

**STATE OF NEW HAMPSHIRE  
PUBLIC UTILITIES COMMISSION**

**DW 21-023**

**PENNICHUCK WATER WORKS, INC.**

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

**ORDER OF NOTICE**

On February 11, 2021, Pennichuck Water Works, Inc. (PWW, 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 PWW 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/2021/21-023.html>.

PWW is a regulated public utility that provides water service to approximately 28,500 customers in a number of communities in southern New Hampshire. The surcharge that PWW proposes in its petition is calculated through the QCPAC mechanism approved by the Commission in *Pennichuck Water Works, Inc.*, Order No. 26,070 (November 7, 2017). The QCPAC mechanism is intended to enable PWW to make necessary capital improvements to its systems while maintaining sufficient cash flow to meet debt service obligations and operating expense requirements, and to mitigate rate shock for customers. See Order No. 26,070 at 15-16. Each year, the Commission reviews and approves the proposed surcharge so that PWW may recover the debt service costs and property taxes associated with capital projects completed during the prior year.

In addition, with its petition for approval of the proposed QCPAC surcharge, PWW filed budgets for the capital projects it anticipates constructing in the next three years (2021-2023). 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 PWW's recently completed rate proceeding, DW 19-084, the Commission issued Order No. 26,425 (November 24, 2020), increasing the Company's base rates and, thereby, resetting its QCPAC to 0.00 percent. As a result, PWW's average monthly single-family billings became \$55.65. Additionally, in PWW's 2020 QCPAC petition in DW 20-020, which is still pending before the Commission, the Company is seeking a projected QCPAC of 3.94 percent based on its recently approved revenue requirement. Such would result in an additional \$2.19 on average single-family monthly billings. In the instant docket, based on completed 2020 projects, PWW estimates an additional percent increase to its QCPAC of 1.50 percent, for a total cumulative surcharge of 5.44 percent (3.94 percent + 1.50 percent), resulting in an additional \$0.83 increase in average single-family monthly billings, for a total amount of \$58.67 (\$55.65 + \$2.19 + \$0.84).

The capital projects completed and placed in service during 2020 upon which the proposed QCPAC increase is based amount to \$6,951,260. These projects will be financed by a combination of internally generated funds, proceeds from a 3.38 percent Drinking Water and

Groundwater Trust Fund loan, and a pending bond issuance to be completed by PWW in April 2021 at an assumed interest rate of 3.50 percent.

The filing raises, *inter alia*, issues related to whether the plant additions PWW constructed in 2020 are prudent, as well as used and useful, as required by RSA 378:28, and whether the proposed surcharge of 1.50 percent, for which PWW 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 3:00 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, PWW, 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, PWW 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 PWW 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#: 21-023

Printed: 4/2/2021

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