Abenaki Water Company and Aquarion Company

DW 21-090

Aquarion Water Company's Responses to Staff Data Requests—Set 1

Data Request Received: May 17, 2021   Date of Response: May 27, 2021
Request No.: Staff 1-20   Witness: D.Morrissey
                                                                    D.Szabo

REQUEST: Post-merger, how will decisions regarding system repairs and upgrades to the Abenaki regulated utilities be made and by whom will these decisions be made?

RESPONSE: Post merger, decisions regarding system repairs and upgrades will be subject to the same process as Aquarion's other regulated utilities. This process includes an annual budget review of both operating expense and planned capital improvements. The Abenaki system's operations manager will be responsible for managing the operating budget once approved by Aquarion's management team. Additionally, larger projects (greater than $100K) will be incorporated into Aquarion's Project Management Committee Process. Please refer to Attachment Staff 1-20 for a detailed description of Aquarion's process of budgeting, monitoring and controlling capital spending, and, in particular, how large capital projects are approved and monitored.

Project Management Committee Charge

- **Review and approve capital budgets.**

- **Review and approve project justification and alternative analyses.**

- **Monitor project status.**

- **Monitor and manage capital budget to the authorized limits.**

- **Encourage capital efficiency, risk reduction, innovation and best available technology.**

<u>Committee Procedures and Process</u>

- Committee meets monthly to:
    - Monitor and manage capital budget to the authorized limits.
    - Review minutes from previous meeting.
    - Review and vote on project authorization requests >$100k.
    - Monitor project status ($ spent to-date versus $ budgeted).
    - Monitor Projects included in the current year's PMC Metric list.
    - Review Final Cost Analyses.
    - Committee also reviews and approves annual Capital Budget.

Controls:

- PMC/Eversource authorization (initial approval of Capital Budget)

- PMC authorization (projects > $100,000)

- Projects must be re-authorized by PMC if variance > 10%

- Lock any non-programmatic projects currently >10% authorized amount

- SAP *Requisition* Authorization limits

Authorizations

Authorization Required	Action	Form	Comments
BUDGETS:			
To get project into Capital Budget	Complete Phase I (planning) Complete Phase II (Alternative Analysis)	Complete Form 1 Complete Form 1B (Programmatic and Recurring Projects) **Projects** (excluding Programmatic and Recurring) - Complete Form 2-1, 2-2 if Phase II has been completed	Capital Budget approval does not authorize expenditures for projects >$100k. Carryover projects must also be included in requests.
PMC:			
To authorize purchases >$100,000	Complete Phase I (planning)	Submit Form 1 to PMC	
To authorize Phase II (Alternatives Analysis)	**Complete** Phase I	Submit Form 1 and Form 2-1, with a cover memo explaining the request to PMC	
To authorize Phase III (Design)	Complete Phase II	Submit Form 2-2 to PMC	
To authorize Phase IV (Execution)	Complete Phase III	Submit Forms 3-1 and 3-2 to PMC	Projects in Phase IV >$100k are put on AWC Metric for project's estimated year of completion.
Final Report Card	Project Closeout	Submit Forms 5 and an updated 3-2 to PMC	