ 2.17
Rate Expense Recoupment (4) -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.50	\$ 0.50
Temporary to Permanent Rate Recoupment (5) -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
QCPAC Recoupment (6) -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5.42	\$ 5.42	\$ 5.42	\$ 5.42	\$ -	\$ -
Total Bill for month -	\$ 53.09	\$ 53.09	\$ 53.09	\$ 55.67	\$ 55.67	\$ 55.67	\$ 57.84	\$ 63.26	\$ 64.26	\$ 64.26	\$ 64.26	\$ 59.34	\$ 59.34

Notes:

- (1) Current tariffed 5/8" meter charge - \$ 22.58
- (2) The Volumetric Charge is based on the following data:
Average Monthly usage for Single Family Residence per month in 2018 - 7.77 CCF
Current tariffed Rate per CCF - \$ 3.66
Projected rate increase percentage to GM Residential volumetric charge - 10.17% based on attached Customer Impact tab from the set of 1600 schedules filed in response to Staff Tech 5 DR's
- (3) Projected rate increase percentage to GM Residential 5/8" meter fixed charge - 7.81%
QCPAC Surcharge in effect (granted in DW19-029) - 4.06%
QCPAC Surcharge requested in DW20-020 - 3.89% based on revenue requirement established in last set of 1600 schedules filed in response to Staff Tech 5 DR's
- (4) Projected rate case expense of - \$ 172,067 to be recouped over 12 months from 28,876 customer accounts
- (5) Temporary to Permanent Rate Recoupment based on increase of - 6.11% and recoupment amount earned between 4/14/2020 and 11/23/2020. This number is net of QCPAC recovered during this time frame
recovered over 18 months, beginning in May 2021
- (6) QCPAC recoupment from DW20-020 will be recouped over 4 months after issuance of order and authorization of recoupment

	October	November	December	
\$	24.34	\$ 24.34	\$ 24.34	
\$	31.33	\$ 31.33	\$ 31.33	
\$	2.17	\$ 2.17	\$ 2.17	
\$	0.50	\$ 0.50	\$ 0.50	Will not end until July 2022
\$	1.00	\$ 1.00	\$ 1.00	Will not end until October of 2022
\$	-	\$ -	\$ -	
\$	59.34	\$ 59.34	\$ 59.34	

Pennichuck Water Works, Inc.
DW 19-084

PWW-Rate Proceeding
Responses to Staff Data Requests – Set 5

Date Request Received: 01/21/21

Date of Response: 01/28/21

Request No. Staff 5- 7

Supp. 02-11-21

Witness: Donald L. Ware

REQUEST:

Section IV.I.3 of the approved settlement agreement in this case (page 53) regarding the phased-in date for implementation of a rate case expense recovery surcharge indicates that PWW will:

“ . . . Commence implementation of its rate case expense recovery surcharge five months following the implementation of new base rates, at the earliest, but no sooner than one month following the billing of the last monthly 2020 QCPAC surcharge, and extend the recovery period for such over twelve months . . . ”

However, the 01/15/21 cover letter to the instant filing (page 1) states that “. . . Pursuant to page 91 of the settlement agreement, implementation of the 12-month rate case expense recovery surcharge will be delayed until customers’ March bills.”

Please provide further explanation regarding how the Company’s intention to commence implementation of a rate case expense surcharge in March 2021 comports with Section IV.I.3 (page 53) of the approved settlement agreement.

RESPONSE:

I have attached a revised schedule of the recovery of rate case expense based upon the terms noted in Section IV.I.3 of the settlement agreement. Please note that the implementation of the timeline discussed in the settlement agreement was premised on permanent rates being approved and included in the October 2020 bills and the 2020 QCPAC being approved and billed in the January 2020 bills. Please also see the last paragraph in Section IV.I of the settlement agreement.

The Company proposed the March 1, 2021 effective date based on the following considerations. At present there is no Staff recommendation or order on the 2020 QCPAC. If we assume that an order is issued in time for the Company to institute the QCPAC in the March 2021 bills and the QCPAC recoupment ends in the July 2021 bills, it would delay the collection of rate case expense until the August 2021 bills. As such, rate case expenses would not be fully collected until the completion of the July 2022 bills.

Please note that 2021 is a test year for PWW and that customers will likely receive a notice of intent (NOI) to file a rate case in their May or June 2022 bills. If we still follow Section IV.I.3, customers will be noticed of the new rate case while they are still paying rate case expense from the old rate case.

As proposed in the cover letter, rate case expense for DW19-084 would end in the February 2022 bills, well in advance of the NOI to customers. The optics of having the overlap of collecting rate case expense while the Company is initiating the next rate case looks very poorly on the Company from a customer’s perspective. Whereas the rate case expense is only \$0.50 per customer per month, the Company believes

that starting the collection in the March 2020 bills, which reflects the timing of the rate case order anticipated at the time of the settlement agreement, meets the spirit of the settlement agreement.

