

| | Requested DW 20-156 Revenue Requirements | Projected 2020 Qualified Capital Project pro formas | Projected QCPAC Surcharge for 2020 Capital Additions | Projected 2021 Qualified Capital Project pro formas | Projected QCPAC Surcharge for 2021 Capital Additions | Projected 2022 Qualified Capital Project pro formas | Projected QCPAC Surcharge for 2022 Capital Additions | Projected QCPAC For 2023 Capital Additions pro formas | Projected QCPAC Surcharge for 2023 Capital Additions |
|---|--|---|--|---|--|---|--|---|--|
| City Bond Fixed Revenue Requirement (CBFRR) | \$ 926,309 | | \$ 926,309 | \$ - | \$ 926,309 | \$ - | \$ 926,309 | \$ - | \$ 926,309 |
| Material Operating Expense Revenue Requirement (MOERR) | \$ 7,306,643 (1) | \$ 109,255 (5)(11) | \$ 7,415,898 | \$ (1,757) (5)(10) | \$ 7,414,141 | \$ 54,325 (5) | \$ 7,468,466 | \$ 49,874 (5) | \$ 7,518,340 |
| Operating Expense Contingency | 1.06 (2) | | 1.06 | | 1.06 | | 1.06 | | 1.06 |
| Material Operating Expense Revenue Requirement (MOERR) | 7,745,042 | | 7,860,852 | | 7,858,989 | | 7,916,573 | | 7,969,440 |
| Non Material Operating Expense Revenue Requirement (NOERR) | \$ 7,163 | | \$ 7,163 | | \$ 7,163 | | \$ 7,163 | | \$ 7,163 |
| Debt Service Revenue Requirement (DSRR 1.0) | \$ 1,669,484 (3) | \$ 277,257 (6)(7) | \$ 1,946,742 | \$ 187,793 | \$ 2,134,534 | \$ 154,570 | \$ 2,289,104 | \$ 135,058 | \$ 2,424,162 |
| Principal and Interest Coverage Requirement | 1.10 | | 1.10 | | 1.10 | | 1.10 | | 1.10 |
| Total Debt Service Revenue Requirement including the .01 DSRR | \$ 1,836,433 | | \$ 2,141,416 | | \$ 2,347,988 | | \$ 2,518,015 | | \$ 2,666,579 |
| Revenue Requirement exclusive of NCCRS | \$ 10,514,946 | | \$ 10,935,739 | | \$ 11,140,449 | | \$ 11,368,060 | | \$ 11,569,491 |
| Less Other Operating Revenues | \$ 30,188 (4) | | \$ 30,188 | | \$ 30,188 | | \$ 30,188 | | \$ 30,188 |
| Revenues required from Customer Classes exclusive of NCCRS | \$ 10,484,758 | | \$ 10,905,551 | | \$ 11,110,261 | | \$ 11,337,872 | | \$ 11,539,303 |
| NCCRS Revenue Requirement per DW17-128 | \$ 178,915 | | \$ 178,915 | | \$ 178,915 | | \$ 178,915 | | \$ 178,915 |
| Revenues subject to QCPAC | \$ 10,305,843 | | \$ 10,726,636 | | \$ 10,931,346 | | \$ 11,158,957 | | \$ 11,360,388 |
| Projected QCPAC Increase ⁸ | | | 4.08% | | 1.99% | | 2.21% | | 1.95% |
| Cumulative QCPAC increase ⁹ | | | 4.08% | | 6.07% | | 8.28% | | 10.23% |
| Cumulative QCPAC monthly increase in average single family residential bill | | | \$ 3.49 | | \$ 5.18 | | \$ 7.07 | | \$ 8.74 |
| Average monthly single family residential bill with QCPAC | | | \$ 88.89 | | \$ 90.58 | | \$ 92.47 | | \$ 94.14 |

- Notes:
- (1) Operating Expense Revenue requirement is the sum of the Total Operating Expenses, Property Tax Expense and Amortization Expense being sought in DW20-156. \$ 20.92
 - (2) Material operating expense factor requested in DW20-156. \$ 5.23
 - (3) Annual Principal and interest payments for PEU debt associated with plant in service being sought in DW20-156 less Georgetown project in Lock Lake.
 - (4) Other Revenues from 2019 Test Year in DW20-156.
 - (5) QCPAC operating expense proformas are based on the property taxes for plant added during the year.
 - (6) See Calculation of annual principal and interest payments on spreadsheet titled "2020 QCPAC PEU Additions."
 - (7) Portion of Annual Principal and interest payments paid to CoBank for debt associated with plant placed in service between 1/1 and 12/31 for designated year based on a 25 year term loan with an actual total all in interest rate of 5.00% that was not recovered in DW20-156.
 - (8) QCPAC percent revenue surcharges based on increase in revenues over the revenues requested in DW20-156.
 - (9) Cumulative surcharge percentage is based on total surcharge revenues collected divided by the revenues requested in DW20-156.
 - (10) QCPAC operating expense proforma associated with property taxes is reduced by \$ 70,000 to reflect reduction in purchased water costs associated with the completion of the Londonderry Storage Tank.
 - (11) QCPAC operating expense proforma associated with property taxes is reduced by \$ 28,000 to reflect reduction in arsenic treatment costs associated with the completion of the Locke Lake raw water well line to the Peacham Road Treatment plant.

Impact on PEU Single Family Residential Home:

| | | |
|---|----------|---------|
| Monthly meter charge requested in DW20-156. | \$ 24.17 | |
| Average Single Family Consumption (CCF) | 6.50 | |
| Consumption Charge requested in DW20-156. | \$ 9.42 | per CCF |
| Average Single Family monthly bill with rates requested in DW20-156 | \$ 85.40 | |

