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**Pennichuck Water Works Qualified Capital Project Adjustment Charge (QCPAC)  
Customer Notice for February 2022 filing at the New Hampshire Public Utilities Commission**

Pennichuck Water Works, 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 DW16-806 (Order #26,070) 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 part of the ongoing annual QCPAC process, Pennichuck will be filing a proposed three-year capital expenditure plan for 2022-2024 QCPs with the PUC on or before February 15, 2022. The proposed 2022-2024 QCPs submitted will update Pennichuck's 2021 through 2023 proposed QCP expenditures plan, which was placed on file with the PUC in February of 2021, in conjunction with its DW 21-023 QCPAC filing. As part of the impending February 2022 QCPAC filing, Pennichuck will be requesting the PUC to allow it to increase the QCPAC surcharge from the 5.46% requested in DW 21-023 (3.94% associated with 2019 QCP expenditures and 1.50% associated with 2020 QCP expenditures) to an overall surcharge value of 8.43%. The referenced 3.94% and the 1.50% QCPAC surcharges are still awaiting approval in dockets DW 20-020 and DW21-023. It is expected that the QCPAC surcharge sought in those dockets will be approved by the PUC in the spring of 2022 and go into effect in the April 2022 timeframe, and the first bills reflecting the 3.94% and 1.50% QCPAC surcharges are expected to be issued in April of 2022. The February 2022 filing described in this notice is requesting an additional 2.80% increase in rates, over and above the 5.44%, to fund the QCPs placed in service during 2021. The proposed QCPAC surcharge will apply to meter classes and charges for service rendered after April 2, 2022 and will most likely go into effect in the fall of 2022.

The requested QCPAC surcharge for 2021 QCPs, if approved, would result in a cumulative QCPAC surcharge of about \$4.58 per month on the average single-family residential bill of \$55.65, which would result in a total average single family residential monthly bill of \$60.24. The cumulative QCPAC surcharge consist of the \$2.19 surcharge proposed for the 2019 QCPs, the \$0.83 surcharge for the 2020 QCP's and an additional surcharge of \$1.56 per month for the 2021 QCPs.

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.