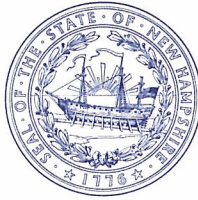


THE STATE OF NEW HAMPSHIRE

CHAIRMAN
Thomas B. Getz

COMMISSIONERS
Clifton C. Below
Amy L. Ignatius

EXECUTIVE DIRECTOR
AND SECRETARY
Debra A. Howland



PUBLIC UTILITIES COMMISSION
21 S. Fruit Street, Suite 10
Concord, N.H. 03301-2429

Tel. (603) 271-2431

FAX (603) 271-3878

TDD Access: Relay NH
1-800-735-2964

Website:
www.puc.nh.gov

August 23, 2011

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



Re: DW 11-111, Pennichuck East Utility, Inc.
Revisions to Fire Protection Tariff
Staff Recommendation of Approval

Dear Ms. Howland:

May 19, 2011, Pennichuck East Utility, Inc. (PEU) submitted a Verified Petition requesting approval of certain Revisions to its Fire Protection Tariff. The petition was a result of PEU receiving letter from the Town of Litchfield indicating the Town had voted to pay annual fire protection charges. Currently individual water customers are being billed monthly for fire protection service. After review, staff recommends the petition be approved.

In PEU's last general rate proceeding, DW 07-032, the Commission approved the establishment of a monthly fire protection charge of \$12.59 to be paid by water customers within PEU's Litchfield water system in the Town of Litchfield. See Order No. 24,840 (April 4, 2008). That charge was based on the results of a cost of service study filed in DW 07-032 which determined that \$252,605.76 of annual revenue should be realized by PEU for the service provided to the 198 hydrants serving Litchfield at the time the study was prepared. By letter dated March 10, 2011 PEU received information that a vote at Litchfield's annual meeting resulted in an adoption of the following article:

To see if the Town will to enter into a contract with Pennichuck East Utilities to assume responsibility for Fire Protection charges for water system users. And further, to see if the Town will vote to raise and appropriate the sum of \$69,989 for that purpose. This amount represents the cost for 3 months of service in 2011 and is apportioned from an estimated annual cost of \$279,952. If this article is approved, future appropriations for Fire Protection Charges will be included in the operating budget of the Town.

DW 11-111 Pennichuck East Utility, Inc.
Revisions to Fire Protection Tariff
Staff Recommendation

As a result of an affirmative vote, the Town Administrator requested PEU initiate proceedings with the Public Utilities Commission to amend the existing tariff such that the full cost of fire protection services will be transferred from water system users to the Town of Litchfield to be effective October 1, 2011.

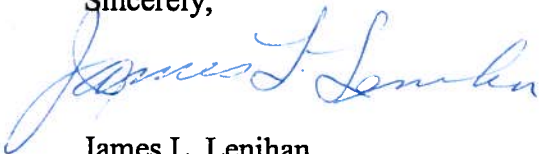
In its petition, PEU included a proposed tariff page for Municipal Fire Protection for the Town of Litchfield. The rates contained therein consist of a Monthly Hydrant charge of \$69.53 to be applied to the 211 hydrants located in Litchfield and a Monthly Availability Fee of \$8,318.51. The monthly \$69.53 hydrant charge was set in the January 30, 2008 updated Cost of Service study for PEU to reflect the settlement rates for communities that were paying a public fire protection rate. The monthly availability fee of \$8,318.51 was calculated by taking the revenues generated by PEU's 1,826 customers in Litchfield multiplied by the Litchfield customer hydrant

charge of \$12.59 per month for a total of \$275,872 less the total monthly hydrant charge of \$176,050 (which is calculated by multiplying 211 hydrants by \$69.53 per month hydrant charge) resulting in a balance of \$99,822.12 divided by 12 for a monthly availability fee of \$8,318.51. The transition from the monthly customer hydrant charge to a municipal fire protection charge is therefore revenue neutral for PEU (See data responses attached).

