STATE OF NEW HAMPSHIRE

PUBLIC UTILITIES COMMISSION

DW 26-027

PENNICHUCK WATER WORKS, INC.

Request for Change in Rates

Order Setting Temporary Rates

O R D E R N O. 28,253

September 25, 2026

On June 1, 2026, Pennichuck Water Works, Inc. (PWW) filed a petition to increase its rates for water service. As part of that petition, PWW requested that the Commission set temporary rates during the pendency of this rate case pursuant to RSA 378:27. On June 22, 2026, the Commission convened this docket, suspended the proposed rates pursuant to RSA 378:6, I(a), and scheduled a hearing on temporary rates for July 21, 2026. In addition to PWW, the New Hampshire Department of Energy (DOE) and the Office of the Consumer Advocate (OCA) are parties to this docket. On July 16, 2026, the parties filed a settlement agreement that proposed to set PWW's temporary rates as the same rates currently in effect with an effective date of July 2, 2026, for the purposes of reconciling temporary to permanent rates under RSA 378:29. The

Commission held a public hearing on July 21, 2026. For the reasons laid out in this order, the Commission approves the settlement agreement and sets temporary rates accordingly.

I. STATUTORY STRUCTURE FOR TEMPORARY RATES

All utility rates must be just and reasonable. RSA 374:2; RSA 378:7. As part of this standard, utilities are entitled to earn through their rates a reasonable return on their capital investments placed in service, provided that the Commission determines that the investments were prudent, used, and useful. RSA 378:28. If a utility's rates are insufficient to yield a reasonable rate of return on its investments, it may petition the Commission to increase them, which is referred to as a rate case. *Id*. Under RSA 378:27, after it files a petition for a rate increase, a utility may also request that the Commission set temporary rates during the pendency of the rate case. In accordance with that statute, the Commission must approve temporary rates that are "sufficient to yield not less than a reasonable rate of return on the cost of property of the utility used and useful in the public service less accrued depreciation, as shown by the reports of the utility filed with the commission and the department of energy, unless there appears to be reasonable ground for questioning the figures in such reports." RSA 378:27. After the Commission sets permanent rates at the close of the rate case, the utility reconciles its temporary and permanent rates through a separate surcharge. RSA 378:29. Accordingly, if the utility's permanent rates are higher than its temporary rates, it is entitled to assess a surcharge to recover the difference between what it would have earned had its permanent rates been in place during the pendency of the rate case and its actual revenues and vice versa if the permanent rates are lower. *Id*.

II. FACTS

The following facts are supported by the record. PWW is a regulated water utility that provides water service to communities across southern and southeastern New Hampshire. It is wholly owned by the Pennichuck Corporation, which is in turned wholly owned by the City of Nashua. In Docket No. DW 23-101, the Commission approved the merger of two water utilities, both of which were subsidiaries of the Pennichuck Corporation, into PWW and further approved a rate adjustment for the newly expanded PWW. *See* Docket No. DW 23-101, Order No. 27,098 (January 28, 2025). As part of the order, PWW was required to file a request for an increase in rates within two years using calendar year 2025 as the test year so that interested parties and the Commission could assess how the merged entity was performing. *Id*.

Consistent with this requirement, PWW submitted a petition for increased rates on June 1, 2026, which included a petition for temporary rates under RSA 378:27. In support of the filing, PWW submitted the pre-filed testimony of Christoper Countie, who is the Chief Operating Officer of PWW, as well as supporting attachments and schedules. In his testimony, Mr. Countie represented that PWW used 2025 as the test year for the rate case. Mr. Countie testified that, during the test year, PWW raised less revenue than it needed to cover its annual expenses, which included: (1) maintaining its operations; (2) making payments on its bond obligations; and (3) making debt payments to PWW's commercial lenders. Specifically, Mr. Countie testified that, inclusive of revenue raised through the Qualified Capital Project Adjustment Charge (QCPAC), discussed below, PWW earned $56,977,957 during the test year, but had expenses of $64,465,234. Thus, according to Mr. Countie, PWW experienced a revenue deficiency of 11.61%. Mr. Countie testified that, for this reason, PWW required a rate increase to avoid this loss.

On July 16, 2026, PWW, the DOE, and the OCA filed the Settlement Agreement on temporary rates, in which they agreed that PWW's test year data and annual reports demonstrated that the company was experiencing a revenue deficiency and thus required a rate increase. However, rather than support an immediate increase in temporary rates, the parties proposed setting temporary rates at the same level as existing rates during the pendency of the rate case. Significantly, while this would not result in an immediate rate increase, it would allow PWW to ultimately recover the difference between its temporary and permanent rates after the completion of the rate case through a separate recoupment surcharge pursuant to RSA 378:29. The parties agreed that the effective date of the temporary rates should be July 2, 2026, which they represented was approximately 30 days after PWW filed its petition and provided notice to its customers of the potential rate change. Accordingly, if the Commission approves the Settlement Agreement on temporary rates, PWW will be able to recover the difference between its actual earnings between July 2, 2026, and the date the Commission authorizes rates to go into effect, and what PWW would have earned had permanent rates been in effect from July 2, 2026.

In support of their Settlement Agreement, PWW presented the testimony of Mr. Countie and George Torres, who is PWW's Chief Financial Officer and Treasurer. For its part, the DOE presented Jason Laflamme, who is an analyst and Director of the Water Group in the Regulatory Support Division. Consistent with the Settlement Agreement, all three witnesses testified that PWW's annual reports and test year data demonstrated that the company was experiencing a revenue deficiency and thus required a rate increase.

