

**STATE OF NEW HAMPSHIRE
BEFORE THE
NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION**

Abenaki Water Company and Aquarion Company
Request for Approval of Acquisition

Docket No. DW 21- _____

**JOINT PETITION FOR APPROVAL OF THE ACQUISITION OF
ABENAKI WATER COMPANY BY AQUARION COMPANY**

Abenaki Water Company (“Abenaki”) and Aquarion Company (“Aquarion”) (together, the “Joint Petitioners”) hereby submit this joint petition requesting approval by the New Hampshire Public Utilities Commission (the “Commission”), pursuant to the provisions of RSA 369:8, II and RSA 374:33, of the indirect acquisition of Abenaki by Aquarion, or, alternatively, to determine that approval is not required because the acquisition will not have an adverse effect on rates, terms, service, or operation of Abenaki.

On April 7, 2021, Abenaki’s parent company, New England Service Company (“NESC”), and Aquarion entered into an Agreement and Plan of Merger (the “Agreement”) by which Aquarion will acquire through a merger all of the issued and outstanding common stock of NESC, with NESC becoming a wholly owned direct subsidiary of Aquarion (the “Transaction”). The Transaction will result in Aquarion having ownership and control of NESC and its subsidiaries, including Abenaki, which will become an indirect wholly owned subsidiary of Aquarion. As demonstrated in this petition, the Transaction will not have an adverse effect on rates, terms, service, or operation of Abenaki under RSA 369:8, and is lawful, proper and in the public interest consistent with RSA 374:33. Therefore, the Transaction will result in “no net harm” to Abenaki’s customers, and in fact will be beneficial to Abenaki’s customers. In support of this petition, the Joint Petitioners state the following:

Parties to the Transaction

1. NESC is a Connecticut stock corporation and operates as a holding company of Abenaki, which is NESC's sole regulated water distribution operating subsidiary in New Hampshire. Abenaki provides water distribution services to approximately 720 water customers in Bretton Woods, Bow, Gilford, and Belmont, New Hampshire; and 158 sewer customers in Belmont, New Hampshire. NESC has one regulated operating subsidiary in Connecticut, which is Valley Water Systems, Inc. serving approximately 6,800 customers in Plainville, Southington, and Farmington, Connecticut. NESC has two regulated water distribution operating subsidiaries in Massachusetts: Mountain Water Systems, which provides water distribution service to approximately 490 customers in Sheffield, Massachusetts; and Colonial Water Company, which provides water distribution service to approximately 1,530 customers in Dover and Plymouth, Massachusetts. NESC also has a small non-regulated contract operation and warranty business. NESC has a total of 29 employees that collectively support company operations across New Hampshire, Massachusetts and Connecticut, three of whom are based in New Hampshire.
2. Aquarion is a Delaware corporation and a holding company of Aquarion Water Company and its three wholly owned operating subsidiaries: Aquarion Water Company of Connecticut, Aquarion Water Company of Massachusetts, and Aquarion Water Company of New Hampshire, Inc ("AWC-NH").¹ Aquarion is the largest investor-owned water utility in New England and among the seven largest in the United States. Through its

¹ AWC-NH is a New Hampshire corporation and a public utility as defined by RSA 362:2, with a principal place of business in Hampton, New Hampshire. AWC-NH serves approximately 9,400 customers in the Towns of Hampton, North Hampton and Rye, New Hampshire. AWC-NH is neither a party to the Agreement nor the Transaction.

subsidiaries, Aquarion treats and delivers water to approximately 220,000 customer accounts and a population of more than 700,000 in 57 cities and towns in Connecticut, Massachusetts, and New Hampshire.² Aquarion is a wholly owned direct subsidiary of Eversource Energy (“Eversource”).³

Description of the Transaction

3. The Agreement entered into on April 7, 2021 between Aquarion, as parent, Aquarion Merger Company, LLC (“Aquarion MergerCo”),⁴ as purchaser, and NESC, as seller, established the terms of the Transaction. Pursuant to the Agreement, Aquarion MergerCo will be merged with and into NESC, with NESC being the surviving corporation. As a result of the Transaction, NESC will become a direct wholly owned subsidiary of Aquarion. The Agreement provides that each outstanding share of common stock of NESC will be converted into the right to receive 0.51208 Eversource common shares, with cash paid in lieu of fractional shares as applicable.⁵ The fixed exchange ratio implies a \$44.90 per share price based on the \$87.68 closing price of Eversource common shares on April 6, 2021, for a purchase price of approximately \$40.56 million, plus assumed outstanding NESC long-term debt and closing adjustments as provided in the Agreement. A copy of

² Aquarion is also the parent company of Homeowner Safety Valve Company, which is an unregulated warranty service business.