The proposed Fire Protection charges to the Town of Litchfield will provide PEU with the same amount of revenue currently realized from the 1,826 customer now being charged the \$12.59 monthly hydrant charge. Staff believes this is a reasonable request which will reduce bills for the Litchfield water customers by eliminating the Litchfield hydrant rate now paid by the water customers in Litchfield and will otherwise have no impact on any of PEU's other customers. Therefore, staff recommends approval of the proposed tariff changes through the issuance of an order nisi.

If there are any questions regarding this recommendation, please let me know.

Sincerely,



James L. Lenihan
Utility Analyst

Attachment
cc: service list



McLane, Gray,
Raulerson & Middleton
Professional Association

100 Market Street, Suite 301, P.O. Box 459 | Portsmouth, NH 03802-0459
Tel: 603.436.2818 | Fax: 603.436.5672 | www.mclane.com

MANCHESTER
CONCORD
PORTSMOUTH
WOBBURN MA

SARAH B. KNOWLTON
Direct Dial: (603) 334-6928
Email: sarah.knowlton@mclane.com
Licensed in MA, ME and NH

May 19, 2011

By Hand Delivery

Ms. Debra A. Howland
Executive Director and Secretary
New Hampshire Public Utilities Commission
21 S. Fruit Street, Suite 10
Concord, NH 03301



**Re: Docket No. DW 11-___; Pennichuck East Utility, Inc.
Verified Petition of Pennichuck East Utility, Inc. for Approval of Revisions to
Fire Protection Tariff**

Dear Ms. Howland:

On behalf of Pennichuck East Utility, Inc., I enclose for filing with the Commission an original and six copies of Verified Petition of Pennichuck East Utility, Inc. for Approval of Revisions to Fire Protection Tariff.

Thank you for your assistance with this matter.

Very truly yours,

Sarah B. Knowlton

SBK/blb
Enclosure

cc: Meredith Hatfield, Consumer Advocate
Donald L. Ware

RECEIVED MAY 19 2011 PM 1:44

**STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITIES COMMISSION**

DOCKET NO. DW 11-__

RE: PENNICHUCK EAST UTILITY, INC.

**Verified Petition of Pennichuck East Utility, Inc. for Approval of Revisions to
Fire Protection Tariff**

NOW COMES Pennichuck East Utility, Inc. ("PEU" the "Company") and petitions the New Hampshire Public Utilities Commission ("Commission") pursuant to Puc 1605.01 to approve a revision to the Company's fire protection tariff. In support of this petition, the Company states as follows:

1. Pennichuck East Utility, Inc. is a public utility providing retail water service in 18 towns in New Hampshire. During PEU's last rate case, *see* Docket DW 07-032, the Commission approved a monthly fire protection charge of \$12.59 per customer for public fire protection service in the Town of Litchfield which is reflected in the Company's tariff. *See* Fifth Revised Page 43, which is attached as Exhibit 1. That charge was based on a January 30, 2008 cost of service study submitted by the Company in DW 07-032, which concluded that \$252,605.76 of revenue was required to provide service to the 198 hydrants in Litchfield, New Hampshire. *See* Exhibit 2, Schedule 2, page 1.

2. On March 10, 2011 the Company received a letter from the Town of Litchfield informing the Company that the Town's voters had approved the following article relating to the fire hydrants in Litchfield:

To see if the Town will enter into a contract with Pennichuck East Utilities to assume responsibility for Fire Protection charges for water system users. And further, to see if the Town will vote to raise and appropriate the sum of \$69,989 for that purpose. This amount represents the cost for 3 months of service in 2011

and is apportioned from an estimated annual cost of \$279,952. If this article is approved, future appropriations for Fire Protection Charges will be included in the operating budget of the Town.

A copy of this letter is attached as Exhibit 3. Based on the Town of Litchfield's letter, the Town has voted to pay the annual fire protection charges with an estimated annual cost of \$279,952, resulting in an estimated \$23,329 monthly payment to the Company instead of individual customers being billed for fire protection. The calculation of the Litchfield Public Fire Protection charge which supports the charge referenced in the Town vote is provided as Exhibit 4. It is based on the January 30, 2008 Cost of Service Study, and the number of public fire hydrants in service and customers at the end of 2010.

