

STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITIES COMMISSION

AQUARION WATER COMPANY OF NEW HAMPSHIRE, INC.

DOCKET NO. DW 14-____

**PETITION FOR APPROVAL OF 2015 WATER INFRASTRUCTURE AND
CONSERVATION ADJUSTMENT SURCHARGE AND PROPOSED PROJECTS**

Aquarion Water Company of New Hampshire, Inc. (“Aquarion” or the “Company”) hereby requests that the Public Utilities Commission (the “Commission”) approve the Company’s proposed Water Infrastructure and Conservation Adjustment (“WICA”) surcharge for effect as of January 1, 2015 on a service rendered basis and approve its proposed projects for 2015 as being eligible for recovery through the WICA surcharge mechanism. In support of this Petition, Aquarion states as follows:

Background

1. Commission Order No. 25,019 in Docket DW 08-098 approved implementation of the WICA mechanism as a pilot program and authorized the Company to recover the revenue requirement associated with certain categories of non-revenue producing capital improvements that are completed and placed in service between general rate cases. Commission Order No. 25,539 in Docket DW 12-085 subsequently approved several minor modifications to the WICA program.

2. The Commission recently summarized the WICA process as follows:

The WICA program requires Aquarion to file a 3-year projected budget of proposed eligible projects no later than November 1 of each year. Year 1 projects are those proposed to be constructed in the succeeding twelve month period and are provided for final review. Year 2 projects are those proposed to be constructed in the next twelve month period and are provided for review and approval by the Commission. Year 3 projects are those proposed to be constructed in the twelve months following Year 2 and are provided for advisory purposes

and discussion. In addition, Aquarion can file at least sixty days prior to the proposed effective date of any proposed rate change the final project costs and a proposed rate surcharge. Order No. 25,628 at 1-2.

3. As approved by the Commission, the WICA surcharge is intended to become effective on the later of January 1 following the Company's filing with the Commission seeking implementation of the WICA rate change or sixty days after the date of such filing. Only projects that are used and useful in providing service to the public are eligible for recovery through the WICA mechanism.

2014 WICA Projects and Related Surcharge

4. Aquarion requests that the Commission approve a WICA surcharge of 2.5386% to be applied to Aquarion customers' water service billings on a service-rendered basis effective as of January 1, 2015 to enable the Company to recover the authorized costs associated with its 2014 WICA projects that were constructed and placed in service during the period October 1, 2013 through September 30, 2014. These costs incorporate depreciation, property tax expense, income tax expense, and return on investment associated with the completed projects, and are described in the written direct testimony of Mr. Troy Dixon and Mr. Carl McMorran which are being filed contemporaneously with this Petition.

5. In the 2014 project year, Aquarion completed and placed into service two major projects in the Town of Hampton that are eligible for inclusion in the WICA program— replacement of the Company's Well 9 transmission main at a cost of \$57,506 and replacement of a segment of the Company's Ocean Boulevard Main from Dumas Avenue to Winnacunnet Road at a cost of \$536,096. Both projects were previously approved for inclusion in the WICA construction program by the Commission in its Order No. 25,628 in DW 13-314. In addition, Aquarion replaced a production meter at a total cost of \$3,044, consistent with the WICA budget

approved by the Commission. The Company did not incur any service line or hydrant replacement costs in excess of the \$50,000 threshold established for recovery by Commission Order No. 25,539, and therefore no such costs are included in this filing.

6. As set forth in detail in the testimony of Mr. Dixon and Mr. McMorran, the Company's total WICA-eligible costs incurred in the 2014 program year were \$596,646. Therefore, the Company is seeking authority to implement a WICA surcharge of 2.5386% applicable to all customers' water service billings (i.e., the customer charge and amounts billed for water usage based on volume but not for miscellaneous fees and charges) effective as of January 1, 2015 on a service rendered basis to recover the revenue requirement associated with these costs in addition to the amount previously approved for WICA-eligible costs incurred in 2013 as approved in Commission Order No. 25,668 in Docket DW 13-314. Specifically, the Company seeks an increase of 1.1729% to the 1.3657% WICA surcharge authorized in DW 13-314.

Projects Proposed for 2015 WICA Program Year

7. Aquarion also proposes to construct certain projects during the 2015 program year for which it intends to seek recovery through the WICA surcharge mechanism effective January 1, 2016. The budget for projects, which are discussed in the testimony of Mr. McMorran, totals approximately \$1 million and includes one project, referred to as the Great Boars Head main replacement project, that was previously approved for the 2014 project year. In addition, the Company has set a budget of approximately \$775,000 for WICA eligible projects for the 2016 program year, for which the Company seeks preliminary approval.

WHEREFORE, Aquarion hereby respectfully requests the Commission:

- A. Authorize Aquarion to bill and collect a WICA surcharge of 2.5386% applicable to customers' water service billings effective as of January 1, 2015 on a service-rendered basis;
- B. Approve Aquarion's proposed 2015 projects for recovery under the Company's approved WICA mechanism in 2016, subject to the Commission's prudence review of the final costs associated with such projects;
- C. Approve on a preliminary basis Aquarion's proposed 2016 projects as being eligible for recovery through the WICA mechanism, subject to further refinement and review in 2015 and subject to the Commission's prudence review of the final costs associated with such projects once completed and in service; and
- D. Grant such other and further relief as may be consistent with the public interest.

Respectfully submitted,

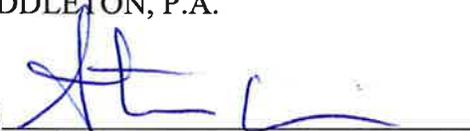
AQUARION WATER COMPANY
OF NEW HAMPSHIRE, INC.

By Its Attorneys

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MIDDLETON, P.A.

Date: October 29, 2014

By:



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CERTIFICATE OF SERVICE

I hereby certify that a copy of this Petition for Approval of 2015 Water Infrastructure and Conservation Adjustment Surcharge and Proposed Projects has been forwarded to the Office of the Consumer Advocate, Town of North Hampton, North Hampton Water Commission, Town of Rye, and Town of Hampton.

Dated: October 29 2014



Steven V. Camerino