



**Pennichuck Water Works Qualified Capital Project Adjustment Charge (QCPAC)
Supplemental Customer Notice for February 2024 filing at the New Hampshire Public
Utilities Commission DW24-027**

Pennichuck Water Works, Inc.'s ("PWW") notified you, via an insert in your December 2023 water bills, that PWW was applying for a QCPAC surcharge to recover the expenses associated with PWW's investment in improvements to the infrastructure used to provide your water service. The notice projected a QCPAC surcharge of 3.75% over the rates being sought in DW 22-032. Since that notification and filing of PWW QCPAC filing in February of 2024 a number of key events have taken place:

1. PWW, Pennichuck East Utility (PEU) and Pittsfield Aqueduct Company (PAC) filed a petition for consolidated rates in November 2023 in Docket DW 23-088, which was subsequently dismissed in February 2024.
2. PWW, PEU and PAC filed to merge the operations of PEU and PAC into PWW on December 15, 2023 in Docket DW 23-101. In March 2024, PWW, PEU, and PAC filed a joint merger and consolidated rate petition, which is pending. The result of the merger would be a single Utility, PWW, with common rates for all of its customers.
3. The bonds necessary to pay for PWW's Capital improvements, that were completed in 2023, were sold in April 2024.

As a result of these events the New Hampshire Department of Energy (NHDOE) asked PWW to determine the impact on PWW's rates under both the standalone utility and merged utility scenarios. The NHDOE also requested that PWW update its customers regarding the impact of both scenarios. A summary of the QCPAC impact to PWW customers under each scenario is as follows:

1. PWW remains a standalone utility in the event that the merger does not occur. Based on PWW's current rates and the associated expenses (1.1 times the principal and interest on the Bonds sold in April 2024 plus the local and state property taxes associated with PWW's 2022 and 2023 capital improvements), the cumulative QCPAC surcharge to the rates granted to PWW in DW 22-032 would be 3.65%, of which 2.29% is associated with the 2023 capital improvements and 1.36% is associated with PWW's 2022 capital improvements. The resultant impact on an average Single Family Residential bill of the proposed 2.29% 2023 QCPAC of increase would be \$1.39 per month.



2. If the proposed merger is approved and PWW combines its operations with PEU and PAC, then the proposed consolidated rates and associated expenses (1.1 times the principal and interest on the PWW Bonds sold in April of 2024 and PEU CoBank Loan closed in October 2024 plus the local and state property taxes associated with the 2023 capital improvements in PWW and PEU) the increase to the rates requested in DW 23-101 would be 2.06%. The resultant impact on an average Single Family Residential bill of the proposed 2.06% increase would be \$1.32 per month.

In either scenario, the requested QCPAC would be expected to be approved in the early Spring of 2025, with the rates being retroactively applied back to the sale of the PWW Bonds in April 2024 and/or the closing of the CoBank loan in October 2024.

The monthly average Single Family monthly bill under the PWW standalone scenario would be \$62.51 per month based on consumption of 7.61 CCF, if the requested cumulative QCPAC of 3.65% is granted. That monthly bill would be adjusted in mid-2025 to reflect a pending rate increase, associated with a required 2025 PWW rate filing to about \$68.22 per month.

The monthly average Single Family monthly bill under the PWW merged utility scenario is projected to be \$65.15 per month based on consumption of 7.61 CCF if the requested QCPAC of 2.06% is granted.

If you have any questions or concerns related to PWW's February 2024 QCPAC filing, please contact Pennichuck Customer Service at 800-553-5191 or the New Hampshire Public Utilities Commission at 800-852-3793.