| Project Name/Description | Project Description | Work Order # | Board Approved 2020 Capex Budget | Financing Docket No. | NHPUC Order No. | Date of NHPUC Order | Source of Funding | Eligible for 2021 QCPAC Surchage | Eligible for 2021 QCPAC Surchage | Estimated Project Cost as of 6/30/2020 | Estimated Project Cost as of 9/30/2020 | Estimated Project Cost as of 11/30/2020 | Final Project cost as of 12/31/2020 | Community | Taxable | Tax Rate (%) | 2021 QCPAC Eligible Property Tax Expense | Explanation for Change/Addition/Deletion since Petition Filing |
|---|---|---------------------------|----------------------------------|----------------------|-----------------|---------------------|-------------------|----------------------------------|----------------------------------|--|--|---|-------------------------------------|-------------|---------|--------------|--|--|
| Elevated Storage Tank in Londonderry2 | Construct 1.25 MG Elevated Storage Tank. | 1818349, 1901641, 2000372 | \$ 1,545,000 | CoBank | | | Pending Filing | No | \$ - | \$ - | \$ - | \$ - | \$ - | Londonderry | Yes | \$ 24.78 | \$ - | Project deferred to 2021 due to permitting. |
| Middleton Station Re-build | Re-build Sunrise Estates CWS Station. Existing Station is over 40 years old. | n/a | \$ - | CoBank | | | Pending Filing | No | \$ - | \$ 340,000 | \$ - | \$ - | \$ - | Middleton | Yes | \$ 33.55 | \$ - | Project deferred to 2021 due to the need to install additional treatment due to lower Arsenic standard. |
| Airstrip alternative arsenic treatment | Raw Water Pipeline from Air Strip well to Peacham Road WTP. | 1901642, 2000371 | \$ 540,000 | DW18-132 | 26,189 | 11/16/2018 | SRF | Yes | \$ 540,000 | \$ 633,000 | \$ 690,000 | \$ 633,000 | \$ 618,531 | Barnstead | Yes | \$ 27.84 | \$ 17,230 | Based on final low bid and actual construction. Different soil conditions encountered than bid estimate during construction |
| Georgetown Drive water main replacement | Replace 4600 LF of 4 inch schedule 40 PVC with 6 inch C900 PVC. | 2000363 | \$ 10,000 | DW18-132 | 26,189 | 11/18/2018 | SRF | Yes | \$ 10,000 | \$ 10,000 | \$ - | \$ - | \$ 1,056,000 | Barnstead | Yes | \$ 27.84 | \$ 26,900 | Recovery of these 2019 used and useful Capex was sought in DW20-019 filing. While the projects are completed the Company will not be closing on the loan supporting these capital improvements until June 2021 so it is seeking the P&I associated with these projects in 2021 QCPAC as opposed to the 2020 QCPAC. |
| Bradford Lane water main replacement | Replace 1825 LF of 4 inch schedule 40 PVC with 6 inch C900 PVC. | 2000364 | \$ 10,000 | DW18-132 | 26,189 | 11/20/2018 | SRF | Yes | \$ 10,000 | \$ 10,000 | \$ - | \$ - | \$ - | Barnstead | Yes | \$ 27.84 | \$ - | |
| N.Barnstead Road - Eliminate deadend piping | Add 680 LF of 4 inch C-900 PVC to eliminate dead end. Replace 275 LF of 4 inch sch 40 PVC with 6 inch C900 PVC. | 2000365 | \$ 239,000 | DW18-132 | 26,189 | 11/22/2018 | SRF | Yes | \$ 239,000 | \$ 265,620 | \$ 255,000 | \$ 255,000 | \$ 244,214 | Barnstead | Yes | \$ 27.84 | \$ 6,799 | Based on final low bid and actual construction. |
| Belmont Drive water main replacement | Replace 500 LF of 4 inch schedule 40 PVC with 6 inch C900 PVC. | 2000366 | \$ 5,000 | DW18-132 | 26,189 | 11/24/2018 | SRF | Yes | \$ 5,000 | \$ 5,000 | \$ - | \$ - | \$ - | Barnstead | Yes | \$ 27.84 | \$ - | Deferred |
| Route 28 Replacement | Replace 720 LF of 2" PE with 720 LF of 4" C-900 PVC. | 2000370 | \$ 80,000 | DW18-132 | 26,189 | 11/26/2018 | SRF | Yes | \$ 80,000 | \$ 59,500 | \$ 59,500 | \$ 56,500 | \$ 69,961 | Barnstead | Yes | \$ 27.84 | \$ 1,923 | Based on final low bid and actual construction. |
| Locke Lake Surface Water Treatment ¹ | Intake & Treatment Facility Construction | 1813409, 1900433, 2000369 | \$ 835,000 | DW18-132 | 26,189 | 11/26/2018 | SRF | Yes | \$ - | \$ 1,490,000 | \$ 1,700,000 | \$ 2,050,000 | \$ 2,109,988 | Barnstead | Yes | \$ 27.84 | \$ 58,717 | Existing Arsenic filters failed in Sept 2020. Increase in price reflects replacement of those filters. More work was completed in 2020 than anticipated, therefore there will be less cost in 2021 |
| Locke Lake Surface Water Treatment ¹ | Intake & Treatment Facility Construction | 1813409, 1900433, 2000369 | \$ - | CoBank | | | Pending Filing | Yes | \$ - | \$ - | \$ - | \$ - | \$ 175,334 | Barnstead | Yes | \$ 27.84 | \$ 4,881 | Locke Lake project investment that exceeds the available loan amount of \$4,240,000. The \$240,000 of remaining funds available via SRF will be drawn down in 2021. |
