

DW 20-112

ABENAKI RATE INCREASE AND COMBINED SYSTEMS REQUEST TO THE PUC

PERMANENT RATE ADJUSTMENT

COMPANY RESPONSES TO BOW (VSE) DATA REQUESTS SET 1

Data Request Received 2/17/21

Data of Response: 3/3/21

Request Bow (VSE) 1-7

Witness: Don Vaughan

Request: Please provide current operating budget and business succession plan (1, 3, 5 years out.)

Response: Abenaki does not prepare an operating budget as such, particularly with regard to expense, because of the difficulty in forecasting maintenance costs and the reliability of the data as a financial tool. For example, not all main breaks are alike (some may be more difficult in their repair) and neither is their frequency predictable. Another potential expense item is for purchased water which is related to main breaks as well as climate conditions. Therefore, the Company, rather than relying on budgets gives strong consideration to historic costs.

By business succession plan, the Company is assuming what is meant is a capital expenditure program. Already on the near-term horizon is lining the storage tanks, replacing at least two pressure reducing valves, installing several isolation valves, as well as searching for and securing more source water among other projects. It is difficult to project the amount of capex each year as much of the capital outlays must be balanced with O&M requirements and done in an affordable timeline.

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Data Request Received 2/17/21

Data of Response: 3/3/21

Request Bow (VSE) 1-8

Witness: Robert Gallo

Request: Please provide Preventative Maintenance Schedule(PM), along with list of critical assets, costs and PM completion rates for 2019 for all systems.

- A. Who performed said maintenance?
- B. If NESC is the answer to question A above, were any other vendors considered? Was a cost comparison done? If no, why not?
- C. What percentage of Maintenance was Preventative Maintenance vs Emergency repairs (Repair work includes work performed to correct insufficient water system performance, including but not limited to pipe breaks, water leaks, sufficient pressure, contaminant mitigation.
- D. Does Abenaki plan to continue to repair breaks in the system under emergency conditions in an ongoing basis, instead of a full system replacement?
- E. Please provide records of all planned system upgrades done on the Bow system since purchase in 2014, with dates, description, and cost.

Response:

- A. The White Rock system has a pump house, backup generator, arsenic treatment system, distribution system and two storage tanks. Given the limited components of the system, there is no formally written maintenance plan. AWC has weekly meetings where operations, maintenance and capital projects are reviewed. System operators generally perform routine maintenance, while outside vendors are utilized for specialized maintenance (i.e. SCADA, electrical, media replacement, etc.). The backup generator is serviced twice per year, and run on a weekly basis to test operability. The arsenic treatment system is periodically backwashed. Distribution system valves are exercised periodically to maintain operability. The storage tanks will be inspected on the 5-year basis, lining of the tanks will be done in the near future, to help extend their longevity.
- B. NESC is the contracted operator for the systems. Many preventative maintenance operations are done by NESC staff in the normal course of their duties. In the event that there are tasks that cannot be performed by NESC, then outside vendors are considered. Planned maintenance by outside vendors typically involves the soliciting of pricing from several vendors.
- C. Preventative maintenance is expensed as it is performed. The associated plant accounts that preventative maintenance is expensed to has charges for labor, materials, supplies, chemicals, etc., all lumped together. Therefore, the analysis being requested unobtainable.
- D. Repairing of leaks and breaks is the more cost-efficient method of maintaining service while helping to control rates. There are 2.7 miles, or approximately 14,300 linear feet of mains in the

Village Shores Estate community. Replacement of the entire system would cost upwards of \$1.5MM.

E. See below:

<u>Year</u>	<u>Description</u>	<u>Cost</u>
2019	SCADA System	\$14,314
2019	Purchase Meters	\$254
2019	Services & Renewals	\$6,087
2019	NDS Upgrade (billing software)	\$131
2019	Pump Tech Control Panels on Wells 1, 2 & 3	\$1,321
2018	Chemical Feed Pump Replacement	\$848
2018	T&D Replacement – Rock Point	\$3,882
2018	Westgate Drive – Meter Pit	\$15,362
2018	Server	\$199
2017	Install two VFD pumps	\$26,570
2017	Replace arsenic treatment media	\$41,293
2017	Services and Renewals	\$5,484
2017	Purchase Meters	\$531
2017	Purchase Copier	\$410
2017	Website Design	\$478
2016	Replace Services & Curbstops	\$117
2015	Purchase Meters	\$18,373.48
2015	Install Meters	\$8,044
2015	Capex under \$1,000	\$750
2015	Capex under \$1,000	\$188
2015	Replace main and valves at Old Coach Road	\$14,625.32
2015	Replace well pump	\$4,366
2014	Set up computer system and website	\$2,952
2014	Purchase and install standby generator	\$13,700
	<b>Total</b>	<b>\$181,279.80</b>