3. In order to implement the Town's proposal, the Company is seeking a revision to its tariff to create a municipal fire protection rate for the Town of Litchfield. The proposed tariff Page 44A, which provides for the \$69.53 per hydrant a month charge as well as a monthly availability fee of \$8,318.51 for municipal fire protection to the Town, is attached as Exhibit 5. The Company is also seeking to cancel its existing tariff Fifth Revised Page 43, as proposed in Exhibit 6, to eliminate the \$12.59 monthly Litchfield Public Hydrant Fee for each of its Litchfield customers. The Company seeks to make this tariff change effective October 1, 2011 based on the Town of Litchfield's vote.

4. The Company submits that these revisions to its tariff are in the public interest because they will result in lower monthly rates for the Company's general metered customers in Litchfield and will otherwise have no impact on any of its other customers. In addition, the proposed changes are consistent with the public interest because the adoption of the new rate for the Town and the elimination of the Litchfield Public Hydrant Fee are revenue neutral. The proposed rates developed in DW 07-032 and applied against the year end 2010 number of

customers (1,826) and the current number of hydrants (211) will result in the Company's annual public fire protection revenues from the Town of Litchfield remaining at the 2010 level of approximately \$276 thousand. Given that the Town of Litchfield has approved an article allowing for this change, and that the proposal will result in a lower monthly charge for the Company's Litchfield customers, the Company avers that the proposed rate change is in customers' interest as well as in the public interest.

5. For these reasons, the Company requests that the Commission approve the proposed revisions to its fire protection tariff.

WHEREFORE, PEU respectfully requests that the Commission:

- A. Find that the proposed revisions to the Company's fire protection tariff as described above are consistent with the public interest;
- B. Issue an Order Nisi authorizing the Company to adopt the Proposed First Revised Page 43B; and
- C. Grant such other relief as may be consistent with the public interest.

Respectfully submitted,

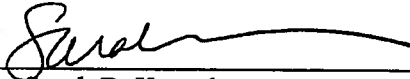
PENNICHUCK EAST UTILITY, INC.

By its Attorneys,

McLANE, GRAF, RAULERSON & MIDDLETON,
PROFESSIONAL ASSOCIATION

Date: May 19, 2011

By: _____


Sarah B. Knowlton
100 Market Street, P.O. Box 459
Portsmouth, NH 03802
Telephone: (603) 334-6928
email: sarah.knowlton@mclane.com

I, Donald L. Ware, President of Pennichuck East Utility, Inc., being first duly sworn, hereby depose and say that I have read the foregoing Verified Petition, and the facts alleged therein are true to the best of my knowledge and belief.

Dated: May 19th, 2011

Donald L. Ware
Donald L. Ware

STATE OF NEW HAMPSHIRE
COUNTY OF HILLSBOROUGH

Sworn to and subscribed before me this 19th day of May 2011.



Donald J. Hartley
Justice of the Peace/Notary Public

My Commission Expires:

Certificate of Service

I hereby certify that on this 19 day of May, 2011, a copy of this Verified Petition has been forwarded by electronic mail to the Office of Consumer Advocate.

Sarah B. Knowlton
Sarah B. Knowlton

RATE SCHEDULE**PUBLIC FIRE PROTECTION SERVICE****SCHEDULE FIRE PROTECTION – NON-METERED****LITCHFIELD****Application:**

This schedule is applicable to all hydrants rendered in the Company's Town of Litchfield service area for the purpose of public safety.

Character of Service:

The installation and maintenance of fire hydrants, and the supplying of water through such hydrants, is for the sole use of authorized fire fighting personnel for the control and extinguishment of any fire, or for any other use authorized by the Company. The Company will make every effort to maintain normal pressures at all times on the distribution system, but shall not be held liable for the failure of either the supply or distribution division of its system to adequately furnish its normal quantity of water when such failure is due to the elements, natural causes, breaks, leaks, unusual or concurrent droughts, or waste or unlawful use of water.

