

**STATE OF NEW HAMPSHIRE
BEFORE THE
NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION**

Aquarion Water Company of New Hampshire, Inc. and Eversource Energy
Request for Approval of Acquisition

Docket No. DW 17- _____

**JOINT PETITION FOR APPROVAL OF THE ACQUISITION OF
AQUARION WATER COMPANY OF NEW HAMPSHIRE, INC. BY
EVERSOURCE ENERGY**

Aquarion Water Company of New Hampshire, Inc. (“Aquarion-NH”) and Eversource Energy (“Eversource”) (together, the “Joint Petitioners”) hereby file this joint petition requesting the New Hampshire Public Utilities Commission (the “Commission”), pursuant to the provisions of RSA 369:8, II and RSA 374:33, to approve the indirect acquisition of Aquarion-NH by Eversource.

On June 1, 2017, Eversource, as purchaser, and Macquarie Utilities Holdings, GP (“MUH”), as seller, entered into a purchase and sale agreement (the “Agreement”) by which Eversource will acquire all of the issued and outstanding common stock of Macquarie Utilities Inc. (“MUI”) (the “Transaction”). The Transaction will result in Eversource having ownership and control of MUI and its subsidiaries Aquarion Company, Aquarion Water Company and Aquarion-NH (collectively with MUI, “Aquarion”). As demonstrated in this petition, the Transaction will not have an adverse effect on rates, terms, service or operation of Aquarion-NH under RSA 369:8, and is lawful, proper and in the public interest consistent with RSA 374:33. Therefore, the Transaction will result in “no net harm” to Aquarion-NH’s customers, and in fact will be beneficial to Aquarion-NH’s customers. In support of this petition, the Joint Petitioners state the following:

Parties to the Transaction

1. Aquarion-NH is a New Hampshire corporation and a public utility as defined by RSA 362:2, with a principal place of business in Hampton, New Hampshire. Aquarion-NH serves approximately 9,400 customers in the Towns of Hampton, North Hampton and Rye, New Hampshire.
2. MUI is a Delaware corporation and holding company of Aquarion Company, Aquarion Water Company and Aquarion-NH. The majority of the common stock of MUI is owned by MUH, which is a Delaware general partnership. MUH owns beneficially and of record 165 shares of common stock of MUI, constituting a controlling 55 percent interest in MUI. The direct owners of MUH are: Macquarie Infrastructure Partners International, L.P., a Delaware limited partnership; Macquarie Infrastructure Partners A, L.P., a Delaware limited partnership; and Macquarie Infrastructure Partners Canada L.P., a limited partnership formed in Ontario, Canada (each, a “MIP Entity” and collectively, “MIP”).¹ MIP is nearing the end of its investment lifespan and is therefore in the process of selling all of its holdings, including its indirect investment in MUI. The 45 percent balance of the common stock of MUI is currently held by a minority shareholder, British Columbia Investment Management Corporation (“bcIMC”), a British Columbia public sector investment fund manager.²

¹ Each MIP Entity is a party to the Agreement for the sole purpose of serving as a seller guarantor under Section 10.21 of the Agreement.

² The bcIMC interest in MUI is divided among and held by six bcIMC subsidiaries: bcIMC (College) US Infra Inc.; bcIMC (Teachers) US Infra Inc.; bcIMC (WorkSafe) US Infra Inc.; bcIMC (Public Service) US Infra Inc.; bcIMC (Municipal) US Infra Inc.; and bcIMC (WSAF) US Infra. As part of the Transaction, Eversource will acquire both MUH’s 55 percent equity interest and bcIMC’s 45 percent equity interest at the time of closing. The Transaction is described in more detail below.

3. MUI acquired Aquarion Company, Aquarion Water Company, Aquarion-NH and related subsidiaries in 2007.³ Aquarion Company is a Delaware corporation and the parent company of Aquarion Water Company. Aquarion Water Company is a Connecticut corporation and the parent company of Aquarion-NH.⁴
4. Eversource is a Massachusetts voluntary association. Eversource is the holding company of Public Service Company of New Hampshire (“PSNH”), NSTAR Electric Company, NSTAR Gas Company, Western Massachusetts Electric Company, The Connecticut Light and Power Company and Yankee Gas Services Company. Eversource subsidiary companies transmit and deliver electricity and natural gas to approximately 3.7 million electric and natural gas customers in Connecticut, Massachusetts and New Hampshire. Eversource has approximately 7,800 employees supporting company operations across the three states.