³ Eversource is a Massachusetts voluntary association and Massachusetts business trust. In addition to Aquarion, Eversource is the holding company of NSTAR Electric Company, NSTAR Gas Company, Eversource Gas Company of Massachusetts, The Connecticut Light and Power Company, Yankee Gas Services Company, and Public Service Company of New Hampshire (“PSNH”). Eversource delivers electricity, natural gas and water service to approximately 4.3 million customers in Massachusetts, Connecticut and New Hampshire. Eversource has approximately 9,300 employees supporting company operations across the three states.

⁴ Aquarion MergerCo is a Connecticut limited liability company that was formed as a direct wholly owned subsidiary of Aquarion for the purpose of effectuating the Merger.

⁵ Eversource will register the common shares to be issued in the Merger on a Registration Statement on Form S-4 to be filed with the U.S. Securities and Exchange Commission.

the Agreement is provided as Attachment AQ-AWC-1. An illustration of the Transaction structure and post-Transaction organization chart is provided as Attachment AQ-AWC-2.

4. Upon satisfaction of all conditions for closing, including approval by the Commission, Aquarion will be the holding company and sole stockholder of NESC, and NESC will be a direct wholly owned subsidiary of Aquarion. Abenaki will be an indirect wholly owned subsidiary of Aquarion.
5. In addition to the approval of the Commission requested herein, the Transaction is subject to approval by the Connecticut Public Utilities Regulatory Authority and the Massachusetts Department of Public Utilities in relation to the NESC subsidiaries operating in Connecticut and Massachusetts, respectively. The Transaction also requires an approval from the Federal Communications Commission (“FCC”) to facilitate the transfer of an FCC-issued radio license held by NESC.⁶
6. The Joint Petitioners seek approval of the Transaction within 60 days consistent with the procedure set forth in RSA 369:8, II(b), or in any event, no later than November 1, 2021, in order to close the Transaction promptly after all necessary approvals are obtained. This timeframe is within the 200-day statutory review period for the Transaction in Connecticut, which is the jurisdiction that regulates service to approximately 70 percent of NESC customers.

⁶ A filing also will be made in the coming weeks at the Maine Public Utilities Commission (“MPUC”) by PSNH, which previously has been deemed subject to MPUC jurisdiction for purposes of corporate reorganizations involving PSNH affiliates. The filing will request a determination that no approval is required for the Transaction, or in the alternative for approval.

Standard of Review

7. RSA 369:8, II(b)(1) provides that to the extent Commission approval is required by any other statute for any corporate acquisition involving parent companies of a public utility whose rates, terms and conditions of service are regulated by the Commission, the approval of the Commission shall not be required if the public utility demonstrates “that the transaction will not adversely affect rates, terms, service, or operation of the public utility within the state.” The Commission has stated that this provision “is designed to allow for streamlined review of transactions that clearly will have no such adverse impacts.” *Aquarion Water Company of New Hampshire*, Order No. 24,691, 91 NHPUC 509, 513 (October 31, 2006).
8. RSA 374:33 provides in relevant part as follows: “No public utility or public utility holding company as defined in section 2(a)(7)(A) of the Public Utility Holding Company Act of 1935 shall directly or indirectly acquire more than 10 percent, or more than the ownership level which triggers reporting requirements under 15 U.S.C. section 78-P, whichever is less, of the stocks or bonds of any other public utility or public utility holding company incorporated in or doing business in this state, unless the commission finds that such acquisition is lawful, proper and in the public interest.”
9. In *New England Electric System*, Order No. 23,308, 84 NHPUC 502, (October 4, 1999), the Commission stated that the mandate in RSA 369:8, which requires that acquisitions will “not adversely affect the rates, terms, service, or operation of the public utility within the state,” embodies the same standard reflected in RSA 374:33 that authorizes the Commission to approve acquisitions that are “lawful, proper and in the public interest.” *New England Electric* at 16. Proposed acquisitions must meet a “no net harm” test in order