At the same time, the witnesses testified that an immediate rate increase was not needed and that PWW could continue to operate until the Commission sets permanent rates at the end of this proceeding. The witnesses testified that it was preferable to keep temporary rates at existing levels to prevent the need for multiple rate increases, which would be necessary if the Commission were to approve a temporary rate increase and then a subsequent permanent rate increase.

The witnesses testified that PWW would have sufficient funds to cover its expenses until permanent rates were approved for two reasons. The first is that PWW has existing cash reserves that can help cover its ongoing operations. The second is that PWW has a rate mechanism known as the QCPAC, which is a separate surcharge that the company uses to cover annual increases in debt service and property taxes associated with capital investments PWW places in service between rate cases. The Commission approved increases to the QCPAC in 2024, 2025, and 2026 to cover PWW's capital improvements placed in service between 2023 and 2025. *See* Docket No. DW 26-007, Order No. 28,250 (September 15, 2026). Notably, the Commission approved the most recent update to the QCPAC on September 15, 2026, which will allow PWW to increase the surcharge to recover costs associated with capital improvements placed in service in 2025. *Id.* Due to this increase, PWW's volumetric revenues during the pendency of the rate case will be higher than the volumetric revenues during the test year, which will help mitigate the revenue deficiency identified in the 2025 test year. According to the witnesses, PWW will be able to continue operating during the rate case without an immediate rate increase using both existing cash reserves and the additional funding from the updated QCPAC.

With respect to why July 2, 2026, is an appropriate effective date for the purposes of reconciliation, the witnesses noted that, while PWW had sufficient funds to cover its expenses, this spending will significantly eat into its cash reserves. Therefore, the witnesses testified, PWW will need to be able to recoup the difference between existing and permanent rates back to this date to replenish its cash reserves and ensure that it has sufficient funds to continue operating in the future.

III. COMMISSION ANALYSIS

Based on the petition and the parties' settlement, the issue before the Commission is whether to set temporary rates at existing levels and allow PWW to use July 2, 2026, as the effective date of temporary rates for the purposes of reconciliation.

In reviewing requests for temporary rates, the Commission applies a standard that "is 'less stringent' than the standard for permanent rates, in that the temporary rates shall be determined expeditiously, 'without such investigation as might be deemed necessary to a determination of permanent rates.'" *Appeal of the Office Consumer Advocate*, 134 N.H. 651, 660 (1991) (citation omitted); *see also Public Service Co. of N.H. d/b/a Eversource Energy*, Order No. 27,041 (July 31, 2024). This lower standard is due, in part, to the reconciling nature of temporary rates under RSA 378:29. As the petitioner, PWW bears the burden of demonstrating that it is entitled to the relief it seeks. N.H. Code Admin. R., Puc 204.16.

Applying this standard, the Commission finds that the proposal in the settlement agreement to maintain temporary rates at existing levels and set the effective date as July 2, 2026, for the purposes of reconciliation is appropriate and consistent with RSA 378:27. As an initial matter, the record demonstrates that PWW is currently experiencing a revenue deficiency and thus does merit a rate increase and the setting of temporary rates. At the same time, the Commission credits the testimony of PWW's and the DOE's witnesses that the company has sufficient funds to continue operations during the pendency of this rate case, particularly in light of the most recent update to the QCPAC, and that PWW would prefer to avoid raising rates twice in a relatively short period of time. The Commission further credits the testimony that, although

PWW can continue to fund its operations during the pendency of the rate case, it will ultimately need to reconcile permanent rates back to July 2, 2026, to replenish its cash reserves after its permanent rates are set. Finally, the Commission finds that PWW may use July 2, 2026, as the effective date for the purposes of reconciliation because it is 30 days after PWW filed its petition for a rate change and notified its customers of the proposed rate change. Accordingly, the Commission finds the proposed settlement terms appropriate, approves the settlement, and sets temporary rates accordingly.

Based upon the foregoing, it is hereby

ORDERED, that the Commission APPROVES the parties' settlement agreement on temporary rates, and therefore sets temporary rates as PWW's existing rates with an effective date of July 2, 2026, for the purposes of reconciliation under RSA 378:29; and it is

FURTHER ORDERED, that PWW shall submit to the Commission properly annotated revised tariff pages consistent with this Order within 15 days after the date of this Order, as required by N.H. Code Admin. Rules, Puc 1603.

So ordered, this twenty-fifth day of September 2026.

Christopher J. Ellms, Jr. Chairman	Pradip K. Chattopadhyay Commissioner	Mark W. Dell'Orfano Commissioner

Service List - Docket Related

Docket#: 26-027

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Email Addresses

amanda.o.noonan@energy.nh.gov
chris.countie@pennichuck.com
ClerksOffice@puc.nh.gov
david.n.goyette@energy.nh.gov
donald.m.kreis@oca.nh.gov
Energy-Litigation@energy.nh.gov
gary.m.cronin@energy.nh.gov
George.Torres@Pennichuck.com
jayson.p.laflamme@energy.nh.gov
john.boisvert@pennichuck.com
julia.gagnon@pennichuck.com
kayla.dutton@pennichuck.com
mab@nhbrownlaw.com
Marc.H.Vatter@oca.nh.gov
Marie-Helene.B.Bailinson@energy.nh.gov
Michael.J.Crouse@energy.nh.gov
ocalitigation@oca.nh.gov
paul.b.dexter@energy.nh.gov
Robyn.I.Sarette@energy.nh.gov
robyn.j.descoteau@energy.nh.gov
Startreece.S.Snow@energy.nh.gov
tara.king@pennichuck.com