Please note that each month the 2020 QCPAC order lags being issued, it further delays the rate case expense collection and also increases the size of the QCPAC recoupment. Also, the Company is one month further from the April 30, 2020 issuance of the Bonds sold to pay for the 2019 QCP's. During the period between April 30, 2020 and the completion of the collection of the QCPAC recoupment, the Company must borrow money and pay principal and interest on the April 30, 2020 Bonds.

All that said, the Company is willing to follow the timing of the implementation of the rate case and QCPAC rate implementations as if Section IV.I.3 still applied if that is the Staff's final position.

SUPPLEMENTAL RESPONSE:

In light of the Settling Parties inclusion of implementation of the QCPAC surcharge and recoupment in its planning of the phase-in of permanent rates as described on pages 52 and 53 of the settlement agreement, and as illustrated in Appendix 2, Attachment E (also known as Bates page 91 of the settlement agreement) and in light of the delay in approval of the QCPAC surcharge and recoupment, PWW proposes the following phase-in revision. Revisions were contemplated pursuant to the last paragraph of the Section IV.I.3 on page 53 of the agreement.

PWW proposes that the rate case expense and temporary-permanent recoupment charges be implemented in customer bills as soon as the Commission approves those rates. PWW proposes that the recovery terms of 12-months and 18-months be reduced to 4 months.

Presuming the QCPAC will be approved before the expiration of those 4 months, PWW next proposes that the QCPAC be implemented the month immediately after the rate case expense and temporary-permanent recoupment charges cease and that the QCPAC charges be recovered over 6 months.

PWW believes these changes to the recovery of the rate case charges and QCPAC charges preserves the original goal of the Settling Parties which was to level residential customer bills so that customers will not experience drastic changes in their bills. The other goal and consideration is that the proposed recovery terms will, hopefully, avoid any overlap of existing and new QCPAC recoveries.

If this proposal is suitable to Staff, the OCA, and City of Nashua and is approved by the Commission, PWW will amend its tariff supplements accordingly to reflect these implementation dates and terms.

Pennichuck Water Works, Inc.
DW 19-084

PWW-Rate Proceeding
Responses to Staff Data Requests – Set 5

Date Request Received: 01/21/21
Request No. Staff 5- 8

Date of Response: 1/28/21
Witness: Donald L. Ware

REQUEST:

Section IV.I.4 of the approved settlement agreement in this case (page 53) regarding the phased-in date for implementation of a temporary-permanent rate surcharge indicates that PWW will:

“. . . Commence implementation of the temporary-permanent rate surcharge three months following the implementation of new base rates, at the earliest, but no sooner than two months following the initial implementation of the 2020 QCPAC surcharge and recoupment, and extend the recovery period for such over eighteen months . . .”

However, the 01/15/21 cover letter to the instant filing (page 2) states: “With respect to the recoupment of permanent rates, pursuant to page 91 of the approved settlement agreement, implementation of the 18-month surcharge was to begin with January 2021 customer bills. However, now that it is January, PWW will implement the surcharge as soon as the Commission approves it.”

Please provide further explanation regarding how the Company’s intention to commence implementation of a temporary-permanent rate surcharge upon the issuance of a Commission order approving it comports with Section IV.I.4 (page 53) of the approved settlement agreement.

RESPONSE:

As noted in the response to Staff 5-7 above, the premise for the settlement agreement was that permanent rates would be implemented in the October 2020 bills and the QCPAC surcharge would be implemented in the January 2021 bills, resulting in the implementation of the temp to perm recoupment in the May 2021 bills. If the 2020 QCPAC order is issued by February of 2021 and the 2020 QCPAC is implemented in the March 2021 bills, following Section IV.I.4 of the settlement agreement would delay the start of the recoupment of the temp to perm rates until the May 2021 bills. The full 18-month recoupment would not be completed until October of 2022 which will be well into the prosecution of the 2022 PWW rate filing based on a 2021 Test Year. The optics of having the overlap of collecting the recoupment while the Company is prosecuting the next rate case looks very poorly on the Company from a customer’s perspective.

Additionally, the projected \$1.592 million in recoupment meant to recover the difference in DW16-806 revenues created to cover pro forma 2016 operating expenses and the DW19-084 revenues created to cover pro forma 2020 expenses will result in a 20-month lag of approved revenues to incurred expenses which will require that those funds be borrowed from the Corporate working capital line of credit.

The Company is currently drawing down the MOER RSF at a rapid pace as the impact of rate relief has yet to occur and, during 2020, the Company's operating expenses increased over the pro forma 2019 expenses allowed in the DW19-084 rates. By the time the cash from the recoupment is collected, it will be the second half of 2022, fully 30 months beyond the approved 2019 pro forma expense levels. Each month of delay also impacts the level of recoupment available to the Company because as time passes, customer leave the system.

As stated in Staff 5-7, the Company is willing follow the schedule intimated by Staff and as laid out the revised Appendix 2, Attachment E, attached in response to Staff 5-7, if the Staff requires it but please know that for each month that recoupment is delayed, additional interest expense is incurred to borrow the funds necessary to operate.