to be approved by the Commission. *Id.* The Commission stated that, in applying the no net harm test, it must “assess the benefits and risks of the proposed merger and determine what the overall effect on the public interest will be, giving the transaction our approval if the effect is at worst neutral from the public interest perspective.” *Id.*; *see also Aquarion Water Company of New Hampshire*, Order No. 24,691, 91 NHPUC at 513; *Hampton Water Works, Inc.*, Order No. 23,924, 87 NHPUC 104 (March 1, 2002). Accordingly, the Commission’s standard will be met where an applicant for approval of an acquisition demonstrates that customers would be no worse off with the acquisition than without the acquisition. Pursuant to the Commission’s findings in *New England Electric*, the Joint Petitioners demonstrate herein that the Transaction meets and exceeds the Commission’s no net harm standard and thus seek the Commission’s approval.⁷

Effect of the Acquisition on Abenaki Customers

10. The Transaction will result in no net harm to Abenaki’s customers. Abenaki will continue to operate as a water company and will remain subject to the Commission’s jurisdiction. Abenaki customers will benefit in that the Transaction maintains local control of Abenaki through a company with strong ties to the State of New Hampshire. Moreover, the Transaction will be seamless to customers due to Aquarion’s substantial experience in

⁷ The Joint Petitioners note that RSA 374:30 is not applicable to the Transaction because it is a common stock purchase of a holding company and does not involve a transfer or lease of the Abenaki franchise, works or system. Notwithstanding these facts, the evidence provided herein demonstrating no net harm also demonstrates that the Transaction “will be for the public good” within the meaning of that statute. The public good standard “is analogous to the ‘public interest’ standard . . . applied and interpreted by the Commission and by the New Hampshire Supreme Court.” *Consumers New Hampshire Water Company*, 82 NHPUC 814, 816 (1977) (citing *Waste Control Systems, Inc. v. State*, 114 N.H. 21, 22-23 (1974)). “Under the public interest or public good standard to be applied by the Commission where an individual or entity seeks to acquire a jurisdictional utility, the Commission must determine that the proposed transaction will not harm ratepayers.” *Pennichuck Corp.*, 83 NHPUC 44, 44 (1998).

water system acquisitions and operations, as well as Aquarion's plan to retain NESC's employees and facilities in Gilford, New Hampshire as part of the Transaction. The Joint Petitioners are not proposing any changes to rates or other terms of service for customers of Abenaki due to the Transaction. Rates will remain at current levels unless and until a change in those rates is authorized by the Commission in the pending rate case, Docket No. DW 20-112. As demonstrated in more detail below, the Transaction will not adversely affect the rates, terms, service, or operation of Abenaki.

11. Aquarion is an experienced water supply and distribution operator with a strong track record of providing high-quality and cost-efficient water service to its customers, including to AWC-NH's approximately 9,600 customers in New Hampshire. Aquarion's mission is to be the service provider, employer, and investment of choice through a relentless commitment to excellence. Aquarion is a responsible environmental steward of one of the planet's most vital resources, recognizing that clean and abundant water is key to the growth and vitality of society, both environmentally and economically. Aquarion is an industry leader in safety, conservation, sustainability, and customer service. Aquarion is continuously working to maintain and improve the water system, and its annual capital plans typically include major projects for the installation of new, or the replacement of existing, equipment and facilities needed to provide safe, reliable water service. Aquarion is a leader in its local communities, actively supporting non-profit 501(c)(3) organizations in its service areas that promote environmental conservation and awareness, education, health, and cultural appreciation. In joining Aquarion, Abenaki customers will benefit from the organization's relentless focus on the operational excellence of its operating subsidiaries.

12. From a financial standpoint, Aquarion is the largest investor-owned water utility in New England and among the seven largest in the United States. Aquarion has annual operating revenues of approximately \$215.4 million and corporate credit ratings of A- (Stable) from Standard & Poor's ("S&P") and Baa2 (Stable) from Moody's. Aquarion maintains a strong balance sheet to support capital investments across its service areas. Aquarion utilizes professional accounting software and systems and applies standardized recording of all financial transactions.
13. In addition, Aquarion's sole shareholder is Eversource, which is a Fortune 500 and S&P 500 energy company based in Connecticut, Massachusetts and New Hampshire. Eversource operates New England's largest energy delivery system, and is committed to safety, reliability, environmental leadership and stewardship for its 4 million electricity, natural gas and water customers. Both individually and through its relationship with Eversource, Aquarion has the ability to access capital and short-term funds at competitive rates, which strengthens its liquidity profile.
14. Abenaki customers will see economic benefits from the Transaction in several areas, including cost reductions for administrative costs, elimination of the NESC board of directors fees, and reductions in annual insurance costs. Customers will also see economic benefits from the elimination of shareholder communications costs, lower borrowing costs due to Aquarion's superior credit ratings and utilization of debt instruments that are more sophisticated than those currently utilized by NESC, among other potential cost savings over time.