Rate:**Monthly Hydrant Charge**

For all fire hydrants installed, there shall be a Customer Hydrant Charge of \$12.59 per Litchfield Customer per month.

Terms of Payment:

Bills under this rate are net; will be rendered monthly, and are due and payable at the office of the Company on the due date as stated on water bill.

Special Provisions:

All hydrants, lead valves, branches and other appurtenances shall remain the property of the Company.

Issued: April 4, 2008

Issued by 
Bonalyn J. Hartley

Effective: May 29, 2007

Title: Vice President, Administration

Authorized by NHPUC Order No. 24,840 in Docket No. DW 07-032 dated April 4, 2008.



JOHN R. PALKO
Principal

AUS CONSULTANTS

155 Gaither Drive, Suite A
Mt. Laurel, NJ 08054
856.234.9200, ext. 214 • Tel
856.234.8371 • Fax
jpalko@ausinc.com

January 30, 2008

VIA EMAIL & FIRST CLASS MAIL

Ms. Bonalyn J. Hartley
Vice President – Administration
Pennichuck Water Works
P.O. Box 1947
25 Manchester Street
Merrimack, NH 03054

Re: Pennichuck East Settlement Rates

Dear Ms. Hartley:

In accordance with your request and authorization, AUS Consultants has developed a schedule of rates and charges designed to generate the settlement revenue of \$4,852,485 from the customers of Pennichuck East Utility, Inc. The analyses and procedures set forth in this letter report are based on the information in and the results of the cost of service allocation and rate design study developed by AUS Consultants in June 2007 together with the year 2009 elements of the Two-Year Rate Plan forwarded to Pennichuck East by letter dated November 14, 2007.

Certain modifications to the billing parameters were made to reflect changed conditions. The volumetric usage was reduced by 9,090 ccf from 556,879 ccf to 547,789 ccf to eliminate usage billed in error. The four fire hydrants at the Pelham School were moved from the municipal fire protection class to the private fire protection class. Of the ten fire hydrants previously in the municipal fire protection class in Bow, one was removed entirely while seven were transferred to the private fire protection class, leaving two as municipal.

Further, rather than charging for municipal fire hydrants on a per hydrant basis in Bow, Raymond, and Windham, monthly per customer fire protection surcharges were developed. The monthly per customer fire protection surcharges are conceptually similar to the fire protection surcharge currently in effect in Litchfield.

The results of the rate design are set forth on a series of five schedules identified as Schedules 1 through 5 and attached hereto.

Ms. Bonalyn J. Hartley
Pennichuck Water Works
January 30, 2008
Page 2

Schedule 1 summarizes the revenues which would be attained from the settlement rates. As shown thereon, there is a \$3,904 difference between the generated revenues and the settlement revenue requirement. This difference is only 0.08% of the settlement revenue requirement.

Schedule 2 sets forth the municipal fire protection settlement rates and charges and settlement revenues by municipality.

Schedule 3 sets forth the private fire protection settlement rates and settlement revenues.

Schedule 4 sets forth the monthly customer (or minimum) charges and the settlement revenue generated from these charges.

Schedule 5 illustrates the development of the settlement volumetric rate and calculates the settlement volumetric revenue.

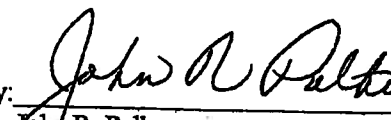
AUS Consultants appreciates the opportunity to develop the settlement rates and to present this letter report for your consideration.

Please advise should you have any questions or comments or should you require the development of additional rate scenarios.

Respectfully submitted,

AUS Consultants

By:



John R. Palko

atts.



Pennichuck East Utility, Inc.

