

STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITIES COMMISSION

AQUARION WATER COMPANY OF NEW HAMPSHIRE, INC.

DOCKET NO. DW 15-___

**PETITION FOR APPROVAL OF 2016 WATER INFRASTRUCTURE AND
CONSERVATION ADJUSTMENT SURCHARGE AND PROPOSED PROJECTS**

Aquarion Water Company of New Hampshire, Inc. (“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, 2016 on a service rendered basis and approve its proposed projects for 2016 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 implantation 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.

2015 WICA Projects and Related Surcharge

4. Aquarion requests that the Commission approve a WICA surcharge of 3.9721% to be applied to Aquarion customers' water service billings on a service-rendered basis effective as of January 1, 2016, to enable the Company to recover the additional authorized costs associated with its 2015 WICA projects that were constructed and placed in service during the period October 1, 2014 through September 30, 2015. 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 Debra Kirven and Carl McMorran and which are being filed with this Petition.

5. In the 2015 project year, Aquarion completed and placed into service three major projects in the Town of Hampton that are eligible for inclusion in the WICA program— replacement of the Company's Ross Avenue main at a cost of \$178,087, Kings Highway Streets 11th through 15th at a cost of \$397,822, and the replacement of the Company's Great Boars Head main at a cost of \$169,733. These projects were previously approved for inclusion in the WICA construction program by the Commission in its Order No. 25,751 in DW 14-300. 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 Ms. Kirven and Mr. McMorran, the Company's total WICA-eligible costs incurred in the 2015 program year were \$745,643. Therefore, the Company is seeking authority to implement a WICA surcharge of 3.9721% 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, 2016 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 2014 as approved in Commission Order No. 25,751 in Docket DW 14-300. Specifically, the Company seeks an increase of 1.4335% to the 2.5386% WICA surcharge authorized in DW 14-300.

Projects Proposed for 2016 WICA Program Year

7. The Company also proposes to construct certain projects during the 2016 program year for which it intends to seek recovery through the WICA surcharge mechanism effective January 1, 2017. The budget for projects, which are discussed in the testimony of Mr. McMorran, totals an average of approximately \$900,000. In addition, the Company has set an average budget of approximately \$800,000 for WICA eligible projects for the 2017 program year, for which the Company seeks preliminary approval.

WHEREFORE, the Company hereby respectfully requests the Commission:

A. Approve the Company's petition to permit it to bill and collect a WICA surcharge of 3.9721% applicable to customers' water service billings effective as of January 1, 2016 on a service-rendered basis;

B. Approve the Company's proposed 2016 projects for recovery under the Company's approved WICA mechanism in 2017, subject to the Commission's prudence review of the final costs associated with such projects;

C. Approve on a preliminary basis the Company's proposed 2017 projects as being eligible for recovery through the WICA mechanism, subject to further refinement and review in 2016 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

McLANE MIDDLETON,
PROFESSIONAL ASSOCIATION

Date: October 30, 2015


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CERTIFICATE OF SERVICE

I hereby certify that a copy of this Petition for Approval of 2016 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 30, 2015



Richard Samuels