15. Abenaki customers also will experience a range of non-economic benefits. In moving to Aquarion from a smaller water utility, Abenaki customers will be served by an organization with greater financial strength, broad operating experience, and substantial technical capabilities and resources. Aquarion has capability and resources to ensure that Abenaki customers receive high quality service in a cost-efficient manner. The Transaction will enable these customers to take advantage of a broader range of customer-service, conservation, and technology options that are available within Aquarion. NESC's information systems will be merged into the Aquarion enterprise computing systems, thus adding significant customer-facing functionality. Abenaki customers will experience a seamless transition to Aquarion due to Aquarion's substantial experience in water system acquisitions, as well as Aquarion's retention of NESC's employees as part of the Transaction.

16. NESC employees will benefit by the Transaction. Aquarion will retain all NESC employees. Donald J.E. Vaughan, Vice President of Operations and Chairman of the Board of NESC, has elected to retire and will not join the Company upon closing. Aquarion has committed to provide the NESC employees with compensation and benefits that are, in the aggregate, substantially comparable to the compensation and benefits provided by NESC immediately prior to the Transaction. The Agreement includes a minimum retention term for the NESC employees. Aquarion's proximity to the NESC service territory in New Hampshire and its familiarity with water system operations will allow for seamless integration of these employees into the Aquarion organization. As part of Aquarion, the Transaction will provide these employees advantages in joining a larger, diversified utility

organization. These individuals will enjoy greater opportunities for training, career development, and professional advancement as compared to the status quo.

17. The Transaction will retain the benefit of local control, including an owner with a longstanding commitment to the State of New Hampshire and its local communities. Aquarion is experienced in the New Hampshire regulatory environment, understands the customer base, and is fully engaged in meeting the water supply needs of customers and communities throughout its service territory. Aquarion has been recognized for its programs to promote conservation and is a responsible environmental steward.
18. In summary, the Transaction will not have an adverse effect on rates, terms, service, or operation of Abenaki for at least the following reasons:
 - a. The tariffs, rates and regulations of Abenaki will not change or be amended by approval of the Transaction.
 - b. The assets of Abenaki, including rate base, will not be altered by approval of the Transaction.
 - c. The Joint Petitioners do not propose to record an acquisition premium on the books of account of Abenaki as a result of the Transaction. Aquarion would propose to recover Transaction costs only to the extent of savings resulting from the acquisition as shown in a future rate case. Transaction costs would be recovered from net savings.

- d. Service and operations of Abenaki will be seamless to customers because Aquarion will retain existing NESC employees and the local office in Gilford, New Hampshire upon closing.
- e. The Transaction will provide Abenaki the benefit of Aquarion's greater financial strength, broad operating experience, and substantial technical capabilities and resources.

19. For all of the foregoing reasons, the Transaction will not have an adverse effect on rates, terms, service, or operation of Abenaki and is consistent with RSA 369:8. Moreover, the Transaction is lawful, proper and in the public interest and is consistent with RSA 374:33.⁸

WHEREFORE, the Petitioners respectfully request that the Commission:

- A. Determine that the proposed indirect acquisition of Abenaki by Aquarion, which will be accomplished through Aquarion's purchase of the common stock of NESC, will result in "no net harm" to the customers of Abenaki;
- B. Approve the Transaction as filed in accordance with RSA 369:8, II(b), or, alternatively, RSA 374:33; and

⁸ In addition, the Transaction will have no impact on customers of AWC-NH or PSNH, neither of which are parties to the Agreement or the Transaction. In *Eversource Energy*, Order No. 26,079 (November 29, 2017), the Commission held that customers of a New Hampshire-regulated utility that was not party to a contemplated transaction occurring at the parent-company level, would not bear any portion of the costs its parent company was incurring in acquiring the other parent company, and would not bear any costs the other parent company's regulated subsidiary would incur in serving its own customers. The Commission stated "PSNH is a New Hampshire-regulated utility; PSNH's rates are carefully scrutinized by the Commission. PSNH must justify its operational and capital expenses as prudent, and used and useful in the provision of electric service before PSNH may recover any of its costs from its customers. *PSNH's customers are therefore unaffected by the transaction.*" *Id.* at 9 (emphasis added).