Settlement Rates and Revenues

**Schedules to
Accompany
Letter Report**

Schedules 1 through 5

AUS Consultants

January 30, 2008

Pennichuck East Utility, Inc.
Summary of Revenues
Settlement Rates and Revenues

<u>Description</u>	<u>Settlement Revenue</u>
GWS Volume Revenue	\$ 3,018,317.39
GWS Customer Charge Revenue	1,122,756.24
Total GWS Revenue	\$ 4,141,073.63
Total Private Fire Revenue	148,309.68
Total Municipal Fire Revenue	567,005.40
Grand Total Revenue	\$ 4,856,388.71
Settlement Revenue Requirement	4,852,485.00
Difference	\$ 3,903.71
	0.08%

Pennichuck East Utility, Inc.
Municipal Fire Protection
Settlement Rates and Revenues

	<u>Hydrants</u>	<u>Settlement</u>
<u>Bow</u>	2	
Customer Bills	10	
Monthly Customer Rate	\$	16.89
Annual Revenue	\$	2,026.80
<u>Litchfield</u>	198	
Customer Bills	1,672	
Monthly Customer Rate	\$	12.59
Annual Revenue	\$	252,605.76
<u>Londonderry</u>	194	
Monthly Hydrant Rate	\$	69.53
Monthly Availability Fee	\$	7,194.66
Annual Revenue	\$	248,201.76
<u>Pelham Fire</u>	28	
Monthly Hydrant Rate	\$	69.53
Monthly Availability Fee	\$	698.75
Annual Revenue	\$	31,747.08

Pennichuck East Utility, Inc.
Municipal Fire Protection
Settlement Rates and Revenues

	<u>Hydrants</u>	<u>Settlement</u>
<u>Pelham School</u>	0	
Monthly Hydrant Rate		Private
Annual Revenue		\$ -
<u>Raymond</u>	12	
Customer Bills	240	
Monthly Customer Rate		\$ 4.22
Annual Revenue		\$ 12,153.60
<u>Windham</u>	20	
Customer Bills	410	
Monthly Customer Rate		\$ 4.12
Annual Revenue		\$ 20,270.40
<u>Total Municipal Fire</u>		
Annual Revenue		\$ 567,005.40

Pennichuck East Utility, Inc.
Private Fire Protection Service
Settlement Rates and Revenues

<u>Size</u>	<u>Number</u>	<u>Number of Bills</u>	<u>Settlement Rates</u>
1 1/2"	0	0	\$ 7.94
2"	13	156	14.12
3"	0	0	31.78
4"	7	84	56.50
6"	22	264	127.14
8"	19	228	226.00
10"	0	0	353.12
12"	2	24	508.50
Hydrant	40	480	91.80

<u>Size</u>	<u>Number</u>	<u>Number of Bills</u>	<u>Settlement Revenue</u>
1 1/2"	0	0	\$ -
2"	13	156	2,202.72
3"	0	0	0.00
4"	7	84	4,746.00
6"	22	264	33,564.98
8"	19	228	51,528.00
10"	0	0	0.00
12"	2	24	12,204.00
Hydrant	40	480	44,064.00
Totals	103	1,236	\$ 148,309.68

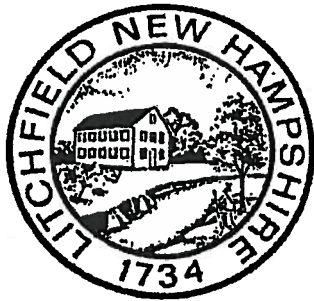
Pennichuck East Utility, Inc.
GWS Customer Charges (Minimum Charges)
Settlement Rates and Revenues

<u>Size</u>	<u>Number</u>	<u>Number of Bills</u>	<u>Settlement Rates</u>
5/8"	4,789	57,468	\$ 16.20
3/4"	31	372	34.44
1"	86	1,032	48.76
1 1/2"	35	420	106.14
2"	36	432	157.47
3"	4	48	334.10
4"	0	0	524.54
6"	0	0	1,049.05
8"	0	0	1,310.21
10"	0	0	1,484.31
	4,981	59,772	

<u>Size</u>	<u>Number</u>	<u>Number of Bills</u>	<u>Settlement Revenue</u>
5/8"	4,789	57,468	\$ 930,981.60
3/4"	31	372	12,811.68
1"	86	1,032	50,320.32
1 1/2"	35	420	44,578.80
2"	36	432	68,027.04
3"	4	48	16,036.80
4"	0	0	0.00
6"	0	0	0.00
8"	0	0	0.00
10"	0	0	0.00
Totals	4,981	59,772	\$ 1,122,756.24