| Rolling Hills Water Main Replacement - Site Restoration from 2019 Project | Replace substandard 2 inch diameter pipe with 4 inch C900 PVC. | 2000392 | \$ 32,000 | | | | Pending Filing | Yes | \$ 32,000 | \$ 32,000 | \$ 32,000 | \$ 32,000 | \$ 27,400 | Plaisow | Yes | \$ 26.20 | \$ 718 | |
| Pelham Main Replacement/Addition | Replace 1600 LF of 3 inch PE with 12 in C-900 and add 775 LF of 12 in C-900 Monticello & Lane. | 2001241 | \$ 285,000 | CoBank | | | Pending Filing | Yes | \$ 285,000 | \$ 590,550 | \$ 658,600 | \$ 658,600 | \$ 332,855 | Pelham | Yes | \$ 24.86 | \$ 8,275 | Project scope expanded for streets listed below over original budget. |
| Pelham Main Replacement/Addition | Replace Lane Road. | 2003563 | \$ - | CoBank | | | Pending Filing | Yes | \$ - | \$ - | \$ - | \$ - | \$ 182,102 | Pelham | Yes | \$ 24.86 | \$ 4,527 | Work on this street is in project total for Monticello & Lane Project above. |
| Pelham Main Replacement/Addition | Replace Simpson Road. | 2003564 | \$ - | CoBank | | | Pending Filing | Yes | \$ - | \$ - | \$ - | \$ - | \$ 19,527 | Pelham | Yes | \$ 24.86 | \$ 485 | Work on this street is in project total for Monticello & Lane Project above. |
| Pelham Main Replacement/Addition | Replace Andrea Lane. | 2003565 | \$ - | CoBank | | | Pending Filing | Yes | \$ - | \$ - | \$ - | \$ - | \$ - | Pelham | Yes | \$ 24.86 | \$ - | Work on this street is in project total for Monticello & Lane Project above. |
| Pelham Main Replacement/Addition | Replace Mount Vernon Drive. | 2004325 | \$ - | CoBank | | | Pending Filing | Yes | \$ - | \$ - | \$ - | \$ - | \$ 60,561 | Pelham | Yes | \$ 24.86 | \$ 1,506 | Work on this street is in project total for Monticello & Lane Project above. |
| 1 x revenue investments Normal Run Rate | Per Tariff | n/a | \$ 100,000 | CoBank | | | Pending Filing | Yes | \$ 100,000 | \$ 40,000 | \$ 40,000 | \$ 40,000 | \$ 62,499 | Various | Yes | \$ 27.23 | \$ 1,714 | 103 Developer Installed Services Installed thru 12/31/2020. |
| Sunrise Estates | Station Replacement (design) | 2003613 | \$ 40,000 | | | | 0.1 DSRP | No | \$ - | \$ - | \$ 30,000 | \$ 30,000 | \$ 7,805 | Middleton | No | \$ 33.55 | \$ - | |
| Londonderry Core Re-Chloramination | Re-chloramination Evaluation and Preliminary Design | 2003760 | \$ 35,000 | | | | 0.1 DSRP | No | \$ - | \$ 35,000 | \$ 35,000 | \$ 35,000 | \$ 11,820 | Londonderry | No | \$ 24.78 | \$ - | Design costs incorporated into Station rebuild above. |
| Atkinson Booster pump station design | Atkinson Booster pump station design | 2000717 | \$ 30,000 | | | | 0.1 DSRP | No | \$ - | \$ - | \$ - | \$ - | \$ 3,000 | Atkinson | Yes | \$ 22.84 | \$ - | Costs incorporated in Atkinson Station rebuild below. |
| Booster Pump replacement/rebuild | Booster Pump replacement/rebuild | 760 - 763 workorders | \$ 40,000 | CoBank | | | Pending Filing | Yes | \$ 40,000 | \$ 35,000 | \$ 25,000 | \$ 18,000 | \$ 15,241 | Various | Yes | \$ 27.23 | \$ 415 | 5 Booster Pump Replace/Rebuilds through 12/31/2020. |
| Well Pump replacements | Well Pump replacements | 760 - 763 workorders | \$ 40,000 | CoBank | | | Pending Filing | Yes | \$ 40,000 | \$ 16,000 | \$ 15,000 | \$ 15,000 | \$ 14,665 | Various | Yes | \$ 27.23 | \$ 399 | 4 Well Pumps Repaired/Replaced through 12/31/2020. |
| Chemical Feed pump replacements | Chemical Feed pump replacements | 760 - 763 workorders | \$ 10,000 | CoBank | | | Pending Filing | Yes | \$ 10,000 | \$ 5,000 | \$ 2,000 | \$ 2,000 | \$ 1,695 | Various | Yes | \$ 27.23 | \$ 46 | 1 Chemical Feed Pump Repaired/Replaced through 12/31/2020. |
| Install/replace treatment systems in small CWS | Install/replace treatment systems in small CWS. | n/a | \$ 25,000 | CoBank | | | Pending Filing | Yes | \$ 25,000 | \$ - | \$ - | \$ - | \$ - | Various | Yes | \$ 27.23 | \$ - | None completed during 2020. |
| Misc. Structural Improvements | Misc. Structural Improvements | n/a | \$ 20,000 | CoBank | | | Pending Filing | Yes | \$ 20,000 | \$ 10,000 | \$ 5,800 | \$ - | \$ - | Various | Yes | \$ 27.23 | \$ - | None completed during 2020. |
| Miscellaneous Fencing and Security projects | Miscellaneous Fencing and Security projects | n/a | \$ 10,000 | CoBank | | | Pending Filing | Yes | \$ 10,000 | \$ 5,000 | \$ - | \$ - | \$ - | Various | Yes | \$ 27.23 | \$ - | None completed during 2020. |
| Miscellaneous SCADA/Electrical | Miscellaneous SCADA/Electrical | n/a | \$ 30,000 | CoBank | | | Pending Filing | Yes | \$ 30,000 | \$ 27,602 | \$ - | \$ 5,000 | \$ - | Various | Yes | \$ 27.23 | \$ - | See projects below. |
| Miscellaneous SCADA/Electrical | Replace Well #1 VFD, Lamplighter Village | 2001215 | \$ - | CoBank | | | Pending Filing | Yes | \$ - | \$ 2,398 | \$ 2,398 | \$ 2,398 | \$ 2,398 | Windham | Yes | \$ 23.89 | \$ 57 | |