NEW HAMPSHIRE DRINKING WATER  
& GROUNDWATER TRUST FUND



Services



## WATER SUPPLY IMPROVEMENT PROJECT

**PWS Number (DWSRF Loan #): 0262020/DWGTF Project #: DWGT-58**

**Public Water System: Abenaki Water/White Rock Water**

**Project: White Rock Water Infrastructure Improvements Project**

### Funds provided by the New Hampshire Drinking Water State Revolving Loan Fund and Drinking Water & Groundwater Trust Fund

Planned construction of upgrades and improvements to the public water system at the Abenaki Water/White Rock Water System, in Bow, NH are financed by the Drinking Water State Revolving Fund (DWSRF) and Drinking Water Groundwater Trust Fund (DWGTF). The DWSRF program is administered by the NH Department of Environmental Services with joint funding from the U.S. Environmental Protection Agency. The improvements described below are scheduled to begin this month. The Company will provide additional updates relative to the schedule as we close in on milestone dates.

The water system improvements include the investigation and construction of a new well source for the system; connecting the new source to the existing treatment plant including any upgrades required to the treatment process; lining of the system's two 15,000-gallon underground steel storage tanks; and installation of up to six (6) main line valves and two pressure reduction valves throughout the water system. The project will result in improved water quality, source capacity, resiliency, and efficiency.

DWSRF programs operate around the country to provide states and communities the resources necessary to maintain and improve the infrastructure that protects our valuable water resources nationwide. Learn more at: <https://www.des.nh.gov/business-and-community/loans-and-grants/drinking-water-state-revolving-fund>

The Mission of the NH DWGTF is to provide for the protection, preservation, and enhancement of the drinking water and groundwater resources of Hampshire. Learn more at: <https://www4.des.state.nh.us/nh-dwg-trust/>

**From:** [sburgess2@comcast.net](mailto:sburgess2@comcast.net)  
**To:** [Jeni Speck](#); [cristy.bresson@allianzrm-us.com](mailto:cristy.bresson@allianzrm-us.com); [Jeffrey Phillips](#)  
**Subject:** Interesting find... Aquarion Water builds back better with new tri-state acquisition - Global Water Intelligence  
**Date:** Thursday, October 21, 2021 8:05:50 PM

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Here is the article I found with comments from Aquarion Water Company on the acquisition. The link is here but to read easily I have extracted it below.

<https://www.globalwaterintel.com/global-water-intelligence-magazine/22/5/general/aquarion-water-builds-back-better-with-new-tri-state-acquisition>

US REGULATED WATER

20 May 2021

(Vol 22, Issue 5)

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### **Aquarion Water builds back better with new tri-state acquisition**

**The water arm of power giant Eversource Energy had the heart cut out of its Massachusetts rate base last year. CEO Don Morrissey tells GWI how it is rebuilding its portfolio, starting with its largest acquisition since 2002.**

Aquarion Water Company has teed up its biggest acquisition in nearly 20 years after agreeing to acquire Pink Sheets-traded New England Service Company, which serves around 10,000 customer end-points in Connecticut, New Hampshire and Massachusetts. NESC's regulated footprint is about as close a match for Aquarion's as it gets, and the deal offers compelling evidence that Aquarion's parent, NYSE-listed Eversource Energy, remains committed to growing its water arm.

When Eversource lost the very public battle to acquire Connecticut Water in 2018, there was speculation that a lack of other meaningful acquisition targets in its New England stronghold might mean its water subsidiary was destined to languish as an unloved minnow. The \$110 million remunicipalisation of the water system in Hingham (MA) last year compounded frustration at the group level by leaving a gaping hole in Aquarion's rate

base.

“Last July, we parted with 13,000 customers in the Hingham-Hull-Cohasset area. The question now is: how do we recoup what we lost last year, and go about growing this business to bring it to a new level? New England Service Company is a terrific fit for us, and it does a nice job in getting us about three quarters of the way there,” Aquarion CEO Don Morrissey told GWI this month.

