

THE STATE OF NEW HAMPSHIRE

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NHPUC 15JAN19PM2:16

January 15, 2019

Debra A. Howland, Executive Director  
New Hampshire Public Utilities Commission  
21 South Fruit Street, Suite 10  
Concord, New Hampshire 03301-2429

Re: DW 18-022 – Pennichuck Water Works, Inc. (“PWW”)  
2018 Qualified Capital Project Adjustment Charge (“QCPAC”) Filing  
Staff Recommendation Regarding Final Quarterly 2018 Budget Update

Dear Ms. Howland:

On October 29, 2018, the Commission issued Order No. 26,183 which approved a proposed 2018 QCPAC budget in the amount of \$9,142,095. On January 8, 2019, in accordance with its QCPAC tariff, PWW filed its last of three quarterly updates relative to its 2018 capital expenditures, effective as of November 30, 2018. In its update, PEU indicated that its current projected QCPAC expenditures for 2018 are \$8,632,238. This represents a \$509,857 decrease from the amount approved by the Commission in Order No. 26,183, but a \$1,742,732 increase over the Company’s second quarterly budget update submitted in November of 2018. A comparison of the approved budget with the two subsequent quarterly updates follows:

	Approved Per Order No. 26,183	Second Quarterly Update	Final Quarterly Update
<u>2018 Project Summary</u>			
Main Additions, Replacements and Paving	\$5,918,418	\$3,968,935	<b>\$6,162,312</b>
Service, Hydrant, Valve, and Meters	914,000	736,933	<b>727,578</b>
Information Technology	1,095,876	931,213	<b>712,930</b>
Vehicles and Equipment	662,160	915,503	<b>819,414</b>
Miscellaneous Projects	<u>551,641</u>	<u>336,922</u>	<u><b>210,004</b></u>
Total	<u>\$9,142,095</u>	<u>\$6,889,506</u>	<u><b>\$8,632,238</b></u>

Based on the anticipated debt service and property taxes associated with PWW’s final QCPAC budget update, the Company is currently projecting that its present QCPAC rate of 1.69% will increase by an additional 2.81% to 4.50%, effective in 2019. This

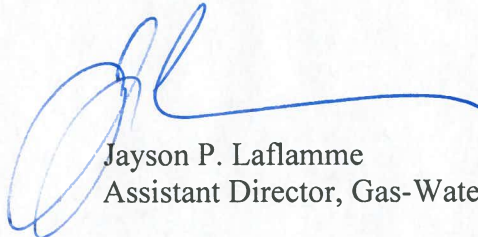
January 15, 2019

would result in an additional \$1.52 per month for PWW's average single-family residential customers.

Staff anticipates that PWW will be making its 2019 QCPAC filing in February, which will contain PWW's finalized capital expenditures for 2018 upon which its proposed 2019 QCPAC rate will be based. At that time, Staff will conduct a full investigation of PWW's actual 2018 capital expenditures and proposed QCPAC rate for 2019. As such, Staff recommends that the Commission take no action at this time with regard to PWW's most recent budget update filing.

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

Sincerely,



Jayson P. Laflamme  
Assistant Director, Gas-Water Division

cc: Service List

**SERVICE LIST - EMAIL ADDRESSES - DOCKET RELATED**

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**Pursuant to N.H. Admin Rule Puc 203.11 (a) (1): Serve an electronic copy on each person identified on the service list.**

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**FILING INSTRUCTIONS:**

- a) Pursuant to N.H. Admin Rule Puc 203.02 (a), with the exception of Discovery, file 7 copies, as well as an electronic copy, of all documents including cover letter with:**
- DEBRA A HOWLAND  
EXECUTIVE DIRECTOR  
NHPUC  
21 S. FRUIT ST, SUITE 10  
CONCORD NH 03301-2429
- b) Serve an electronic copy with each person identified on the Commission's service list and with the Office of Consumer Advocate.**
- c) Serve a written copy on each person on the service list not able to receive electronic mail.**