| Miscellaneous SCADA/Electrical | Replace Pump #4 VFD, Liberty Tree | 2005248 | \$ - | CoBank | | | Pending Filing | Yes | \$ - | \$ - | \$ 1,735 | \$ 1,735 | \$ 1,735 | Raymond | Yes | \$ 30.53 | \$ 53 | |
| Miscellaneous SCADA/Electrical | Replace Pump #1 VFD, Liberty Tree | 2000387 | \$ - | CoBank | | | Pending Filing | Yes | \$ - | \$ - | \$ 1,735 | \$ 1,735 | \$ 1,735 | Raymond | Yes | \$ 30.53 | \$ 53 | |
| Well Rehabilitation | Well Rehabilitation | n/a | \$ 60,000 | CoBank | | | Pending Filing | No | \$ - | \$ 15,000 | \$ 15,000 | \$ - | \$ - | Various | Yes | \$ 27.23 | \$ - | None completed during 2020. |
| Atkinson Station Rebuild | Station cannot provide required fire flow. Hydropneumatic tank is in need of | n/a | \$ 500,000 | CoBank | | | Pending Filing | No | \$ - | \$ - | \$ - | \$ - | \$ - | Atkinson | Yes | \$ 22.84 | \$ - | Project deferred into 2021 subject to evaluation of financial analysis of rebuilding the station vs. interconnect with HAWC. |
| Install web based communication equipment, 4 locations. | Install web based communication equipment, 4 locations. | n/a | \$ 20,000 | CoBank | | | Pending Filing | Yes | \$ 20,000 | \$ 17,901 | \$ 17,901 | \$ 17,901 | \$ - | Various | Yes | \$ 27.23 | \$ - | |
| Install web based communication equipment, 4 locations. | Fletcher's Corner, Install Cellular Based Communication | 2002270 | \$ - | CoBank | | | Pending Filing | Yes | \$ - | \$ 2,099 | \$ 2,099 | \$ 2,099 | \$ 2,099 | Various | Yes | \$ 27.23 | \$ 57 | |
| Interconnect the W&E CWS to the Town of Salem Water System. | Interconnect the W&E CWS to the Town of Salem Water System. | 2004243 | \$ - | CoBank/Grant | | | Pending Filing | No | \$ - | \$ 125,000 | \$ 125,000 | \$ - | \$ - | Windham | Yes | \$ 23.89 | \$ - | Added as part of PEU-Salem Windham Franchise exchange. MSDC charge paid for by PEU. Work will not be Used and Useful in 2020. |
| New Services (5) | Single Family, Owner Build, New Homes | 720 workorders | \$ 25,000 | CoBank | | | Pending Filing | Yes | \$ 25,000 | \$ 15,000 | \$ 7,950 | \$ 10,586 | \$ 10,586 | Various | Yes | \$ 27.23 | \$ 288 | 2 new services installed through 12/31/2020. |
| Renewed Services (10) | Replacement of failed services. | 721 & 722 workorders | \$ 55,000 | CoBank | | | Pending Filing | Yes | \$ 55,000 | \$ 1,912 | \$ 7,014 | \$ 7,014 | \$ 10,137 | Various | Yes | \$ 27.23 | \$ 276 | 5 Renewed Service installed through 12/31/2020. |
| Hydrants (6) | Replacement of non-functional hydrants. | 730 & 731 workorders | \$ 30,000 | CoBank | | | Pending Filing | Yes | \$ 30,000 | \$ 18,000 | \$ 18,000 | \$ 6,000 | \$ - | Various | Yes | \$ 27.23 | \$ - | None completed during 2020. |
| Meters 5/8"-4" Lead Meter Exchange - PEU (600) | Replace High lead brass meter with new no lead brass meter. | 750 workorders | \$ 22,000 | CoBank | | | Pending Filing | Yes | \$ 22,000 | \$ 30,000 | \$ 26,000 | \$ 26,000 | \$ 25,672 | Various | Yes | \$ 27.23 | \$ 699 | 235 Meters installed/replaced through 12/31/2020 - This is new and replacements together. |
| Gates (8) | Replacement of Failed Gate Valves | 712 workorders | \$ 32,000 | CoBank | | | Pending Filing | Yes | \$ 32,000 | \$ 6,109 | \$ 18,000 | \$ 17,954 | \$ 17,872 | Various | Yes | \$ 27.23 | \$ 487 | 5 Gates Installed/Repaired through 12/31/2020. |
| Radios (300) | New Customers (220) and replaced failed radios (80) for meter reading. | 754 workorders | \$ 32,000 | CoBank | | | Pending Filing | Yes | \$ 32,000 | \$ 18,500 | \$ 15,023 | \$ 21,000 | \$ 24,251 | Various | Yes | \$ 27.23 | \$ 660 | 236 Radios installed/replaced through 12/31/2020. |
| Meters (Growth) 5/8"-2" - PEU (220) | New meters for new customers (220). | 750 workorders | \$ - | CoBank | | | Pending Filing | Yes | \$ - | \$ - | \$ - | \$ - | \$ - | Various | Yes | \$ 27.23 | \$ - | Incorporated in Row 48 above. |
| PEU-PWW Interconnection | PEU-PWW Interconnection | 2007474 | \$ - | CoBank | | | Pending Filing | Yes | \$ - | \$ - | \$ - | \$ - | \$ 3,449 | Merrimack | Yes | \$ 28.84 | \$ 99 | |
| MSDC Payment to Manchester Water Works | MSDC Payment to Manchester Water Works | 2009024 | \$ - | CoBank | | | Pending Filing | Yes | \$ - | \$ - | \$ - | \$ - | \$ 127,007 | Various | No | \$ 27.23 | \$ - | |
| Interest on CoBank FALOC | Short term interest from 11/23/2020 - 7/31/2021 | | \$ - | CoBank | | | Pending Filing | Yes | \$ - | \$ - | \$ - | \$ - | \$ 16,158 | Various | No | \$ 27.23 | \$ - | Anticipates closing on CoBank long term loan to pay off CoBank FALOC on 8/1/2021. |