Description of the Transaction

5. The Transaction will be a stock purchase in which Eversource will acquire MUH’s 55 percent equity interest in MUI, which consists of 165 shares of common stock, par value \$1.00 per share. As part of the Transaction, Eversource will also acquire the balance of the MUI shares, consisting of the 45 percent equity interest in MUI held by bcIMC. Accordingly, Eversource will become the sole owner of MUI at the time of closing. Eversource will acquire these interests free and clear of all liens (other than liens created by Eversource or its affiliates and any restriction on transfer under applicable securities

³ See Docket No. DW 06-094, *Aquarion Water Company of New Hampshire*, Order Approving Acquisition and Settlement Agreement, Order No. 24,691 (Oct. 31, 2006).

⁴ Aquarion Water Company is also the parent company of Aquarion Water Company of Connecticut, Inc., a Connecticut corporation; Aquarion Water Company of Massachusetts, Inc., a Massachusetts corporation; and Aquarion Water Capital of Massachusetts, Inc., a Delaware corporation.

laws or MUI's governing documents). A copy of the Agreement is provided as Exhibit ES-AQ-1.

6. Upon satisfaction of all conditions for closing, including approval by the Commission, Eversource will be the holding company and the sole stockholder of MUI, and MUI will be a wholly-owned subsidiary of Eversource. Eversource will create a new subsidiary (to be named Eversource Water Ventures, Inc.), which will be a Connecticut corporation and a direct subsidiary of Eversource, and the immediate parent of MUI. MUI will be renamed (Eversource Aquarion Holdings, Inc.) and remain as the holding company of the Aquarion subsidiaries, maintaining their current structure. A corporate organization chart of Eversource and Aquarion, after giving effect to the Transaction, is provided in Exhibit ES-AQ-2.
7. In addition to the approval of the Commission requested herein, pre-acquisition notifications will be filed with the Department of Justice and the Federal Trade Commission in accordance with the Hart-Scott-Rodino Antitrust Improvements Act of 1976. The Transaction is also subject to approval by the Connecticut Public Utilities Regulatory Authority and the Massachusetts Department of Public Utilities in relation to the Aquarion subsidiaries operating in Connecticut and Massachusetts, respectively; the Maine Public Utilities Commission due to PSNH's status as a Maine public utility; and the Federal Communications Commission ("FCC") in relation to certain FCC-issued radio licenses held by Aquarion Water Company. Eversource does not require shareholder approval. MUH and MUI are organized under Delaware law, which does not require additional shareholder approval in relation to the Transaction.

8. The Joint Petitioners seek approval of the Transaction on or before November 1, 2017, consistent with the procedure set forth in RSA 369:8, II(b) in order to close the Transaction promptly after all necessary approvals are obtained. This timeframe is consistent with the 120-day statutory review period for the Transaction in Connecticut, which is the jurisdiction that regulates service to the majority of Aquarion customers.

Standard of Review

9. RSA 369:8, II(b)(1) provides that to the extent Commission approval is required by any other statute for any corporate acquisition involving parent companies of a public utility whose rates, terms and conditions of service are regulated by the Commission, the approval of the Commission shall not be required if the public utility demonstrates “that the transaction will not adversely affect rates, terms, service, or operation of the public utility within the state.” The Commission has stated that this provision “is designed to allow for streamlined review of transactions that clearly will have no such adverse impacts.” *Aquarion Water Company of New Hampshire*, Order No. 24,691, 91 NHPUC 509, 513 (October 31, 2006).
10. RSA 374:33 provides in relevant part as follows: “No public utility or public utility holding company as defined in section 2(a)(7)(A) of the Public Utility Holding Company Act of 1935 shall directly or indirectly acquire more than 10 percent, or more than the ownership level which triggers reporting requirements under 15 U.S.C. section 78-P, whichever is less, of the stocks or bonds of any other public utility or public utility holding company incorporated in or doing business in this state, unless the commission finds that such acquisition is lawful, proper and in the public interest.”

