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STATE OF NEW HAMPSHIRE



PUBLIC UTILITIES COMMISSION

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DW 14-075

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NHPUC 15DEC14PM4:14

December 15, 2014

Debra A. Howland, Executive Director  
New Hampshire Public Utilities Commission  
21 S. Fruit St., Ste. 10  
Concord, New Hampshire 03301

Re: DW 14-075 Aquarion Water Company of New Hampshire, Inc.  
Verified Petition to Credit Customers for Benefit Arising from Change in Tax  
Regulations  
Staff Recommendation to Approve Three-Year Amortization Period

Dear Ms. Howland:

On July 10, 2014, in Order No. 25,692, the Commission approved the creation of a deferred liability (*i.e.*, a credit) designed to pass through an anticipated \$905,000 federal tax benefit to Aquarion's customers. The Commission, however, deferred consideration of the time period over which the credit shall be applied to customer bills "until Aquarion has filed its 2013 tax return and has provided an update to the Commission with the exact amount of the benefits to be received."

On November 13, 2014, Aquarion submitted a technical statement of the Director of Rates and Regulation, Troy M. Dixon; a Motion for Protective Treatment of Confidential Information, and attachments including 2013 federal and state consolidated tax returns of Macquarie Utilities, Inc. (MUI), the indirect parent of Aquarion. In its filing, Aquarion verified that the amount of the credit is \$905,000, which is the total amount of federal and state income tax paid or payable by Aquarion for the open tax years of 2011, 2012, and 2013. Mr. Dixon pointed out that, since the total of eligible repair and maintenance expenses was well in excess of the amounts paid in taxes, Aquarion's tax benefit would be the total amounts paid in tax for those three years.

Based on its review, Staff believes a three-year amortization period for the tax benefits to customers is reasonable. This schedule corresponds with the number of open tax years upon which the refund is based, and it will result in a 4% surcredit on customer bills beginning for service rendered on and after January 1, 2015.<sup>1</sup>

<sup>1</sup> Order No. 25,692 (July 10, 2014) at pp. 3-4 (\$905,000 in tax benefits provided to customers in a surcredit will be reduced by the amount of 2014 WICA revenues accrued but not collected from customers). *See also* Aquarion Water Co. of NH, Inc., Order No. 25,668 (May 23, 2014)(temporarily setting 2014 WICA surcharge at 0.0000%).

DW 14-075 Aquarion Water Company of New Hampshire, Inc.  
Verified Petition to Credit Customers from Change in Tax Regulations  
Staff Recommendation to Approve Three Year Amortization Period

Staff also supports Aquarion's motion for protective order and confidential treatment, which seeks protection from disclosure of the consolidated, federal and NH tax returns for 2013 filed by its parent, Macquarie Utilities, Inc. (MUI). Staff agrees that MUI's tax returns, which are not disclosed publicly, fall within the scope of RSA 91-A:5, IV, which protects from disclosure "confidential, commercial or financial information." The protection and confidential treatment requested is consistent with past Commission practice. *See, e.g.,* Sacoridge Water, Inc., Order No. 24,501 (December 9, 2005) at p. 10 (with respect to the production of tax records, "the benefits of non-disclosure outweigh the benefits of public disclosure"). For these reasons, Staff recommends that the Commission grant the motion.

If there are any questions regarding Staff's recommendation in this matter, please let me know.

Sincerely,



Mark A. Naylor  
Director, Gas & Water Division

cc: service list

## Hanson, Lynn

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**From:** Hanson, Lynn  
**Sent:** Monday, December 15, 2014 4:00 PM  
**To:** PUC - Executive.Director; Noonan, Amanda; Laflamme, Jayson; Carmody, Jody; Brown, Marcia; Naylor, Mark; PUC - OCA Litigation; Descoteau, Robyn; 'Rorie.E.P.Hollenberg@oca.nh.gov'; Frink, Steve; 'steven.camerino@mclane.com'  
**Subject:** DW 14-075 Aquarion Water Company of New Hampshire, Inc. Staff Recommendation  
**Attachments:** DW 14-075 2014-12-15 Staff Ltr Recommendation.pdf

Please find attached for filing a Staff Recommendation in the above mentioned docket. Electronic copies have been sent to the Service List.

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