Pennichuck East Utilities Projected 2020 Total Capital Expenditure Budget - \$ 4,737,000

Projected annual property tax expenses for QCPAC eligible projects - \$ 137,255

Pennichuck East Utilities Projected 2020 QCPAC Eligible Capital Investment less 0.1 DSRP funded projects - \$ 1,692,000 \$ 3,861,191 \$ 3,714,955 \$ 4,951,522 \$ 5,142,555
 Funded with CoBank Loan³ - \$ 1,692,000 \$ 2,371,191 \$ 2,014,955 \$ 979,022 \$ 1,135,409
 Funded with SRF⁴ - \$ - \$ 1,490,000 \$ 1,700,000 \$ 3,972,500 \$ 4,007,147

1. Tax rate is the sum of the local community rate plus the Statewide Utility tax rate of \$6.60/\$1000.
 2. The 2020 PEU Capital Expenditures Budget presented were approved by the Board in January 2020.
 3. Projected CoBank Loan Terms are 25 Years at 5.0% resulting in P&I of \$ 168,242 \$ 142,966 \$ 69,464 \$ 80,560
 4. Remainder of Locke Lake Surface Water Treatment project to completed in early 2021 at a total projected cost of \$ 232,853 resulting in P&I of \$ 73,139 \$ 83,447 \$ 194,997 \$ 196,697
 5. Projected SRF Terms for Locke Lake project are 30 Years at 2.704%

Total projected P&I on debt incurred to support 2020 used and useful capex -

Total projected annual P&I for 2020 used and useful QCP's \$ 241,381 \$ 226,413 \$ 264,461 \$ 277,257

| Project Name/Description | Project Description | Work Order # | 2021 Board Approved Budgeted | Financing Docket No. | NHPUC Order No. | Date of NHPUC Order | Source of Funding | Eligible for 2021 QCPAC Surcharge | Eligible for 2021 QCPAC Surcharge | Community | Taxable | Tax Rate (1) | QCPAC Eligible Property Tax Expense | Explanation for Change/Addition/Deletion since Petition Filing |
|---|---|--------------|------------------------------|----------------------|-----------------|---------------------|-------------------|-----------------------------------|-----------------------------------|-------------|---------|--------------|-------------------------------------|--|
| Locke Lake Surface Water Treatment ⁴ | Intake & Treatment Facility Construction | | \$ 200,000 | DW18-132 | 26,189 | 11/26/2018 | SRF | Yes | \$ 200,000 | Barnstead | Yes | \$ 27.84 | \$ 5,568 | Total project cost incurred between 2019 through 2021 when project became Used and Useful. |
| Pelham Main Replacement/Addition | Replace 1600 LF of 3 inch PE with 12 in C-900 and add 775 LF of 12 in C-900 Monticello & Lane (Paving). | | \$ 40,000 | CoBank | | Pending Filing | CoBank | Yes | \$ 40,000 | Pelham | Yes | \$ 24.86 | \$ 994 | |
| Londonderry System Improvements | Tank, Transmission Main, & Booster Station | | \$ 1,600,000 | CoBank | | Pending Filing | CoBank | Yes | \$ 1,600,000 | Londonderry | Yes | \$ 24.78 | \$ 39,648 | |
| Atkinson Booster pump station design | Atkinson Booster pump station design | | \$ 30,000 | | | 0.1 DSR | | No | \$ 30,000 | Atkinson | No | \$ 22.84 | \$ - | |
| Locke Lake Filter Replacement | Replace two failed (structural-collapse of screen supports) iron, manganese, & arsenic filters. | | \$ 30,000 | CoBank | | Pending Filing | CoBank | Yes | \$ 30,000 | Barnstead | Yes | \$ 27.84 | \$ 835 | |
| Airstrip Station Decommissioning | Abandon unused wells and Station | | \$ 40,000 | DW18-132 | 26,189 | 11/6/2018 | CoBank | Yes | \$ 32,853 | Barnstead | No | \$ 27.84 | \$ - | |
| Airstrip Station Decommissioning | Abandon unused wells and Station | | \$ - | | | | | | \$ 7,147 | Barnstead | No | \$ 27.84 | \$ - | |
| 1 x revenue investments Normal Run Rate | Per Tariff | | \$ 100,000 | DW18-133 | 26,197 | 12/3/2018 | CoBank | Yes | \$ 100,000 | Various | Yes | \$ 27.23 | \$ 2,723 | |
| Booster Pump replacement/rebuild | Booster Pump replacement/rebuild | | \$ 40,000 | CoBank | | Pending Filing | CoBank | Yes | \$ 40,000 | Various | Yes | \$ 27.23 | \$ 1,089 | |
| Well Pump replacements | Well Pump replacements | | \$ 40,000 | CoBank | | Pending Filing | CoBank | Yes | \$ 40,000 | Various | Yes | \$ 27.23 | \$ 1,089 | |
| Chemical Feed pump replacements | Chemical Feed pump replacements | | \$ 10,000 | CoBank | | Pending Filing | CoBank | Yes | \$ 10,000 | Various | Yes | \$ 27.23 | \$ 272 | |
| Install/replace treatment systems in small CWS (supplemental Arsenic treatment) | Install/replace treatment systems in small CWS (supplemental Arsenic treatment systems). | | \$ 50,000 | CoBank | | Pending Filing | CoBank | Yes | \$ 50,000 | Various | Yes | \$ 27.23 | \$ 1,361 | |
| Misc. Structural Improvements | Misc. Structural Improvements | | \$ 20,000 | CoBank | | Pending Filing | CoBank | Yes | \$ 20,000 | Various | Yes | \$ 27.23 | \$ 545 | |
| Miscellaneous Fencing and Security projects | Miscellaneous Fencing and Security projects | | \$ 10,000 | CoBank | | Pending Filing | CoBank | Yes | \$ 10,000 | Various | Yes | \$ 27.23 | \$ 272 | |
| Miscellaneous SCADA/Electrical | Miscellaneous SCADA/Electrical | | \$ 30,000 | | | | CoBank | | | Various | | \$ 27.23 | \$ - | |
| Well Rehabilitation | Well Rehabilitation | | \$ 60,000 | CoBank | | Pending Filing | CoBank | Yes | \$ 60,000 | Various | Yes | \$ 27.23 | \$ 1,634 | |
| Install web based communication equipment, 4 locations | Install web based communication equipment, 4 locations | | \$ 20,000 | CoBank | | Pending Filing | CoBank | Yes | \$ 20,000 | Various | Yes | \$ 27.23 | \$ 545 | |
| New Services (5) | Single Family, Owner Build, New Homes | | \$ 25,000 | CoBank | | Pending Filing | CoBank | Yes | \$ 25,000 | Various | Yes | \$ 27.23 | \$ 681 | |
| Renewed Services (20) | Replacement of failed services (focus on Locke Lake Services). | | \$ 110,000 | CoBank | | Pending Filing | CoBank | Yes | \$ 110,000 | Various | Yes | \$ 27.23 | \$ 2,995 | |
| Hydrants (5) | Replacement of non-functional hydrants | | \$ 30,000 | CoBank | | Pending Filing | CoBank | Yes | \$ 30,000 | Various | Yes | \$ 27.23 | \$ 817 | |
| Gates (8) | Replacement of Failed Gate Valves | | \$ 32,000 | CoBank | | Pending Filing | CoBank | Yes | \$ 32,000 | Various | Yes | \$ 27.23 | \$ 871 | |
| Radios (300) | New Customers (220) and replaced failed radios (80) for meter reading. | | \$ 31,500 | CoBank | | Pending Filing | CoBank | Yes | \$ 31,500 | Various | Yes | \$ 27.23 | \$ 858 | |
| New meters for new customers (220). Replacement of failed meters (80) | New meters for new customers (220) and replacement meters (80). | | \$ 30,000 | CoBank | | Pending Filing | CoBank | Yes | \$ 30,000 | Various | Yes | \$ 27.23 | \$ 817 | |
| Meters 5/8"-6" Lead Meter Exchange - PEU (400) | Replace High lead brass meter with new no lead brass meter. | | \$ 40,000 | CoBank | | Pending Filing | CoBank | Yes | \$ 40,000 | Various | Yes | \$ 27.23 | \$ 1,089 | |
| 2021 Radios (1000) | Year 1 of 7 year replacement of all PEU radios (all initial radios installed in 2007). | | \$ 130,000 | CoBank | | Pending Filing | CoBank | Yes | \$ 130,000 | Various | Yes | \$ 27.23 | \$ 3,540 | |