11. In *New England Electric System*, Order No. 23,308, 84 NHPUC 502, (October 4, 1999), the Commission stated that the mandate in RSA 369:8, which requires that acquisitions will “not adversely affect the rates, terms, service, or operation of the public utility within the state,” embodies the same standard reflected in RSA 374:33 that authorizes the Commission to approve acquisitions that are “lawful, proper and in the public interest.” *New England Electric* at 16. Proposed acquisitions must meet a “no net harm” test in order to be approved by the Commission. *Id.* The Commission stated that, in applying the no net harm test, it must “assess the benefits and risks of the proposed merger and determine what the overall effect on the public interest will be, giving the transaction our approval if the effect is at worst neutral from the public interest perspective.” *Id.*; see also *Aquarion Water Company of New Hampshire*, Order No. 24,691, 91 NHPUC at 513; *Hampton Water Works, Inc.*, Order No. 23,924, 87 NHPUC 104 (March 1, 2002). Accordingly, the Commission’s standard will be met where an applicant for approval of an acquisition demonstrates that customers would be no worse off with the acquisition than without the acquisition. Pursuant to the Commission’s findings in *New England Electric*, the Joint Petitioners demonstrate herein that the Transaction meets and exceeds the Commission’s no net harm standard and thus seek the Commission’s approval.⁵

⁵ The Joint Petitioners note that RSA 374:30 is not applicable to the Transaction because it is a common stock purchase of a holding company and does not involve a transfer or lease of the Aquarion-NH franchise, works or system. Notwithstanding these facts, the evidence provided herein demonstrating no net harm also demonstrates that the Transaction “will be for the public good” within the meaning of that statute. The public good standard “is analogous to the ‘public interest’ standard . . . applied and interpreted by the Commission and by the New Hampshire Supreme Court.” *Consumers New Hampshire Water Company*, 82 NHPUC 814, 816 (1977) (citing *Waste Control Systems, Inc. v. State*, 114 N.H. 21, 22-23 (1974)). “Under the public interest or public good standard to be applied by the Commission where an individual or entity seeks to acquire a jurisdictional utility, the Commission must determine that the proposed transaction will not harm ratepayers.” *Pennichuck Corp.*, 83 NHPUC 44, 44 (1998).

Effect of the Acquisition on Aquarion NH-Customers

12. The Transaction will result in no net harm to Aquarion-NH's customers. Consistent with the order in Docket No. DW 06-094, Aquarion-NH's local management structure will remain in place at closing of the Transaction, and as a result will remain aware of and responsive to local issues. Aquarion-NH will maintain the high quality service currently provided to customers because the customer service team in New Hampshire and its Customer Advisory Council will also remain in place at closing. The organizational structure of Aquarion after giving effect to the Transaction is shown in Exhibit ES-AQ-2. The Transaction will be seamless to customers because Aquarion-NH is expected to retain its office for bill payments and customer inquiries in Hampton, and continue to serve its customers in the same manner as it does today under the same current terms and conditions of service. As discussed below, Aquarion-NH's access to capital will be enhanced by the Transaction. Moreover, the Joint Petitioners are not proposing any changes to rates or other terms of service from the Transaction for customers of Aquarion-NH. Rates will remain at current levels upon the closing unless and until a change in those rates is authorized by the Commission. As demonstrated in more detail below, the Transaction therefore will not adversely affect the rates, terms, service, or operation of Aquarion-NH.

13. From a financial standpoint, Eversource possesses the financial capability and resources to acquire control of Aquarion. By all measures, Eversource is a financially strong company, with credit metrics that are unmatched and at the top of the industry. Eversource is one of the largest publicly-traded utilities in the United States, with a market capitalization of nearly \$20 billion and assets of approximately \$32 billion.

Eversource maintains a Standard & Poor's ("S&P") corporate credit rating of "A" (with positive outlook), highest among its peer companies. Eversource has a strong balance sheet and manages its operations with strict financial discipline.

