

STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITIES COMMISSION

AQUARION WATER COMPANY OF NEW HAMPSHIRE, INC.

DOCKET NO. DW 17-___

**PETITION FOR APPROVAL OF 2018 WATER INFRASTRUCTURE AND
CONSERVATION ADJUSTMENT SURCHARGE AND PROPOSED PROJECTS**

Aquarion Water Company of New Hampshire, Inc. (“Aquarion NH” 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, 2018 on a service rendered basis and approve its proposed projects for 2018 as being eligible for recovery through the WICA surcharge mechanism. In support of this petition, Aquarion NH states as follows:

Background

1. In Order No. 25,019 in Docket DW 08-098, the Commission 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. In Order No. 25,539 in Docket DW 12-085, the Commission subsequently approved minor modifications to the WICA program.

2. The Commission summarized the WICA process as follows:

The WICA program requires Aquarion NH 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 NH 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.

2017 WICA Projects and Related Surcharge

4. Aquarion NH requests that the Commission approve a WICA surcharge of 7.08% to be applied to Aquarion NH customers' water service billings on a service-rendered basis effective as of January 1, 2018 to enable the Company to recover the additional authorized costs associated with its 2017 WICA projects that were constructed and placed in service during the period October 1, 2016 through September 30, 2017. These costs incorporate depreciation, property tax expense, income tax expense, and return on investment associated with the completed projects. These components are more fully described in the written direct testimonies of Mr. Troy Dixon and Mr. Carl McMorran which are being contemporaneously filed herewith.

5. In the 2017 project year, Aquarion NH completed and placed into service one WICA-eligible project in the Town of Hampton. It replaced the Lafayette Road main at a cost of \$813,883. This project was previously approved for inclusion in the 2017 WICA construction season by the Commission in Order No. 25,977 in Docket DW 16-828. As referenced in the testimony of Carl McMorran, the estimated cost of the project changed significantly after the Company went out to bid for the project. The reasons for the change were explained in the Company's letter filed in Docket No. DW 16-828 and dated June 6, 2017. The Company did not

incur valve, service line or hydrant replacement costs in excess of the \$50,000 threshold, and therefore those costs are not included in the proposed 2018 WICA surcharge.

6. As set forth in detail in the testimonies of Mr. Dixon and Mr. McMorran, the Company's WICA-eligible costs incurred in the 2017 program year totaled \$813,883. Therefore, the Company is seeking authority to implement a WICA surcharge of 7.08% 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, 2018 on a service rendered basis. The surcharge will allow the Company to recover the revenue requirement associated with the 2017 project costs in addition to the amount previously approved for WICA-eligible costs incurred in 2016 and approved by Commission Order No. 25,977. Specifically, the Company seeks an increase of 1.39% to the existing 5.69% WICA surcharge authorized in DW 16-828 to produce a total WICA surcharge of 7.08%.

Projects Proposed for 2018 WICA Program Year

7. Aquarion NH also proposes to construct certain projects during the 2018 program year for which it intends to seek recovery through the WICA surcharge mechanism effective January 1, 2019. The budget for the proposed projects, which is discussed in the testimony of Mr. McMorran, totals approximately \$880,000. In addition, the Company has set a budget of approximately \$864,000 for WICA-eligible projects for the 2019 construction year, for which the Company seeks preliminary approval.

Timing of Approval and Issuance of Monthly Bills

8. Lastly, the Company is making the instant filing two weeks earlier than the November 1st deadline specified in its WICA tariff. It is doing so to provide the Commission and Staff with additional time to review and approve the WICA surcharge and projects before

the January 1st effective date. As explained in the testimony of Mr. Troy Dixon, the Company now bills on a monthly basis. If, for example, the Commission's approval is delayed until the middle of January, the Company would need to withhold issuance of bills to its 9,000 metered customers and this would have a dramatic adverse impact on customers. Customers would receive and pay two bills within days of each other. The Company is sensitive to the adverse impact paying two bills in quick succession would have on its customers' budgets. Therefore, in an attempt to avoid a delayed approval and such adverse impacts, the Company is making its WICA filing two weeks early.

WHEREFORE, Aquarion NH hereby respectfully requests the Commission:

- A. Authorize Aquarion NH to bill and collect a total WICA surcharge of 7.08% applicable to customers' water service billings effective as of January 1, 2018 on a service-rendered basis;
- B. Approve Aquarion NH's proposed 2018 projects for recovery under the Company's WICA mechanism in 2019, subject to the Commission's audit and prudence review of the final costs associated with those projects;
- C. Approve on a preliminary basis, Aquarion NH's proposed 2019 projects as being eligible for recovery through the WICA mechanism, subject to further refinement and review in 2018 and subject to the Commission's prudence review of the final costs once the projects are 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 Attorney

Date: October 13, 2017



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CERTIFICATE OF SERVICE

I hereby certify that a copy of this Petition for Approval of the 2018 Water Infrastructure and Conservation Adjustment Surcharge and Proposed Projects has been emailed this day to the Office of the Consumer Advocate, Town of North Hampton, North Hampton Water Commission, Town of Rye, and Town of Hampton. In addition, a hard copy of the filing has been mailed by first class postage to the North Hampton Water Commission.

Dated: October 13, 2017


Marcia A. Brown, Esq.