Pennichuck East Utilities Projected 2020 Total Capital Expenditure Budget - \$ 2,748,500

Pennichuck East Utilities Projected 2020 QCPAC Eligible Capital Investment - \$ 2,718,500
 Funded with CoBank Loan³ - \$ 2,485,647
 Funded with SRF Loan¹ - \$ 232,853

Projected annual property tax expenses for QCPAC eligible projects - \$ 68,243

1. Tax rate is the sum of the local community rate plus the Statewide Utility tax rate of \$6.60/\$1000.
 2. The 2021 PEU Capital Expenditures Budget presented were approved by the Board in January 2021.
 3. Projected CoBank Loan Terms are 25 Years at 5.0%
 4. Projected SRF Terms for Locke Lake project are 30 Years at 2.704%

resulting in P&I of \$ 176,363
 resulting in P&I of \$ 11,430

| Project Name/Description | Project Description | Work Order # | 2022 Approved Budgeted Amount, Revised to reflect 2020 QCPAC activity | Financing Docket No. | NHPUC Order No. | Date of NHPUC Order | Source of Funding | Eligible for 2022 QCPAC Surcharge | Eligible for 2022 QCPAC Surcharge | Community | Taxable | Tax Rate (1) | QCPAC Eligible Property Tax Expense | Explanation for Change/Addition/Deletion since Petition Filing |
|---|--|--------------|---|----------------------|-----------------|---------------------|-------------------|-----------------------------------|---|-------------|--|--------------|-------------------------------------|--|
| Wellesley Drive water main replacement4 | Replace 1760 LF of 2 inch PE with 1760 LF of C900 PVC. | | \$ 220,000 | CoBank | | Pending Filing | CoBank | Yes | \$ 220,000 | Pelham | Yes | \$ 24.86 | \$ 5,469 | |
| Raddcliffe Drive water main replacement4 | Replace 720 LF of 1.5 inch PE with 720 LF of C900 PVC. | | \$ 100,000 | CoBank | | Pending Filing | 0.1 DSR | No | \$ 100,000 | Pelham | Yes | \$ 24.86 | \$ 2,486 | |
| Vassar Drive water main replacement4 | Replace 1740 LF of 2 inch PE with 1740 LF of C900 PVC. | | \$ 220,000 | CoBank | | Pending Filing | CoBank | Yes | \$ 220,000 | Pelham | Yes | \$ 24.86 | \$ 5,469 | |
| 1 x revenue investments Normal Run Rate | Per Tariff | | \$ 100,000 | CoBank | | Pending Filing | CoBank | Yes | \$ 100,000 | Various | Yes | \$ 27.23 | \$ 2,723 | |
| Atkinson Booster Station | Replace and Upgrade Station for AS treatment and Fire flow. | | \$ 600,000 | CoBank | | Pending Filing | CoBank | Yes | \$ 600,000 | Atkinson | Yes | \$ 22.84 | \$ 13,704 | |
| Londonderry Mountain Homes Station Improvements | Station Expansion for and including Chemical Feed Facilities for re-chloramination. | | \$ 275,000 | CoBank | | Pending Filing | CoBank | Yes | \$ 275,000 | Londonderry | Yes | \$ 24.78 | \$ 6,815 | |
| Booster Pump replacement/rebuild | Booster Pump replacement/rebuild | | \$ 40,000 | CoBank | | Pending Filing | CoBank | Yes | \$ 40,000 | Various | Yes | \$ 27.23 | \$ 1,089 | |
| Well Pump replacements | Well Pump replacements | | \$ 40,000 | CoBank | | Pending Filing | CoBank | Yes | \$ 40,000 | Various | Yes | \$ 27.23 | \$ 1,089 | |
| Chemical Feed pump replacements | Chemical Feed pump replacements | | \$ 10,000 | CoBank | | Pending Filing | CoBank | Yes | \$ 10,000 | Various | Yes | \$ 27.23 | \$ 272 | |
| Install/replace treatment systems in small CWS. | Install/replace treatment systems in small CWS. | | \$ 25,000 | CoBank | | Pending Filing | CoBank | Yes | \$ 25,000 | Various | Yes | \$ 27.23 | \$ 681 | |
| Miscellaneous Structural Improvements | Misc. Structural Improvements | | \$ 20,000 | CoBank | | Pending Filing | CoBank | Yes | \$ 20,000 | Various | Yes | \$ 27.23 | \$ 545 | |
| Miscellaneous Fencing and Security projects | Miscellaneous SCADA/Electrical | | \$ 10,000 | CoBank | | Pending Filing | CoBank | Yes | \$ 10,000 | Various | Yes | \$ 27.23 | \$ 272 | |
| Miscellaneous SCADA/Electrical | Miscellaneous SCADA/Electrical | | \$ 30,000 | CoBank | | Pending Filing | CoBank | Yes | \$ 30,000 | Various | Yes | \$ 27.23 | \$ 817 | |
| Well Rehabilitation | Well Rehabilitation | | \$ 60,000 | CoBank | | Pending Filing | CoBank | Yes | \$ 60,000 | Various | Yes | \$ 27.23 | \$ 1,634 | |
| New Services (5) | Single Family, Owner Build, New Homes | | \$ 25,000 | CoBank | | Pending Filing | CoBank | Yes | \$ 25,000 | Various | Yes | \$ 27.23 | \$ 681 | |
| Renewed Services (20) | Replacement of failed services (focus on Locke Lake System). | | \$ 110,000 | CoBank | | Pending Filing | CoBank | Yes | \$ 110,000 | Pelham | Yes | \$ 24.86 | \$ 2,735 | |
| Hydrants (5) | Replacement of non-functional hydrants. | | \$ 30,000 | CoBank | | Pending Filing | CoBank | Yes | \$ 30,000 | Pelham | Yes | \$ 24.86 | \$ 746 | |
| Gates (8) | Replacement of Failed Gate Valves. | | \$ 32,000 | CoBank | | Pending Filing | CoBank | Yes | \$ 32,000 | Pelham | Yes | \$ 24.86 | \$ 796 | |
| Radios (300) | New Customers (220) and replaced failed radios (80) for meter reading. | | \$ 31,500 | CoBank | | Pending Filing | CoBank | Yes | \$ 31,500 | Various | Yes | \$ 27.23 | \$ 858 | |
| New meters for new customers (220). Replacement of failed meters (80) | New meters for new customers (220) and replacement meters (80). | | \$ 30,000 | CoBank | | Pending Filing | CoBank | Yes | \$ 30,000 | Various | Yes | \$ 27.23 | \$ 817 | |
| Meters 5/8"-6" Lead Meter Exchange - PEU (400) | Replace High lead brass meter with new no lead brass meter. | | \$ 40,000 | CoBank | | Pending Filing | CoBank | Yes | \$ 40,000 | Various | Yes | \$ 27.23 | \$ 1,089 | |
| 2022 Radios (1000) | Year 2 of 7 year replacement of all PEU radios (all initial radios installed in 2007). | | \$ 130,000 | CoBank | | Pending Filing | CoBank | Yes | \$ 130,000 | Various | Yes | \$ 27.23 | \$ 3,540 | |
| Pennichuck East Utilities Projected 2020 Total Capital Expenditure Budget - | | | \$ 2,178,500 | | | | | | | | | | | |
| | | | | | | | | | Pennichuck East Utilities Projected 2020 QCPAC Eligible Capital Investment - \$ 2,178,500 | | | | | |
| | | | | | | | | | Funded with CoBank Loan ³ - \$ 2,178,500 | | | | | |
| | | | | | | | | | | | Projected annual property tax expenses for QCPAC eligible projects - \$ 54,325 | | | |

1. Tax rate is the sum of the local community rate plus the Statewide Utility tax rate of \$6.60/\$1000
 2. The 2022 PEU Capital Expenditures Budget presented were approved by the Board in January 2021.
 3. Projected CoBank Loan Terms are 25 Years at 5.0% resulting in P&I of \$ 154,570
 4. The Wellesley, Raddcliffe and Vassar Drive water main replacements will be completed over 2 years with water main replacement occurring in 2022 and final payment in 2023.

