

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DW 12-325

AQUARION WATER COMPANY OF NEW HAMPSHIRE, INC.

**Water Infrastructure and Conservation Adjustment 2013-2015 Projects
and 2013 Surcharge**

NOTICE OF ORDER NO. 25,455

January 17, 2013

Aquarion Water Company of New Hampshire, Inc. (Aquarion) provides water service in the Towns of Hampton, North Hampton, and Rye, and on October 31, 2012, it filed a petition for approval of its 2013 Water Infrastructure and Conservation Adjustment (WICA) surcharge and proposed 2013-2015 capital projects under its tariff. The WICA tariff provisions were approved as a pilot program in Aquarion's rate case, Docket No. DW 08-098. *Aquarion Water Company of New Hampshire*, Order No. 25,019, 94 NH PUC 510 (2009). The petition and subsequent docket filings, other than any information for which confidential treatment is requested of or granted by the Commission, is posted to the Commission's website at <http://www.puc.nh.gov/Regulatory/Docketbk/2012/12-325.html>.

Aquarion requests an increase to its surcharge, effective for service rendered on or after January 1, 2013, to reflect recovery of \$834,662 in 2012 WICA capital investments in water main replacements; customer meters; and services, hydrants, and valves. Aquarion seeks approval of \$801,140 in proposed 2013 WICA capital projects. Aquarion seeks preliminary approval for \$1,136,720 in proposed 2014 projects. Aquarion also provided a list of proposed 2015 projects for advisory purposes.

On December 21, 2012, Staff filed a recommendation and stated that it had met with the Office of the Consumer Advocate (OCA) and the Town of Hampton and had conducted discovery which resulted in adjustments to Aquarion's request. Staff and Aquarion recommend the Commission approve a WICA surcharge of 5.2733%, for service rendered on and after January 1, 2103. Staff stated that the surcharge would increase the total bill of a typical customer, using 53,300 gallons of water annually, by about \$8.45 over the surcharge in effect during 2012. Staff stated that all of the capital projects forming the basis of the surcharge are prudent, used, and useful in service to Aquarion's customers. Staff and Aquarion further recommend that the Commission approve Aquarion's requested 2013 WICA budget and approve, on a preliminary basis, a 2014 WICA budget of \$963,460.

On December 19, 2012, the Town of Hampton filed an objection based on Aquarion's use of a cost of equity of 9.75% and requested the Commission defer action on Aquarion's WICA requests until Aquarion's rate case, Docket No. DW 12-085, is resolved.

On December 21, 2012, the OCA filed a letter opposing the inclusion of meter upgrades and emergency repairs in the proposed 2013 WICA capital investments. OCA will address this issue either in the rate case, or when the 2013 capital investments are under review in Aquarion's next WICA filing.

On December 26, 2012, Aquarion responded to Hampton and stated that issues relating to rate of return are appropriate for Aquarion's current rate case, not for this WICA proceeding, and that the outcome of the review of the WICA program should apply on a going forward basis and therefore should have no impact on the instant proceeding.

The Commission concludes that the WICA pilot program should continue until it is evaluated in Aquarion's general rate case. No issues of prudence regarding WICA 2012 plant investment, or issues related to the in-service status of those investments have been raised. The Commission will review the issues raised by OCA as to meter replacement and emergency repairs in the pending rate case, or next WICA proceeding. The Commission will also review Aquarion's cost of equity in the current rate case.

The Commission approves the recommended cumulative surcharge of 5.2733% for projects completed in 2010, 2011, and 2012 and finds the investment decisions are prudent and the plant is used and useful in service to customers. The Commission approves the petition, as modified by Staff and Aquarion, on a *nisi* basis.

All persons interested in responding to the Order *Nisi* may submit comments or file a written request for a hearing which states the reason and basis for a hearing no later than February 4, 2013 for the Commission's consideration; and any party interested in responding to such comments or request for hearing shall do so not later than February 11, 2013. The Order *Nisi* shall be effective February 15, 2013, unless Aquarion fails to satisfy the publication obligation set forth in the full order, or the Commission provides otherwise in a supplemental order issued prior to the effective date.