

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DW 21-022

PENNICHUCK EAST UTILITY, INC.

**Petition for Approval of
Proposed 2021 Qualified Capital Project Annual Adjustment Charge**

ORDER OF NOTICE

On February 11, 2021, Pennichuck East Utility, Inc. (PEU, or the Company) filed a petition for approval of a 2021 Qualified Capital Project Annual Adjustment Charge (QCPAC) that, if approved, would be included in PEU customer bills. The petition and subsequent docket filings, other than any information for which confidential treatment is requested of or granted by the Commission, will be posted to the Commission's website at [https:// www.puc.nh.gov/Regulatory/Docketbk/2021/21-022.html](https://www.puc.nh.gov/Regulatory/Docketbk/2021/21-022.html).

PEU is a regulated public utility that provides water service to approximately 8,000 customers in a number of communities throughout New Hampshire. The surcharge that PEU proposes in its petition is calculated through the QCPAC mechanism approved by the Commission in *Pennichuck East Utility, Inc.*, Order No. 26,179 (October 4, 2018). The QCPAC mechanism is intended to enable PEU to make necessary capital improvements to its systems while maintaining sufficient cash flow to meet debt service and operating requirements. *See* Order No. 26,179 at 16. Each year, the Commission reviews and approves the proposed surcharge so that PEU may recover the debt service and property taxes associated with capital projects completed during the prior year.

In addition, with its petition for approval of the proposed QCPAC surcharge, PEU filed budgets for the capital projects it anticipates constructing in the next three years. The

Commission will review and, if appropriate, preliminarily approve the capital budget for the current year, and accept the two subsequent year capital budgets for informational purposes. The Commission's initial approval of the Company's anticipated budget in a QCPAC proceeding is not a prudence finding. The evaluation of prudence occurs after the proposed projects are completed, when the Company seeks recovery of its investments in the subsequent year's QCPAC proceeding.

In its current filing, PEU proposes a surcharge of 4.08 percent to be included in customer rates. The surcharge is based on total project costs of \$5,142,556 as described in the Company's testimony, financed by existing State Revolving Fund loan funds, and a prospective long-term financing loan from CoBank, ACB at an assumed 5.0 percent interest rate.

The Company is concurrently seeking a 21.05 percent increase in its annual revenues in a general rate proceeding in Docket DW 20-156, which, if approved, will result in an average monthly single-family bill of \$85.40. According to the instant petition, when added to the rates the Company is seeking in its concurrent rate case, the proposed 4.08 percent 2021 QCPAC surcharge will result in an additional increase of \$3.49 per month, for a projected total average monthly bill of \$88.89 ($\$85.40 + \3.49).

The filing raises, *inter alia*, issues related to whether the plant additions PEU constructed in 2019 are prudent, as well as used and useful, as required by RSA 378:28, and whether the proposed surcharge of 4.08 percent, for which PEU seeks approval in its petition, is just and reasonable as required under RSA 374:2 and RSA 378:7.

Each party has the right to have an attorney represent the party at the party's own expense.

Based upon the foregoing, it is hereby

ORDERED, that, consistent with Governor Christopher T. Sununu's Emergency Order #12, the Commission will hold a web-enabled remote prehearing conference, pursuant to N.H. Admin. R., Puc 203.15, on May 17, 2021 at 1:30 p.m., at which each party will provide a preliminary statement of its position with regard to the petition and any of the issues set forth in N.H. Admin. R., Puc 203.15. Members of the public who wish to access the prehearing conference may do so [by clicking here](#). **If you have any difficulty obtaining access to this remote event, please notify the Commission by calling (603) 271-2431 as soon as possible.**

Parties will be provided with additional instructions prior to the prehearing conference; and it is

FURTHER ORDERED, that, immediately following the prehearing conference, PEU, the Staff of the Commission, and any intervenors hold a web-enabled remote technical session to review the petition; and it is

FURTHER ORDERED, that pursuant to N.H. Admin. R., Puc 203.12, PEU shall notify all persons desiring to be heard at this hearing by publishing a copy of this order of notice on its website no later than one business day after the date of issue. In addition, the Executive Director shall publish this order of notice on the Commission's website no later than one business day after the date of issue; and it is

FURTHER ORDERED, that, consistent with N.H. Admin. R., Puc 203.17 and Puc 203.02, any party seeking to intervene in the proceeding shall file with the Commission a petition to intervene with copies sent to PEU and the Office of the Consumer Advocate on or before May 14, 2021, such petition stating the facts demonstrating how its rights, duties, privileges, immunities, or other substantial interests may be affected by the proceeding, consistent with N.H. Admin. R., Puc 203.17. Pursuant to the secretarial letter issued on

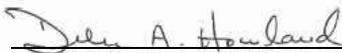
March 17, 2020, which is posted on the Commission's website at

<https://www.puc.nh.gov/Regulatory/Secretarial%20Letters/20200317-SecLtr-Temp-Changes-in-Filing-Requirements.pdf>, any party seeking to intervene may elect to submit this filing in

electronic form; and it is

FURTHER ORDERED, that any party objecting to a petition to intervene make said objection on or before May 17, 2021.

By order of the Public Utilities Commission of New Hampshire this second day of April, 2021.



Debra A. Howland
Executive Director

Individuals needing assistance or auxiliary communication aids due to sensory impairment or other disability should contact the Americans with Disabilities Act Coordinator, NHPUC, 21 S. Fruit St., Suite 10, Concord, New Hampshire 03301-2429; 603-271-2431; TDD Access: Relay N.H. 1-800-735-2964. Notification of the need for assistance should be made one week prior to the scheduled event.

Service List - Docket Related

Docket#: 21-022

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Email Addresses

ExecutiveDirector@puc.nh.gov
wfa@rathlaw.com
robyn.descoteau@puc.nh.gov
lynn.fabrizio@puc.nh.gov
steve.frink@puc.nh.gov
larry.goodhue@pennichuck.com
carolann.howe@pennichuck.com
jay.kerrigan@pennichuck.com
jayson.laflamme@puc.nh.gov
anthony.leone@puc.nh.gov
amanda.noonan@puc.nh.gov
ocalitigation@oca.nh.gov
jjs@rathlaw.com
Christopher.tuomala@puc.nh.gov
smw@rathlaw.com
donald.ware@pennichuck.com
cbw@rathlaw.com