

STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITIES COMMISSION

Re: Aquarion Water Company of New Hampshire

Docket DW 14-075

Technical Statement of Troy Dixon

My name is Troy M. Dixon. I am employed by Aquarion Water Company of Connecticut, Inc. (“Aquarion CT”) as Director of Rates and Regulation. In that capacity, I provide similar services to Aquarion CT’s affiliate, Aquarion Water Company of New Hampshire, Inc. (“Aquarion NH”).

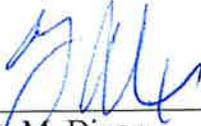
In its Order No. 25,692, the Commission directed Aquarion NH to file its 2013 tax returns with the Commission to assist the Commission in making a final determination regarding the amortization period for the tax benefit to be credited to Aquarion NH’s customers. Attached to this Technical Statement as Attachments 1 and 2, respectively, are the Federal and New Hampshire tax returns for Macquarie Utilities, Inc. (“MUI”), the indirect parent company of Aquarion NH, which files consolidated returns for itself and its subsidiaries, including Aquarion NH.

In its Verified Petition dated March 17, 2014 initiating this proceeding, Aquarion NH proposed to refund \$905,000 to customers. *See* Verified Petition to Credit Customers for Benefit Arising from Change in Tax Regulations at ¶ 3. As set forth in the Verified Petition at Paragraph 4, the amount of the tax benefit available to Aquarion NH as a result of implementing the change in tax regulations is limited to the amount of actual taxes paid for the open tax periods of 2011,

2012, and 2013. The total of the taxes paid for those three years was \$905,000, as set forth in Aquarion NH's response to Data Request Staff 1-4. See Attachment 3.

As shown on Line 14 of Page 84 of MUI's 2013 Federal tax return, MUI reported repair and maintenance expenses that had a tax impact well in excess of \$905,000. This amount consisted primarily of expenditures eligible for the tangible property regulation ("TPR") credit that was the subject of the Company's Verified Petition. Although it does not appear on the tax return, the portion of the reported repair and maintenance expenses that constituted TPR credits was approximately \$3.96 million. Because the tax effect of the total eligible TPR credit exceeds the taxes for the open periods of 2011, 2012, and 2013, the total tax benefit to be refunded to Aquarion NH customers is equal to the taxes paid or payable for those three years, or \$905,000.

Date: November 10, 2014

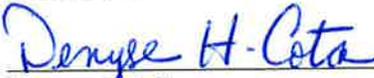


Troy M. Dixon

STATE OF CONNECTICUT
COUNTY OF FAIRFIELD

The foregoing instrument was subscribed and sworn before me this 10th day of November, 2014.

Before me:



Notary Public
My Commission Expires 3/31/16

Denyse H. Cota
A Notary Public of Connecticut
My Commission Expires March 31, 2016