If the Company follows the proposed revised schedule it implores the Staff to issue its 2020 QCPAC recommendation letter and for the Commissioners to issue the 2020 QCPAC order as soon as practical to eliminate further delay in the collection of necessary operating revenues. This is not only needed for cash flow purposes, to cover necessary operating expenses and stop the impairment of RSF funds, but also to properly service debt issued into the markets, for which the Company has a fiduciary and financial obligation to pay. The Company's ability to get orders such at the QCPAC orders in a timely fashion each year, related to annual bond issuances, is essential in maintaining its good standing with the credit agencies, and its continuing ability to access lowest cost of debt financing, to the benefit of customers long term.

Pennichuck Water Works, Inc.
 DW19-084
 Illustrative Typical Customer Monthly bill pre and post permanent and QCPAC implementation
 Staff Tech 5-1 (5-7-20); Supp Staff Tech 5-1 (Rev. 5-29-20)
 Revised 6/18/2020 for Settlement
 Revised for final rates approved with 4.01% TIC
 Revised on first permanent billing at new rates occurring in Dec 2020 Bills
 Revised to reflect proposed settlement
 2/11/2020

Charge Description	Monthly Bill Charges																		
	2020					2021										2022			
	September	October	November	December	January	February	March	April	May	June	July	August	September	October	November	December	January	February	March
5/8 inch Meter Customer Charge (1) -	\$ 22.58	\$ 22.58	\$ 22.58	\$ 24.34	\$ 24.34	\$ 24.34	\$ 24.34	\$ 24.34	\$ 24.34	\$ 24.34	\$ 24.34	\$ 24.34	\$ 24.34	\$ 24.34	\$ 24.34	\$ 24.34	\$ 24.34	\$ 24.34	\$ 24.34
Volumetric Charge based on Usage (2) -	\$ 28.44	\$ 28.44	\$ 28.44	\$ 31.30	\$ 31.30	\$ 31.30	\$ 31.30	\$ 31.30	\$ 31.30	\$ 31.30	\$ 31.30	\$ 31.30	\$ 31.30	\$ 31.30	\$ 31.30	\$ 31.30	\$ 31.30	\$ 31.30	\$ 31.30
QCPAC Surcharge (3,7) -	\$ 2.07	\$ 2.07	\$ 2.07	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2.19	\$ 2.19	\$ 2.19	\$ 2.19	\$ 2.19	\$ 2.19	\$ 2.19	\$ 2.19	\$ 2.19
Rate Expense Recoupment (4) -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1.49	\$ 1.49	\$ 1.49	\$ 1.49	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Temporary to Permanent Rate Recoupment (5) -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4.47	\$ 4.47	\$ 4.47	\$ 4.47	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2020 QCPAC Recoupment (7) -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5.11	\$ 5.11	\$ 5.11	\$ 5.11	\$ 5.11	\$ 5.11	\$ 5.11	\$ 5.11	\$ 5.11
2021 QCPAC Recoupment (8) -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Bill for month -	\$ 53.09	\$ 53.09	\$ 53.09	\$ 55.65	\$ 55.65	\$ 55.65	\$ 61.61	\$ 61.61	\$ 61.61	\$ 61.61	\$ 62.95	\$ 62.95	\$ 62.95	\$ 62.95	\$ 62.95	\$ 62.95	\$ 62.95	\$ 62.95	\$ 62.95

- Notes:
- (1) Current tariffed 5/8" meter charge - \$ 22.58
 - (2) The Volumetric Charge is based on the following data:
 Average Monthly usage for Single Family Residence per month in 2018 - 7.77 CCF
 Current tariffed Rate per CCF - \$ 3.66
 DW19-084 volumetric Charge Residential volumetric charge - \$ 4.03 based on attached Customer Impact tab from the set of 1600 schedules filed in response to Staff Tech 5 DR's
 Projected rate increase percentage to GM Residential 5/8" meter fixed charge - 7.81%
 - (3) QCPAC Surcharge in effect (granted in DW19-029) - 4.06%
 QCPAC Surcharge requested in DW20-020 - 3.94% based on revenue requirement established in last set of 1600 schedules filed in response to Staff Tech 5 DR's
 - (4) Projected rate case expense of - \$ 172,067 to be recouped over 4 months from 28,876 customer accounts
 - (5) Temporary to Permanent Rate Recoupment based on increase of - 6.11% and recoupment amount earned between 4/14/2020 and December 2020. This number is net of QCPAC recovered during this time frame recovered over 4 months, beginning in March 2021
 - (6) QCPAC recoupment from DW20-020 will be recouped over 6 months after issuance of order and authorization of recoupment
 - (7) Projected 2021 QCPAC for PWV Average Single family customer - \$ 0.83 per month or 1.50% in addition to the 3.94% being sought in DW20-020
 - (8) Projected 2021 QCPAC recoupment collected over - 2 months

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