14. The Eversource financial platform will enable Aquarion to continue to fund necessary investments in its water systems. In joining the Eversource organization and funding these investments, Aquarion will benefit from the best-in-industry financial profile of the Eversource organization. In fact, S&P recently announced that it is placing the current "BBB" issuer credit rating and "BBB-" senior unsecured debt ratings of Aquarion on credit watch with positive implications as a result of the proposed Transaction. The credit watch listing reflects the strong potential for higher ratings for Aquarion after the acquisition by Eversource, in that S&P's credit ratings for the Eversource operating subsidiaries are based on the Eversource consolidated credit profile. PSNH experienced a similar upgrade in 2012 following the NU-NSTAR merger.
15. Aquarion has made substantial investments in information technology ("IT") and associated business process improvements. Since 2007, under MUI's ownership, Aquarion implemented an enterprise-wide IT platform which integrates all business functions. Aquarion has regularly updated that system and adopted business processes that enhance customer service and efficiency by leveraging that technology platform. Aquarion has implemented improvements that directly impact customer service, including full integration of the call center with field operations (so call center personnel can respond to customer inquiries about field activities) and electronic monthly billing.

16. From a technological standpoint, the Eversource platform will enable Aquarion to continue to improve the effectiveness of its systems and processes by taking advantage of Eversource's information technology and other technology-related capabilities and experience. For example, Aquarion will be able to benefit from the experience of the Eversource operating companies in use and operation of its SCADA system. The Transaction will provide the potential for future enhancements to Aquarion's field and mobile technologies, call center operations, customer experience, GIS capabilities and other areas by drawing upon the resources available within the Eversource organization. Aquarion will also be included in the Eversource organization's robust cybersecurity planning process. The Eversource platform will also provide potential additional system capabilities to Aquarion for key functions.

17. In terms of managerial capability, Eversource operates one of the largest utilities in the United States. Eversource manages an organization of six operating subsidiaries and approximately 7,800 employees to serve 3.7 million customers in three states. Approximately 50 percent of Eversource employees are members of the International Brotherhood of Electrical Workers, the Utility Workers Union of America or The United Steelworkers, and are covered by 10 collective bargaining agreements, demonstrating Eversource's ability to attract and retain a skilled workforce. The Eversource management team is experienced in operating a wide-ranging and diverse organization. In addition, the Eversource management team has been successful in meeting the varied and specific needs of its local customers throughout the region, and specifically in New Hampshire. As a New England company with a substantial service territory in New

Hampshire, Eversource operates with a focus on providing superior service, safety and reliability performance to the state.

18. As part of the Agreement, Eversource represented that no substantial changes to current employee levels or existing operational facilities of Aquarion are planned upon closing. The Agreement further states that Eversource plans to provide Aquarion employees with a total compensation package that is market-based and competitive; and to maintain employee policies and plans at Aquarion that are generally consistent with those that are in effect as of the date of the Agreement and consistent with those policies and plans generally offered by Eversource to its employees. Eversource will honor the collective bargaining agreement between Aquarion and its union. Eversource expects to rely on existing personnel to continue to provide safe and reliable service to water customers as they do today. Additionally, in the event of an emergency situation, employees and resources of Eversource are geographically situated such that assistance could be provided to Aquarion-NH as needed on a real-time basis.

19. The Transaction will retain the benefit of local control, including an owner with a long-standing commitment to the State of New Hampshire and its local communities. As an organization, Eversource is experienced in the New Hampshire regulatory environment, understands the customer base, and is fully engaged in meeting the energy needs of customers and communities throughout its service territory. Eversource has been recognized for its programs to promote conservation, energy efficiency and sustainability, and is a responsible environmental steward.