Pennichuck East Utility, Inc.
GWS Volume Charges
Settlement Rates and Revenues

	<u>Settlement Revenue</u>
Settlement Revenue Requirement	\$ 4,852,485.00
GWS Customer Charge Revenue	1,122,756.24
Total Private Fire Revenue	148,309.68
Total Municipal Fire Revenue	567,005.40
Balance From GWS Volume	\$ 3,014,413.68
Volume in CCFT	547,789
Rate per CCFT	\$ 5.51
Actual GWS Volume Revenue	\$ 3,018,317.39
Grand Total Revenue	\$ 4,856,388.71
Settlement Revenue Requirement	\$ 4,852,485.00
Difference	\$ 3,903.71
	0.08%



TOWN OF LITCHFIELD

2 Liberty Way, Suite 1, Litchfield, NH 03052
Tel: 603-424-4046 Fax: 603-424-3014 www.litchfield-nh.gov

10 March 2011

Donald L. Ware, P.E.
Pennichuck Water Works, Inc.
P.O. Box 1947
Merrimack, NH 03054-1947

Dear Mr. Ware,

Voters participating in the Town of Litchfield's annual meeting voted to adopt the following article:

To see if the Town will to enter into a contract with Pennichuck East Utilities to assume responsibility for Fire Protection charges for water system users. And further, to see if the Town will vote to raise and appropriate the sum of \$69,989 for that purpose. This amount represents the cost for 3 months of service in 2011 and is apportioned from an estimated annual cost of \$279,952. If this article is approved, future appropriations for Fire Protection Charges will be included in the operating budget of the Town.

Following this affirmative vote, I am requesting that Pennichuck East Initiate proceedings with the Public Utilities Commission to amend the existing tariff such that the full cost of fire protection services be transferred from water system users to the Town of Litchfield to be effective October 1, 2011.

Please advise if you require any additional information from me. I appreciate your assistance in this matter.

Sincerely,

Jason Hoch
Town Administrator

**Pennichuck East Utility, Inc.
 Town of Litchfield Tariff Calculation**

Calculation of Fixed Monthly Fee:	For the Period Ending 12/31/10
Annual Fire Protection Charge	\$ 275,872.08 (3)
Annual Hydrant Charges	\$ 176,049.96 (4)
Calculated Fixed Annual Availability Fee	\$ 99,822.12
Calculated Fixed Monthly Availability Fee	\$ 8,318.51
Summary of the Litchfield Annual Fee:	
Calculated Fixed Annual Availability Fee	\$ 99,822.12
Annual Hydrant Charges	\$ 176,049.96
Total Annual Public Fire Protection fee	\$ 275,872.08
Fees are based on:	
Monthly Hydrant Charge	\$ 69.53 (1)
Public Hydrants In Service	211 (2)
Number of Customers	1,826 (2)
Customer Hydrant Charge per Month	\$ 12.59 (1)

Notes:

- (1) Monthly Hydrant Charge is based on January 30, 2008 Cost of Service Study.
- (2) Based on year end numbers
- (3) Based on Numbers of Customers and the Monthly Customer Hydrant Charge
- (4) Based on Number of Public Hydrants and the Monthly Hydrant Charge

NHPUC NO. 1 WATER

Proposed Page 44A

PENNICHUCK EAST UTILITY, INC.

RATE SCHEDULE

MUNICIPAL FIRE PROTECTION SERVICE

SCHEDULE FIRE PROTECTION – NON-METERED

LITCHFIELD

Application:

This schedule is applicable to all hydrants rendered in the Company's Litchfield service area for the purpose of public safety, where such service is paid for from tax revenues by and of the Town of Litchfield.

Character of Service:

The installation and maintenance of fire hydrants, and the supplying of water through such hydrants, is for the sole use of authorized fire fighting personnel for the control and extinguishment of any fire, or for any other use authorized by the Company. The Company will make every effort to maintain normal pressures at all times on the distribution system, but shall not be held liable for the failure of either the supply or distribution division of its system to adequately furnish its normal quantity of water when such failure is due to the elements, natural causes, breaks, leaks, unusual or concurrent droughts, or waste or unlawful use of water.