Aquarion has completed 25 growth acquisitions involving around 75 systems in the past ten years, although Morrissey is the first to admit that opportunities like NESC are rare. Sizeable private utilities such as Torrington Water and Jewett City Water in Connecticut are tightly held, and in order to extend beyond the 8% growth it can achieve by investing capital in its existing rate base, Aquarion has had to look elsewhere.

“The larger opportunity set is on the municipal side of things,” Morrissey observed. “Our attention is focused on systems that have critical mass, and the goal will be to do a transaction every 12 to 18 months of the size of 3,000 to 10,000 customers. If we look at the opportunity set for us just in the three states that we operate in, there’s a significant opportunity there, and we’re knocking on doors.”

Morrissey does not view the historical reluctance of the Connecticut Public Utilities Regulatory Authority (PURA) to adopt fair market value legislation as a significant headwind to acquisitive growth in the state. “We tried a couple of times to get fair value legislation here in Connecticut. I think it would still be a relatively difficult climb, and the fundamental question becomes to what extent is it a requisite for growth. It’s certainly nice to have, but I don’t believe it’s mandatory,” he told GWI.

PURA has in any case been preoccupied with the fallout from Hurricane Isaias last August, and earlier this month imposed a \$30 million penalty on Eversource for failing to meet its obligations to its ratepayers on the power side in the aftermath of the tropical storm.

This – and the concurrent punitive reduction in Eversource’s return on equity – causes an immediate headache for newly promoted group CEO Joe Nolan, who took over from Jim Judge the day before the civil penalty was announced, but it remains entirely independent from the group’s water business under Aquarion.

There is something of a queue right now as far as rate cases in Connecticut are concerned, with Jewett City

Water, Connecticut Water, and NESC’s Valley Water subsidiary all awaiting definitive outcomes. Aquarion Water Connecticut has been out of the rate arena since 2013, and while its allowed ROE in the state stands at 9.63%, the closest indication of PURA’s current thinking is the proposed final decision delivered to Jewett City Water late last month, which stipulates an ROE of 9.94%. This is, however, likely to include a premium to reflect JCWC’s small size.

A significant portion of Aquarion’s capital expenditure is eligible for treatment under PURA’s Water Infrastructure and Conservation Adjustment mechanism, which allows for interim rate relief between formal rate cases. Aquarion has taken full advantage of this, more than doubling its annual capex spend over the last five years.

“In 2016 we were around \$62 million, and this year we’ll spend about \$140 million,” Morrissey confirmed. “We’re going to continue to grow that to about \$200 million over the next five years, and looking over the long term, our expectation is that earnings should grow in a similar fashion.”

Aquarion generated \$41.2 million of net income on revenues of \$215 million in 2020.

AQUARION’S M&A ACTIVITY UNDER  
 EVERSOURCE

Since being taken over by Eversource Energy in 2017, Aquarion Water has been an active acquiror of municipal water systems in its three states of operation. Larger opportunities have proved more elusive.

Year	State	Vendor	Asset	Price
2021	CT/NH/MA	Privately held/OTC-traded	New England Service Company*	40,500,000
2021	CT	Town of Canaan	Water system	345,000
2021	NH	Wiggin Way/Winterberry Homeowners’ Association	Water distribution infrastructure	-
2021	CT	Town of New Hartford	Water and wastewater systems*	8,000,000
2020	CT	Town of New Fairfield	Municipal water system	150,000
2020	CT	Town of	Municipal	572,000

		Marlborough	water system	
2019	CT	Privately held	Interlaken Water Company	0
2019	CT	Valleywood / Arlington Homes	Pleasure Valley / Arlington Acres water systems	166.1

\* *Closing still requires regulatory approval*

Source: GWI WaterData

Sharon Burgess  
 603-731-3691 Cell  
 603-226-4060 Office





September 27, 2021

Dear valued Abenaki Water customer,

As you are most likely aware, the Tioga River water system has not had the best water quality as of late. We have been made aware of taste and odor issues as well as reports of sediment in the water. Through investigation and water sample testing we learned that one of the wells contains harmless iron bacteria. Iron bacteria is notorious for taste and odor issues.

In order to correct this issue, we underwent treatment evaluations and recommendations with water treatment specialist's and the New Hampshire Department of Environmental Services.

Starting the week of October 4, 2021, we will be upgrading our treatment facility and process to mitigate the iron and iron bacteria from the water supply. As a result of this new process the Tioga River water system will become a chlorinated water system. Enclosed is an informational brochure about chlorination in drinking water to assist with questions you may have.

Please feel free to reach out if you have further questions 603-293-8580. Thank you for being a valued Abenaki Water Company customer.

