

Abenaki Water Company and Aquarion Company

DW 20-090

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

Data Request Received: May 14, 2021
Request No.: OCA1-4

Date of Response: May 24, 2021
Witness: D. Morrissey
D. Szabo

REQUEST: Reference PDF page 10. Please provide a numeric estimation for each of the anticipated economic benefits for Abenaki customers by area of savings. Please provide an estimation of additional expenses that may accrue. Please explain when “NESC’s information systems will be merged into the Aquarion enterprise computing systems.”

RESPONSE: The anticipated near-term economic benefits to Abenaki customers will come from several areas, including reduced compensation costs upon the retirement of Mr. Vaughan, Vice President of Operation and Chairman of the Board of NESC (\$10,406), elimination of NESC Board of Directors fees (\$3,529), and a reduction in premiums for Directors and Officers insurance (\$1,566). The figures represent Abenaki’s proportionate share of such costs in 2019. Given the overlap of the management services currently provided by NESC that will be provided by Aquarion following the closing, Aquarion anticipates no net new expenses for maintaining the current operations of the systems.

Further, the Transaction is expected to result in lower borrowing costs due to Aquarion’s strong credit ratings, as well as having access to more sophisticated debt instruments than those currently utilized by NESC. Aquarion maintains a corporate credit rating of A- by S&P. In addition, all of NESC’s long-term debt consists of first lien mortgages with amortization, which are more costly than the types of debt instruments typically utilized by Aquarion.

Shortly after closing, the NESC information systems will be replaced with the Aquarion enterprise computing systems.

The details of any additional savings that are anticipated to arise over time will be determined following the close of the transaction and completion of integration of the companies, and would be reflected in a future rate proceeding.