| Project Name/Description | Project Description | Work Order # | 2022 Approved Budgeted Amount, Revised to reflect 2020 QCPAC activity | Financing Docket No. | NHPUC Order No. | Date of NHPUC Order | Source of Funding | Eligible for 2022 QCPAC Surcharge | Eligible for 2022 QCPAC Surcharge | Community | Taxable | Tax Rate (1) | QCPAC Eligible Property Tax Expense | Explanation for Change/Addition/Deletion since Petition Filing | |
|---|--|--------------|---|----------------------|-----------------|---------------------|-------------------|-----------------------------------|--|-----------|--|--------------|-------------------------------------|--|--|
| Pelham Main Replacement | Monticello & Lane Area Phase 2 | | \$ 700,000 | CoBank | | Pending Filing | CoBank | Yes | \$ 700,000 | Pelham | Yes | \$ 24.86 | \$ 17,402 | | |
| Wellesley Drive water main replacement | Replace 1760 LF of 2 inch PE with 1760 LF of C900 PVC (paving). | | \$ 70,000 | CoBank | | Pending Filing | 0.1 DSRP | No | \$ 70,000 | Pelham | Yes | \$ 24.86 | \$ 1,740 | | |
| Radcliffe Drive water main replacement | Replace 720 LF of 1.5 inch PE with 720 LF of C900 PVC (paving). | | \$ 50,000 | CoBank | | Pending Filing | CoBank | Yes | \$ 50,000 | Pelham | Yes | \$ 24.86 | \$ 1,243 | | |
| Vassar Drive water main replacement | Replace 1740 LF of 2 inch PE with 1740 LF of C900 PVC (paving). | | \$ 70,000 | CoBank | | Pending Filing | CoBank | Yes | \$ 70,000 | Pelham | Yes | \$ 24.86 | \$ 1,740 | | |
| Locke Lake | Circle & Emmerson Replace 2100 feet of 2 inch PE. | | \$ 250,000 | CoBank | | Pending Filing | CoBank | Yes | \$ 250,000 | Barnstead | Yes | \$ 27.84 | \$ 6,960 | | |
| 1 x revenue investments Normal Run Rate | Per Tariff | | \$ 100,000 | CoBank | | Pending Filing | CoBank | Yes | \$ 100,000 | Various | Yes | \$ 27.23 | \$ 2,723 | | |
| Booster Pump replacement/rebuild | Booster Pump replacement/rebuild | | \$ 40,000 | CoBank | | Pending Filing | CoBank | Yes | \$ 40,000 | Various | Yes | \$ 27.23 | \$ 1,089 | | |
| Well Pump replacements | Well Pump replacements | | \$ 40,000 | CoBank | | Pending Filing | CoBank | Yes | \$ 40,000 | Various | Yes | \$ 27.23 | \$ 1,089 | | |
| Chemical Feed pump replacements | Chemical Feed pump replacements | | \$ 10,000 | CoBank | | Pending Filing | CoBank | Yes | \$ 10,000 | Various | Yes | \$ 27.23 | \$ 272 | | |
| Install/replace treatment systems in small CWS. | Install/replace treatment systems in small CWS. | | \$ 25,000 | CoBank | | Pending Filing | CoBank | Yes | \$ 25,000 | Various | Yes | \$ 27.23 | \$ 681 | | |
| Miscellaneous Structural Improvements | Miscellaneous Structural Improvements | | \$ 20,000 | CoBank | | Pending Filing | CoBank | Yes | \$ 20,000 | Various | Yes | \$ 27.23 | \$ 545 | | |
| Miscellaneous Fencing and Security projects | Miscellaneous Fencing and Security projects | | \$ 10,000 | CoBank | | Pending Filing | CoBank | Yes | \$ 10,000 | Various | Yes | \$ 27.23 | \$ 272 | | |
| Miscellaneous SCADA/Electrical | Miscellaneous SCADA/Electrical | | \$ 30,000 | CoBank | | Pending Filing | CoBank | Yes | \$ 30,000 | Various | Yes | \$ 27.23 | \$ 817 | | |
| Well Rehabilitation | Well Rehabilitation | | \$ 60,000 | CoBank | | Pending Filing | CoBank | Yes | \$ 60,000 | Various | Yes | \$ 27.23 | \$ 1,634 | | |
| New Services (5) | Single Family, Owner Build, New Homes | | \$ 25,000 | CoBank | | Pending Filing | CoBank | Yes | \$ 25,000 | Various | Yes | \$ 27.23 | \$ 681 | | |
| Renewed Services (20) | Replacement of failed services (focus on Locke Lake System). | | \$ 110,000 | CoBank | | Pending Filing | CoBank | Yes | \$ 110,000 | Various | Yes | \$ 27.23 | \$ 2,995 | | |
| Hydrants (5) | Replacement of non-functional hydrants. | | \$ 30,000 | CoBank | | Pending Filing | CoBank | Yes | \$ 30,000 | Various | Yes | \$ 27.23 | \$ 817 | | |
| Gates (8) | Replacement of Failed Gate Valves | | \$ 32,000 | CoBank | | Pending Filing | CoBank | Yes | \$ 32,000 | Various | Yes | \$ 27.23 | \$ 871 | | |
| Radios (300) | New Customers (220) and replaced failed radios (80) for meter reading. | | \$ 31,500 | CoBank | | Pending Filing | CoBank | Yes | \$ 31,500 | Various | Yes | \$ 27.23 | \$ 858 | | |
| New meters for new customers (220). Replacement of failed meters (80). | New meters for new customers (220) | | \$ 30,000 | CoBank | | Pending Filing | CoBank | Yes | \$ 30,000 | Various | Yes | \$ 27.23 | \$ 817 | | |
| Meters 5/8"-6" Lead Meter Exchange - PEU (400) | Replace High lead brass meter with new no lead brass meter. | | \$ 40,000 | CoBank | | Pending Filing | CoBank | Yes | \$ 40,000 | Various | Yes | \$ 27.23 | \$ 1,089 | | |
| 2022 Radios (1000) | Year 2 of 7 year replacement of all PEU radios (all initial radios installed in 2007). | | \$ 130,000 | CoBank | | Pending Filing | CoBank | Yes | \$ 130,000 | Various | Yes | \$ 27.23 | \$ 3,540 | | |
| Pennichuck East Utilities Projected 2020 Total Capital Expenditure Budget - | | | \$ 1,903,500 | | | | | | | | | | | | |
| | | | | | | | | | Pennichuck East Utilities Projected 2020 QCPAC Eligible Capital Investment - | | \$ 1,903,500 | | | | |
| | | | | | | | | | Funded with CoBank Loan ³ - | | \$ 1,903,500 | | | | |
| | | | | | | | | | | | Projected annual property tax expenses for QCPAC eligible projects - | | \$ 49,874 | | |

1. Tax rate is the sum of the local community rate plus the Statewide Utility tax rate of \$6.60/\$1000
 2. The 2022 PEU Capital Expenditures Budget presented were approved by the Board in January 2021.
 3. Projected CoBank Loan Terms are 25 Years at 5.0%
 5. The Wellesley, Radcliffe and Vassar Drive water main replacements will be completed over 2 years with water main replacement occurring in 2022 and final pavement in 2023.

resulting in P&I of \$ 135,058



25 Walnut Street
PO Box 428
Nashua, NH 03061-0428

(800) 553-5191
Fax (603) 913-2362
customer-service@pennichuck.com

**Pennichuck East Utility Qualified Capital Project Adjustment Charge (QCPAC)
Customer Notice for February 2021 filing at the New Hampshire Public Utilities Commission**

Pennichuck East Utility, 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. Pennichuck was granted approval by the New Hampshire Public Utilities Commission (PUC) in DW17-128 (Order #26,194) to implement a Qualified Capital Project Adjustment Charge (QCPAC). The QCPAC allows Pennichuck to bill a monthly surcharge based on a percentage of your monthly bill. The surcharge is directly linked to and based upon the costs of Pennichuck's ongoing investment in Qualified Capital Projects (QCPs) 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 QCPAC surcharge allows Pennichuck to recover 1.10 times the annual principal and interest for the debt funds raised each year to pay for Pennichuck's QCP expenditures made on plant and equipment placed into service during the prior year, plus the incremental property taxes associated with the value of those QCPs. As a part of this annual process, Pennichuck's QCP expenditures are audited by the PUC for prudence and confirmation of actual expenditure levels.

Our customers benefit from the QCPAC program as it provides the necessary funding for Pennichuck to maintain a consistent plan for the replacement of aging infrastructure, increasing the reliability and quality of service provided to customers. The QCPAC program also results in smaller annual rate changes for customers by permitting Pennichuck to recover the costs associated with debt financing the replacement of aging infrastructure between rate cases, as well as the ability to continue to access lowest cost debt funding for these projects, based upon this QCPAC program.

As a part of this ongoing annual QCPAC process, Pennichuck will be filing a proposed three-year capital expenditure plan for 2021-2023 QCPs with the PUC on or before February 15, 2021. The proposed 2021-2023 QCPs submitted will update the plan already on file with the PUC, as it relates to Pennichuck's 2020 through 2022 proposed QCP expenditures plan, which was previously filed with the PUC in February of 2020 as part of its DW 20-019 QCPAC filing. The surcharge requested in docket DW 20-019 are a subset of the new permanent rates being sought by Pennichuck in its rate case filing in Docket DW 20-156.

As a part of this impending February 2021 QCPAC filing, Pennichuck will be requesting the PUC to allow it to bill for a QCPAC surcharge of 1.90% over and above the rates being sought in the Company's rate case filing in docket DW 20-156. The requested QCPAC surcharge will allow Pennichuck to recover the costs associated with debt financing the QCPs placed in service during 2020. The 1.9% QCPAC surcharge, if approved, will apply to all customer classes and charges for service rendered after June 30, 2021 and would be expected to go in effect near the end of 2021.

The requested QCPAC surcharge for 2020 QCPs, if approved in late 2021, would result in a QCPAC surcharge of about \$1.66 per month on the projected average single-family residential bill of \$87.25, for a total average single-family residential monthly bill of \$88.91.