Rate:

a. **Monthly Hydrant Charge**

For each fire hydrant installed, there shall be a Monthly Hydrant Charge of \$69.53 per hydrant, per month, payable in advance, from the month of installation.

b. **Monthly Availability Fee**

There shall be a Monthly Availability Fee of \$8,318.51 per month payable in advance in addition to the Monthly Hydrant Charge.

Terms of Payment:

Bills under this rate are net; will be rendered monthly, and are due and payable at the office of the Company on the due date as stated on water bill.

Special Provisions:

All hydrants, lead valves, branches and other appurtenances shall remain the property of the Company.

Issued: _____

Issued by _____
Bonalyn J. Hartley

Effective: _____

Title: VP Admin & Regulatory Affairs

NHPUC NO. 1 WATER
PENNICHUCK EAST UTILITY, INC.

Fifth Revised Page 43

Issued in Lieu of Fourth Revised Page 43

CANCELLING PAGE

Issued: _____

Issued by _____
Bonaly J. Hartley

Effective: _____

Title: _____
VP Admin & Regulatory Affairs



McLane, Graf,
Raulerson & Middleton
Professional Association

100 Market Street, Suite 301, P.O. Box 459 | Portsmouth, NH 03802-0459
Tel: 603.436.2818 | Fax: 603.436.5672 | www.mclane.com

MANCHESTER
CONCORD
PORTSMOUTH
WOBBURN MA

SARAH B. KNOWLTON
Direct Dial: (603) 334-6928
Email: sarah.knowlton@mclane.com
Licensed in MA, ME and NH

June 27, 2011

VIA ELECTRONIC MAIL

Marcia Thunberg, Esquire
New Hampshire Public Utilities Commission
21 S. Fruit Street, Suite 10
Concord, NH 03301-2429

Re: **DW 11-111 – Pennichuck East Utility, Inc.
Petition for Approval of Revisions to Fire Protection Tariff**

Dear Ms. Thunberg:

In connection with the above captioned matter, I enclose Pennichuck East Utility, Inc.'s responses to Staff's Data Requests Set 1.

Please do not hesitate to call if you have any questions.

Very truly yours,

Sarah B. Knowlton

SBK/blb

Enclosures

cc: Service List (by electronic mail)
Donald Ware

DW 11-111
Pennichuck East Utility Responses to
Staff Data Requests – Set 1
Petition for Approval of Revisions to Fire Protection Tariff

Date Request Received: 06/23/11
Request No. Staff 1-1

Date of Response: 06/27/11
Witness: Donald L. Ware

REQUEST: The number of hydrants in service in Litchfield appears to have increased from 198 at the time of the Cost of Service Study in DW 07-032 to 211 at the end of 2010. Did the Company install these hydrants? Please explain.

RESPONSE: The 13 hydrants installed in Litchfield between the Cost of Service Study and the end of 2010 were installed by developers as part of main extensions contracts with PEU. The installed hydrants are public hydrants owned and maintained by PEU upon the completion of the main extension.

DW 11-111
Pennichuck East Utility Responses to
Staff Data Requests – Set 1
Petition for Approval of Revisions to Fire Protection Tariff

Date Request Received: 06/23/11
Request No. Staff 1-2

Date of Response: 06/27/11
Witness: Donald L. Ware

REQUEST: Re: the monthly hydrant charge of \$69.53 as shown on Exhibit 4. What is the justification for using this figure?

RESPONSE: This rate was set in the January 30, 2008 updated Cost of Service study for PEU to reflect the settlement rates. See Exhibit 2 of the petition, page 5 of 9, for the monthly hydrant charge that was determined for communities that were paying a public fire protection charge.

