

May 27, 2016

Via Federal Express

Debra A. Howland
Executive Director and Secretary
New Hampshire Public Utilities Commission
21 S. Fruit Street, Suite 10
Concord, NH 03301

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RE: Docket No. 15-476, Aquarion Water Company of New Hampshire, Inc.
2016 Water Infrastructure and Conservation Adjustment (WICA) Project Update

Dear Ms. Howland:

This letter is to inform the Public Utilities Commission, Office of the Consumer Advocate, and the Towns of Hampton, North Hampton, and Rye that the North Shore Road project will be eliminated from the approved 2016 WICA projects. Also, this letter serves to inform the parties of an update to the project costs for Kings Hwy and Ross Avenue.

Update to WICA Project Schedule for 2016

In Order No. 25,857, the Commission approved Aquarion Water Company of New Hampshire's ("Aquarion" or "Company") 2016 projects and budgets as reasonable and necessary. As stated in the Company's WICA tariff:

"Project Changes: If, after the Company has received Commission approval for Year 1 projects, because of changed circumstances or significant new information the Company plans to undertake projects in Year 1 that were not included on the list of approved WICA projects for that year or it has decided not to proceed with one or more projects that were included on the Commission-approved list, it shall promptly notify the Commission and all parties to the proceeding in which the list of WICA projects was approved that the Company plans to add to or delete projects and the reason for the proposed changes."

In Docket 15-476, the Company had proposed a main replacement on North Shore Road from Cusack Road to Quinlan Lane. The project proposal was to replace 910 feet of cast iron pipe at an estimated cost between \$199,000 to \$271,000. Due to the cost of other projects, the Company has eliminated this North Shore Road project from its 2016 projects. The Company proposes to reprioritize this project in its next WICA filing.

Update to Projects Costs

On May 5, 2016, the Company became aware of an unpaid invoice relating to its 2015 projects, Ross Avenue and Kings Hwy. The invoice totaled \$249,872.80. This invoice was inadvertently not included in the project costs as previously approved and not included in the existing WICA surcharge. The chart below provides the project cost recovered in WICA, the breakdown of the missing invoice, and the revised project totals.



Project	WICA Cost	Project Estimate	Missing invoice	New Project Total
Kings Hwy	\$385,374	\$483,000 to \$579,000	\$192,112.80	\$577,486.80
Ross Ave	\$186,358	\$178,000 to \$213,000	\$57,760.00	\$244,118.00

The Kings Hwy project continues to fall within the original project estimate. As it relates to Ross Ave, Aquarion originally estimated only to “Cold Plane” and expected to add only a binder coarse on the roadway in preparation for a Town of Hampton paving project. However, the poor condition of the roadway required the Company to perform additional work. The Company, in consultation with and with the Town of Hampton’s agreement, removed all of the broken-up pavement, re-graded and rebuilt the roadbed, then installed 2 1/2” of asphalt for the entire length of the road. In addition, the new tie-in for Ross Ave at the intersection of Ocean Boulevard required an 8x8 Tee to be cut-in rather than using an 8” Tapping Sleeve & Valve. This resulted in an additional cost and was due to space constraints with nearby buried gas, telephone, and electric utility infrastructure. Both the great roadway construction and 8X8 Tee contributed to the final budget variance.

The Company will not seek recovery of these costs because they relate to the 2016 budget and surcharge which have already been approved by the Commission. Rather, the Company will include these costs in rate base in its next general rate case.

Please let me know if you have any questions. I can be reached at (203) 337-5990.

Sincerely,

Joshua Unger
Senior Regulatory Compliance Specialist

CC: DW 15-476 Docket-Related Service List