Sincerely,

*Eric Messier*

Eric Messier

[www.abenakiwatercompany.com](http://www.abenakiwatercompany.com)  
Specializing in water system operations and maintenance  
32 Artisan Court, Unit 2, Gilford, NH 03249  
603-293-8589

September 12, 2000

To: Tioga River Water Company's customers

We recently have made the decision to divest ourselves of the water company that services your property.

We thought either you or your Homeowner Association may have some interest in taking over the system as you are its only customers. This may be accomplished with little to no cost to you if you are interested.

If you or a group of you have any interest, please give me a call at (603) 524-6343.

Yours Truly,

***TIOGA RIVER WATER COMPANY, INC.***

Norman H. Harris, Jr.

Hydrogen Sulfide

NEW LIVING CONCEPTS, INC. a New Hampshire corporation having its principal place of business in Belmont, County of Belknap, State of New Hampshire, for consideration paid, grants to Larry D. Drouin and Joanna M. Drouin, husband and wife, both of 8 Cook Court, Laconia, Belknap County, New Hampshire, as joint tenants with rights of survivorship, with WARRANTY COVENANTS:

A certain tract or parcel of land situated in Belmont, State of New Hampshire and being Lot #17 as shown on the plan entitled "Subdivision of Land for Tioga River Estates, Section III, Belmont, Belknap County, New Hampshire Scale 1" = 50', October 1978. Plan redrawn August 1981. Said plan recorded in the Belknap County Registry of Deeds, Book 92, Page 75 and 76, and more particularly described as follows:

Commencing at an iron pin located on the southerly sideline of Tioga Drive, so-called, said pin is located at the northeasterly corner of Lot #16 as shown on said plan and being the northwesterly corner of the herein conveyed tract of land;

thence running South 8° 7' 00" East along the east sideline of Lot #16 a distance of 256.36 feet to an iron pin, at the land now or formally of Lawrence Dupont, Jr.;

thence turning and running North 64° 47' 56" East along the said Dupont land, a distance of 223.00 feet to an iron pin, said pin located at the southwesterly corner of Lot #18 as shown on said plan;

thence turning and running North 28° 47' 00" West along the westerly sideline of Lot #18, a distance of 275.11" to an iron pin, said pin located on the southerly sideline of Tioga Drive;

thence turning and running along Tioga Drive along a curve having a radius of 200 feet, a distance of 89.13 feet to a point;

thence continuing along Tioga Drive South 55° 45' 00" West a distance of 42.21 feet to a point;

thence continuing along Tioga Drive along a curve, said curve having a radius of 200 feet, a distance of 27.42 feet to the point of beginning.

Said tract of land contains 1.03 acres more or less.

Meaning and intending to convey Lot #17 as set forth on said plan and being a portion of the property as set forth in the deed from William R. Perrier and Micheal Normandin to New Living Concepts Inc., said deed dated 3rd day of November 1981, and recorded in the Belknap County Registry of Deeds, Book 814, Page 571.





The within described premises are conveyed subject to any easement from Walter P. Quinn to the New England Telephone and Telegraph Company and the Public Service Company of New Hampshire. Said easement dated June 21, 1978, and recorded in the Belknap County Registry of Deeds, Book 747, Page 906.

This conveyance is made upon the express conditions and restrictions set forth in Schedule A which is attached hereto and made part hereof, which conditions and restrictions are binding on the grantees, their heirs, administrators, successors and assigns, until December 31, 1999.

WAD  
L  
This conveyance is made upon the express condition and covenant that the herein grantee will become obligated to hook-up with the community water system and further the grantee will be bound by the terms and conditions of the water supply agreement by and between the herein grantee and Tioga River Water Company, Inc. which agreement is to be recorded in the Belknap County Registry of Deeds. This restriction shall run with the land, bind the land, and shall inure to the benefit and be enforceable by Tioga River Water Company, Inc. and their respective legal representatives, heirs and assigns.

This agreement is subject to the conveyance and easement from the herein grantor to Tioga River Water Company, Inc. which is by way of deed dated 16th day of December, 1982, and recorded in the Belknap County Registry of Deeds, Book 816, Page 671.

WITNESS my hand this 7<sup>th</sup> day of October, 1982.

[Signature]  
Witness

New Living Concepts, Inc.

