

Aquarion Water Company of New Hampshire, Inc. ("The Company"), Office of Consumer Advocate, and Commission Staff agree as follows:

ORIGINAL

N.H.P.U.C. Case No. DW 12-085

Exhibit No. 4

DO NOT REMOVE FROM FILE

Revenue Requirement

The Company's revenue requirement shall be determined in accordance with the schedules Panel¹ submitted by the Company in response to Data Request Staff 3-11 and included with the prefilled testimony of Staff witness Jayson Laflamme, subject to the adjustments proposed by Mr. Laflamme, except that the return on equity shall be as determined by the Commission in this proceeding, and the revenue requirement shall be subject to the adjustments set forth below:

1. The Company's 2012 year end capital structure of 59.24% debt, 0.01% Preferred Stock, and 40.75% equity should be used for ratemaking purposes in this case. The weighted average cost of debt to be used in determining the Company's overall weighted average cost of capital shall be 6.05%.
2. The Company's pro forma property tax expenses should be reduced by \$14,525 to reflect the actual amount of municipal property taxes assessed to the Company in 2012.
3. The Company withdraws its request for recovery through a deferred asset of the Right of Way tax first assessed by the Town of Hampton in 2011. This results in a reduction of \$24,464 in the revenue requirement during the period that such deferral would have been amortized under the Company's original proposal.
4. \$63,512 of the Company's revenue requirement, which represents the annual amount of the Right of Way tax assessed by Hampton, will be reconciled back to April 1, 2013, rather than to the effective date of temporary rates. However, in the event that the Town of Hampton successfully appeals the recent Superior Court order finding the 2011 and 2012 ROW tax to be illegal, the Company shall have the right to treat nine months of the 2012 tax as a deferred expense that it may recover in its next base rate case.
5. The OCA withdraws its request that a portion of the Company's employee wage and incentive compensation be excluded from the revenue requirement. Furthermore, the OCA agrees that there is an affiliate agreement between the Company and Aquarion Water Company regarding the provision of certain services by employees of Aquarion Water Company of Massachusetts to Aquarion Water Company of New Hampshire, and as such withdraws its request for exclusion of \$18,000 in affiliate employee wage expense the Company's revenue requirement.

WICA

6. Subject to the changes set forth below, the OCA does not object to the deferral of the evaluation and a continuation of the Company's Water Infrastructure and Conservation Adjustment (WICA) program on a pilot basis until it is evaluated in the Company's next base rate case.

7. The Company's WICA tariff page will be amended to remove customer meters from the list of eligible infrastructure improvements.

8. The Company's WICA tariff page will be amended to include the following language:

The first \$50,000 in costs related to the emergency / reactive replacement of services, valves, and hydrants in a given year's WICA filing shall not be eligible for recovery through the WICA surcharge.

9. The Company will provide an updated main replacement prioritization analysis and updated infrastructure inventory in its annual WICA filing.

10. The Commission should approve a step adjustment pursuant to which the current WICA revenue requirement related to 2012 WICA capital projects is included in permanent rates and the WICA surcharge is reset to zero as of the date new permanent rates are implemented. The step adjustment would be calculated using the rate of return approved in DW 12-085 and the amount of the WICA surcharge included in base rates would not be included in the reconciliation of permanent rates with temporary rates. The Company agrees to provide documentation of its calculation of the step adjustment along with its calculation of its new permanent rate at the time it submits its compliance tariff.

11. The "Missed Appointment Fee" proposed in the Company's filing (Testimony of Troy Dixon, page 90 of 171) will be reciprocal such that a customer is compensated in an amount equal to the Missed Appointment fee if the Company fails to appear for a scheduled service call. In addition, the Company shall clearly notify customers of the fee when the service appointment is made.

12. The "Collect at the Door Fee" proposed in the Company's filing (Testimony of Troy Dixon, page 90 of 171) will not be imposed the first time in any calendar year that a customer does not pay an outstanding bill until a technician arrives at the customer's premises to perform a shut-off.

13. The Company will file a cost of service study with its next rate case.