20. Lastly, the Transaction will not have an adverse effect on rates, terms, service or operation of Aquarion-NH for at least the following reasons:
- a. The corporate structure of Aquarion-NH will not change. Aquarion-NH will remain a subsidiary of Aquarion Water Company, which in turn will remain a subsidiary of Aquarion Company, which in turn will remain a subsidiary of MUI (to be renamed Eversource Aquarion Holdings, Inc.). *See* Exhibit ES-AQ-2.
 - b. The tariffs, rates and regulations of Aquarion-NH will not change or be amended by approval of the Transaction.
 - c. The assets of Aquarion-NH, including rate base, will not be altered by approval of the Transaction.
 - d. The Joint Petitioners do not propose to record an acquisition premium on the books of account of Aquarion-NH as a result of the Transaction. Eversource would propose to recover Transaction costs only to the extent of savings resulting from the acquisition as shown in a future rate case. Transaction costs would be recovered from net savings.
 - e. Service and operations of Aquarion-NH will be seamless to customers, as Aquarion-NH will retain its existing management structure and local office in Hampton upon closing.

- f. The Transaction will provide Aquarion-NH the benefit of the expertise and resources of Eversource, including access to capital, advanced cybersecurity, IT and other technology-related capabilities and experience.
21. For all of the foregoing reasons, the Transaction will not have an adverse effect on rates, terms, service or operation of Aquarion-NH and is consistent with RSA 369:8. Moreover, the Transaction is lawful, proper and in the public interest and is consistent with RSA 374:33. Aquarion-NH is an exemplary service provider and will be a welcome addition to the Eversource organization. The Eversource platform will provide strength and stability for Aquarion-NH to serve customers safely and reliably over the long term. The Transaction will establish a combined company with shared commitments and business values, with the resources necessary to make investments that will drive long-term success.

WHEREFORE, the Joint Petitioners respectfully request that the Commission:

- A. Determine that the proposed indirect acquisition of Aquarion-NH by Eversource, which will be accomplished through the acquisition of MUI by Eversource, will result in “no net harm” to the customers of Aquarion-NH;
- B. Approve the Transaction as filed in accordance with RSA 369:8, II(b), or, alternatively, RSA 374:33; and
- C. Issue such other and further orders as may be just and reasonable and consistent with the public interest.

Respectfully submitted this 29th day of June, 2017, by
EVERSOURCE ENERGY

By its Attorneys,

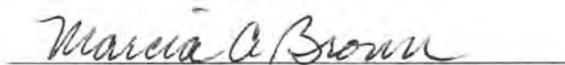


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AQUARION WATER COMPANY OF NEW
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By its Attorney,

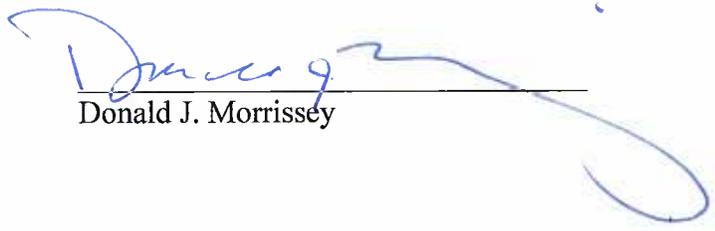


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VERIFICATION

I, Donald J. Morrissey, Executive Vice President, Chief Financial Officer, Treasurer and Secretary of Aquarion Company, Aquarion Water Company and Aquarion Water Company of New Hampshire, Inc., being first duly sworn, hereby depose and say that I have read the foregoing Joint Petition, and the facts alleged therein are true to the best of my knowledge and belief.

Dated: 6/28/17



Donald J. Morrissey

STATE OF CONNECTICUT
COUNTY OF Fairfield

Sworn to and subscribed before me this 28th day of June, 2017.



Notary Public

My Commission Expires:

SHAWNA SALATO
NOTARY PUBLIC
MY COMMISSION EXPIRES JULY 31, 2017

VERIFICATION

I, John M. Moreira, Vice President-Financial Planning and Analysis of Eversource Energy Service Company, being first duly sworn, hereby depose and say that I have read the foregoing Joint Petition, and the facts alleged therein are true to the best of my knowledge and belief.

Dated: June 28, 2017

John M. Moreira
John M. Moreira

COMMONWEALTH OF MASSACHUSETTS

COUNTY OF Norfolk

Sworn to and subscribed before me this 28th day of June, 2017.

Diane Citrone
Notary Public

My Commission Expires: 2/10/23