If you have any questions or concerns related to Pennichuck's February 2021 QCPAC filing, please contact Pennichuck Customer Service at 800-553-5191 or the New Hampshire Public Utilities Commission at 800-852-3793.

Attachment B - PEU Draft QCPAC Tariff Language

NHPUC NO. 1 Water
PENNICHUCK EAST UTILITY, INC.

Second Revised Page 50
Superseding First Revised Page 50

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 on a service rendered basis to all bills issued after July **xx**, 2021.

I. General Description

Purpose: To recover the fixed costs (1.1 times principal and interest plus 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 on a service rendered basis for all bills issued after July **xx**, 2021 and 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, 2020 and December 31, 2020. 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> |
|---|---|
| July xx , 2021 | December 31, 2020 |

The QCPAC will be applied on a service rendered basis to all bills rendered after July **xx**, 2021. The QCPAC will be applied uniformly to all customer classes and charges with the exception that the QCPAC will not be applied against the North Country Capital Recovery Surcharge.

Issued: _____
Effective: July **xx**, 2021

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

Authorized by NHPUC Order No. **xx,xxx** in Docket No. DW 21-**xxx** dated **October xx, 2021**

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 financings received the Drinking Water and Groundwater Trust Fund, the New Hampshire Department of Environmental Services State Revolving Loan Fund and a term loan with CoBank, all of which were closed on before or on June 30, 2021 to pay for the QCPAC qualified projects that were completed and used and useful by December 31, 2020. The Principal and interest associated with these various financings will be multiplied by 1.1 to determine this portion of the QCPAC surcharge. The debt service 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: Incremental property taxes associated with the specific capital projects, as determined in the year of the granting of the QCPAC for such projects. The property tax expense will reflect an estimate of the tax expense for such projects based on the tax rate then in effect at the end of the year the QCP was used and useful times the final audited cost of the eligible QCP's.

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 over four months commencing after the issuance date of this tariff.

Issued: _____
Effective: July xx, 2021

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 financings 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 financings 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 17-128, 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 February 15th of each year.

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

Issued: _____

Effective: July xx, 2021

Issued by: _____

Name: Donald L. Ware

Title: Chief Operating Officer

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.

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. Before sending, the Company will review the notice with the Commission's Consumer Services and External Affairs division. 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

August 15
November 15
January 15

Issued: _____

Effective: July xx, 2021

Issued by: _____

Name: Donald L. Ware

Title: Chief Operating Officer

Authorized by NHPUC Order No. xx,xxx in Docket No. DW 21-xxx dated October xx, 2021

ATTACHMENT C – Pennichuck Website Screen Shot 2-8-21

Commission's website, please visit <https://www.puc.nh.gov/Regulatory/Doc>
[Water System](#).

The Commission will hold a **web-enabled remote prehearing conference**, pursuant to N.H. Admin. R., Puc 203.15, on **January 27, 2021, at 10:00 a.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. [Order Suspending Tariff and Scheduling Prehearing Conference](#)

[Pennichuck Water Works Qualified Capital Project Adjustment Charge](#)

As part of the ongoing annual QCPAC process, Pennichuck will be filing a proposed three-year capital expenditure plan for 2021-2023 QCPs with the PUC on or before February 15, 2021. The February 2021 filing described in the notice is requesting an additional 1.84% increase in rates, over and above the 3.94%, to fund the QCPs placed in service during 2020. The proposed QCPAC surcharge will apply to meter classes and charges for service rendered after April 30, 2020 and will most likely go into effect in the fall of 2021. Please see full [QCPAC Notice here](#).

PUC on or before February 15, 2021. The February 2021 filing described in the notice is requesting an additional 1.84% increase in rates, over and above the 3.94%, to fund the QCPs placed in service during 2020. The proposed QCPAC surcharge will apply to meter classes and charges for service rendered after April 30, 2020 and will most likely go into effect in the fall of 2021. Please see full [QCPAC Notice here](#).

[Pennichuck East Utility Qualified Capital Project Adjustment Charge](#)

As part of the ongoing annual QCPAC process, Pennichuck will be filing a proposed three-year capital expenditure plan for 2021-2023 QCPs with the PUC on or before February 15, 2021. The 1.9% QCPAC surcharge, if approved, will apply to all customer classes and charges for service rendered after June 30, 2021 and would be expected to go in effect near the end of 2021. Please see full [QCPAC Notice here](#).



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 22, 2021; 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 2021 Capital Expenditure Budget and 2022/2023 Capital Expenditure Plans, as presented at this meeting, are hereby approved.

2. Attachment A to this Corporate Secretary's Certificate is a true copy of the Pennichuck East Utility, Inc. 2021 Capital Expenditure Budget and 2022/2023 Capital Expenditure Plans presented to the Board of Directors of the Company on January 22, 2021 and approved by said Board.

In Witness Whereof, I have hereunto set my hand this 8th day of February, 2021.


Suzanne L. Ansara
Corporate Secretary

**Pennichuck East Utility
2021 Capital Expenditure Budget, Including 2022 and 2023 Plans
(In thousands)**

| | Total Budgeted for 2020 | Total Budgeted in 2021 for Carryover/Multi- year Projects | Total Budgeted in 2021 for New Projects | Total Budgeted for 2021 | Total Planned in 2022 for Carryover & New Projects | Total Planned in 2023 for Carryover & New Projects |
|--|----------------------------|--|---|----------------------------|---|---|
| Mains and Main Replacements | \$ 1,201 | \$ 40 | \$ - | \$ 40 | \$ 540 | \$ 1,490 |
| Booster Stations, Tanks, Generators and Pumps | 110 | 30 | - | 30 | 875 | 40 |
| Water Treatment Media and Miscellaneous Water Supply Upgrades | - | - | - | - | - | - |
| Service, Hydrants and Meters | 196 | - | 429 | 429 | 459 | 459 |
| North Country Operations Facility | - | - | - | - | - | - |
| All Other | 850 | 30 | 420 | 450 | 335 | 295 |
| Subtotals | 2,357 | 100 | 849 | 949 | 2,209 | 2,284 |
| | | | | | | |
| New Londonderry Tank - Woodmont Commons | 1,545 | - | - | - | - | - |
| Londonderry System Improvements | - | 1,600 | - | 1,600 | - | - |
| Locke Lake - Surface Water Intake, Treatment and Mains Upgrade | 835 | 200 | - | 200 | - | - |
| Total Capex Budgeted 2021-2023 | \$ 4,737 | \$ 1,900 | \$ 849 | \$ 2,749 | \$ 2,209 | \$ 2,284 |
| Total Capex Budgeted 2021 - 2023 approved 12/18/20 | \$ 4,737 | \$ 1,900 | \$ 1,124 | \$ 3,024 | \$ 1,934 | \$ 2,284 |
| Variances | \$ - | \$ - | \$ (275) | \$ (275) | \$ 275 | \$ - |

| Amount | Funding |
|-----------------|---------------|
| - | Bond |
| 2,479.00 | CoBank(FALOC) |
| 30.00 | DSRR 0.1 |
| 240.00 | SRF |
| 2,749.00 | |