DW 11-111
Pennichuck East Utility Responses to
Staff Data Requests – Set 1
Petition for Approval of Revisions to Fire Protection Tariff

Date Request Received: 06/23/11
Request No. Staff 1-3

Date of Response: 06/27/11
Witness: Donald L. Ware

REQUEST: In Docket No. DW 07-032 the cost of service study allocated \$252,606 in revenues to Litchfield municipal fire protection. Does the increase in hydrant count alone explain the proposed annual amount of \$279,952 to be charged to the Town? Please explain.

RESPONSE: The proposed annual Litchfield municipal fire protection fee, per the filing would be \$275,872.08, not \$279,952. The fee is based on 211 hydrants with a monthly hydrant charge of \$69.53 per hydrant and a monthly availability charge of \$8,318.51. As noted above, the monthly hydrant charge was established by the January 30, 2008 Cost of Service Study. The monthly availability fee of \$8,318.51 was calculated by taking the revenues generated by PEU's 1,826 customers in Litchfield multiplied by Litchfield customer hydrant charge of \$12.59 per month less the total monthly hydrant charge (which is calculated by multiplying 211 hydrants by \$69.53 per month hydrant charge) resulting in the monthly availability charge of \$8,318.51. This calculation makes the transition from the monthly customer hydrant charge to a municipal fire protection charge revenue neutral for PEU.

Litchfield Monthly availability charge =
(1,826 customers x \$12.59/month) – (211 hydrants x
\$69.53/month/hydrant)

DW 11-111
Pennichuck East Utility Responses to
Staff Data Requests – Set 1
Petition for Approval of Revisions to Fire Protection Tariff

Date Request Received: 06/23/11
Request No. Staff 1-1

Date of Response: 06/27/11
Witness: Donald L. Ware

REQUEST: The number of hydrants in service in Litchfield appears to have increased from 198 at the time of the Cost of Service Study in DW 07-032 to 211 at the end of 2010. Did the Company install these hydrants? Please explain.

RESPONSE: The 13 hydrants installed in Litchfield between the Cost of Service Study and the end of 2010 were installed by developers as part of main extensions contracts with PEU. The installed hydrants are public hydrants owned and maintained by PEU upon the completion of the main extension.

DW 11-111
Pennichuck East Utility Responses to
Staff Data Requests – Set 1
Petition for Approval of Revisions to Fire Protection Tariff

Date Request Received: 06/23/11
Request No. Staff 1-2

Date of Response: 06/27/11
Witness: Donald L. Ware

REQUEST: Re: the monthly hydrant charge of \$69.53 as shown on Exhibit 4. What is the justification for using this figure?

RESPONSE: This rate was set in the January 30, 2008 updated Cost of Service study for PEU to reflect the settlement rates. See Exhibit 2 of the petition, page 5 of 9, for the monthly hydrant charge that was determined for communities that were paying a public fire protection charge.

DW 11-111
Pennichuck East Utility Responses to
Staff Data Requests – Set 1
Petition for Approval of Revisions to Fire Protection Tariff

Date Request Received: 06/23/11
Request No. Staff 1-3

Date of Response: 06/27/11
Witness: Donald L. Ware

REQUEST: In Docket No. DW 07-032 the cost of service study allocated \$252,606 in revenues to Litchfield municipal fire protection. Does the increase in hydrant count alone explain the proposed annual amount of \$279,952 to be charged to the Town? Please explain.

RESPONSE: The proposed annual Litchfield municipal fire protection fee, per the filing would be \$275,872.08, not \$279,952. The fee is based on 211 hydrants with a monthly hydrant charge of \$69.53 per hydrant and a monthly availability charge of \$8,318.51. As noted above, the monthly hydrant charge was established by the January 30, 2008 Cost of Service Study. The monthly availability fee of \$8,318.51 was calculated by taking the revenues generated by PEU's 1,826 customers in Litchfield multiplied by Litchfield customer hydrant charge of \$12.59 per month less the total monthly hydrant charge (which is calculated by multiplying 211 hydrants by \$69.53 per month hydrant charge) resulting in the monthly availability charge of \$8,318.51. This calculation makes the transition from the monthly customer hydrant charge to a municipal fire protection charge revenue neutral for PEU.

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