C. Issue such other and further orders as may be just and reasonable and consistent with the public interest.

[signature page follows]

**Respectfully submitted as of April 30, 2021, by
AQUARION COMPANY**

By its attorneys,



Matthew J. Fossum
Senior Regulatory Counsel
Aquarion Company
780 N. Commercial St.
Manchester, NH 03101
603-634-2961
Matthew.Fossum@eversource.com

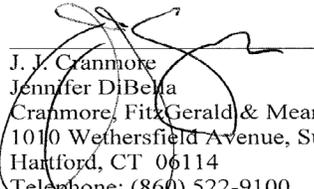


Daniel P. Venora
Jessica Buno Ralston
Keegan Werlin LLP
99 High Street, Suite 2900
Boston, Massachusetts 02110
(617) 951-1400
dvenora@keeganwerlin.com
jralston@keeganwerlin.com

and

ABENAKI WATER COMPANY

By its attorneys,

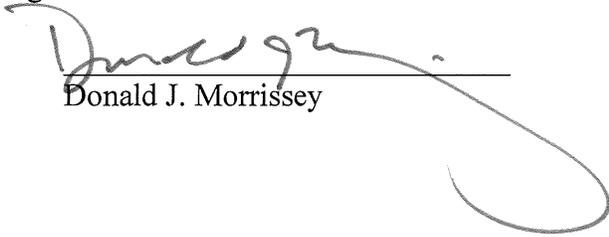


J. J. Cranmore
Jennifer DiBella
Cranmore, FitzGerald & Meaney
1010 Wethersfield Avenue, Suite 206
Hartford, CT 06114
Telephone: (860) 522-9100
jcranmore@cfmlawfirm.com
jdibella@cfmlawfirm.com

VERIFICATION

I, Donald J. Morrissey, President and Chief Operating Officer of Aquarion Company, being first duly sworn, hereby depose and say that I have read the foregoing Joint Petition and the facts alleged therein are true to the best of my knowledge and belief.

Dated: April 28, 2021



Donald J. Morrissey

STATE OF CONNECTICUT
COUNTY OF Fairfield

Sworn to and subscribed before me this 28th day of April, 2021.



Notary Public

My Commission Expires:

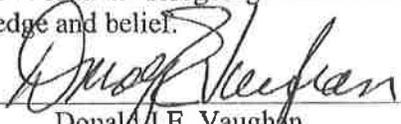
Joy Hyde
Notary Public, State of Connecticut
My Commission Expires Aug 31, 2025



VERIFICATION

I, Donald J.E. Vaughan, Vice President of Operations of New England Service Company, being first duly sworn, hereby depose and say that I have read the foregoing Joint Petition and the facts alleged therein are true to the best of my knowledge and belief.

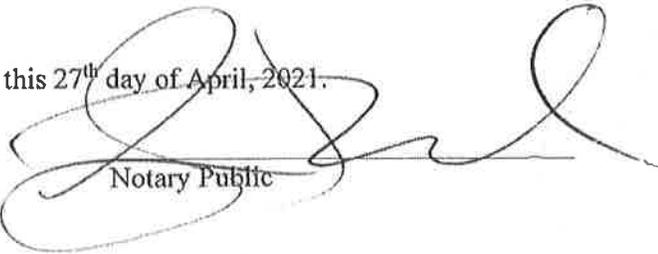
Dated: April 27, 2021



Donald J.E. Vaughan

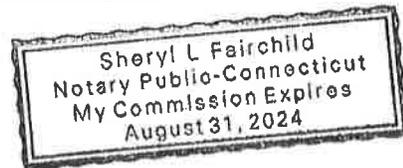
STATE OF CONNECTICUT
COUNTY OF Hartford

Sworn to and subscribed before me this 27th day of April, 2021.



Notary Public

My Commission Expires:


Sheryl L. Fairchild
Notary Public-Connecticut
My Commission Expires
August 31, 2024