[Signature]  
By its President  
William R. Perrier



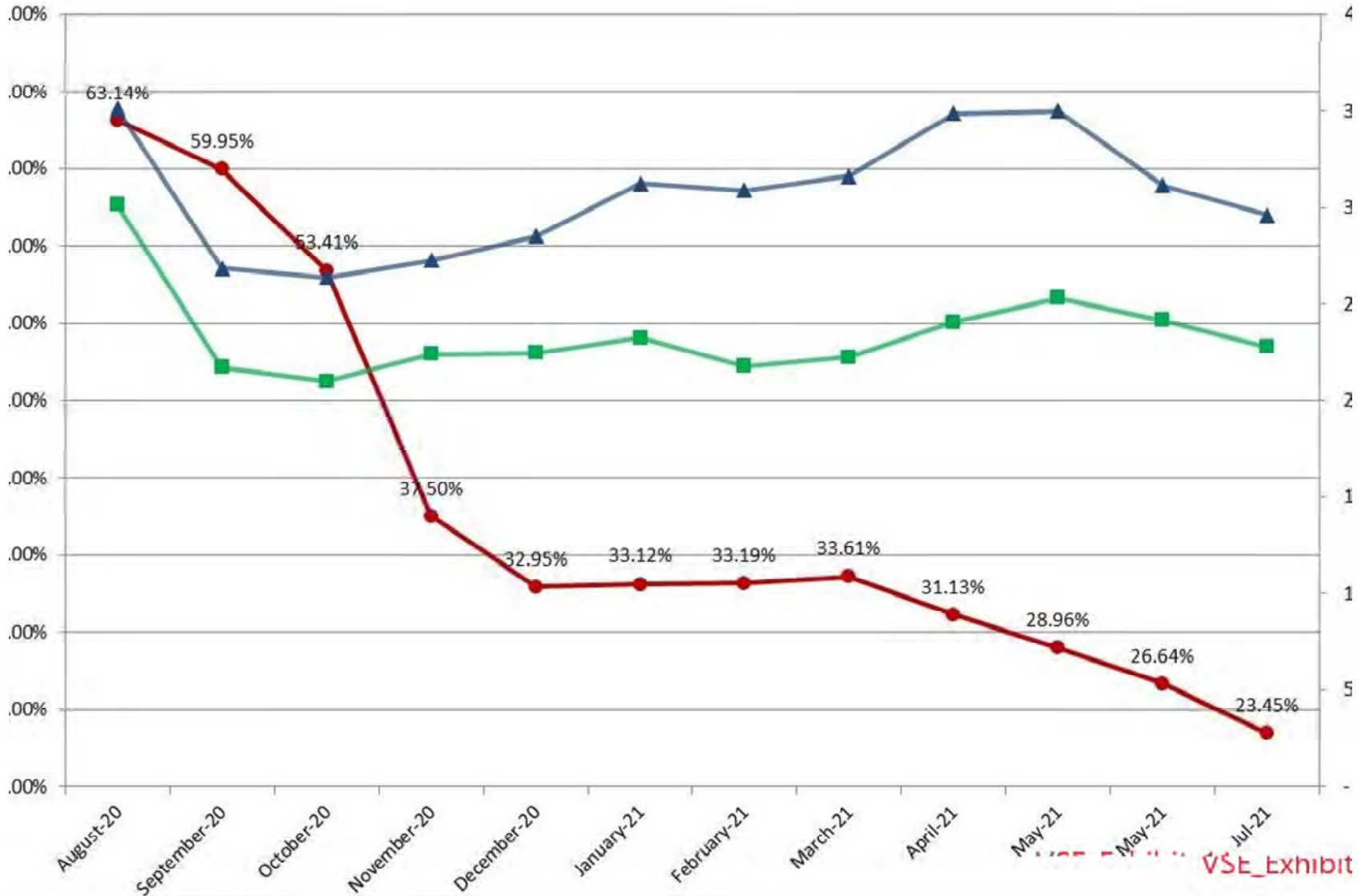
STATE OF NEW HAMPSHIRE

BELKNAP, SS.

On this 7<sup>th</sup> day of October, 1982, before me, the undersigned officer, personally appeared the said William R. Perrier, known to be the person whose name is subscribed to the within instrument, and acknowledged that he is the President of New Living Concepts, Inc. and acknowledged that he executed the same for the purpose therein contained.

IN WITNESS WHEREOF

Abenaki Water Company - TIOGA RIVER Docket 20-112 Exhibit  
 Trailing 12 Months - Unaccounted For Water & Avg. Daily Production & Demand  
 Period: AUG 2020 - JUL 2021



VSE\_EXHIBIT