

# NH Brown Law

*Environmental Law* ▪ *Utility Law*

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December 21, 2016 NHPUC DEC21 '16 PM 4:30

Debra A. Howland, Executive Director  
N.H. Public Utilities Commission  
21 South Fruit Street, Suite 10  
Concord, N.H. 03301

Re: Docket No. DW 16-828 - 2017 WICA Filing  
Aquarion Water Company of New Hampshire, Inc.

Dear Ms. Howland:

We are in receipt of the Town of Hampton's ("Hampton") position statement dated December 19, 2016. We are writing to clarify statements Hampton has made which we consider inaccurate and express our opinion that many of the positions taken by Hampton are not within the noticed scope of the instant proceeding.

During the course of the instant docket, Aquarion Water Company of New Hampshire ("Aquarion" or "Company") responded to three rounds of discovery requests and made it clear to parties that it was willing to accommodate additional questions. During the technical session, the Company answered numerous additional questions and believed it was entirely responsive to all requests from all parties.

On page 3 and 9 of Hampton's filing, it requests the Company "cease and desist" its 2017 proposed projects. Aquarion objects to this request because Hampton offers no justification for this remedy and offers no argument as to why halting Aquarion's progress on replacing aging infrastructure is beneficial. On the contrary, Aquarion's testimony explained that it has coordinated its 2017 construction schedule with Hampton's construction schedule so as to benefit from the efficiencies of coordinated road openings and paving. If Aquarion delayed its projects, they would be more costly for customers, including Hampton.

On pages 5, 7, and 10 of its filing, Hampton seeks additional information on financings and dividends. Neither of these issues are noticed for the Commission to consider in this docket. In response to Hampton Tech Session - 1, Aquarion clarified the Company's financing strategy for regulatory purposes. The Company explained the reasons for using certain debt instruments and explained the financial impact if Aquarion were to make additional principle payments.. Aquarion hoped to clarify Hampton's misunderstanding of these fundamental and complicated regulatory accounting and ratemaking process issues.

On page 6 of its filing, Hampton argues the WICA surcharge should not take effect because the Company is, essentially, double recovering on assets. This position also reflects a misunderstanding of utility accounting and of how the WICA recovery

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mechanism works. Aquarion had sought to clear up Hampton's misunderstanding in its responses to Hampton 2-8 and Hampton 2-9. Aquarion, assuredly, is not earning twice on the WICA assets. Furthermore, Aquarion's financials are subject to an independent audit as well as audit by the Commission's Staff. There is no multiple recovery of the "same expenditures."

Because Aquarion's financials are already subject to an independent audit, Hampton's recommendations for that remedy, found on pages 3 and 10 of its filing, are moot.

On page 8 of the filing, Hampton requests information concerning depreciation rates. This information is readily available on the Commission's web site for Docket No. 08-098. In that rate case, a case in which Hampton was an active participant, Aquarion provided a depreciation study conducted by Jay W. Shutt, P.E. The rates calculated from the study were reviewed and approved by the Commission.

Hampton's remaining positions and requests for information are not relevant to this proceeding because they pertain to either past rate cases, rate case issues, or past WICA proceedings and those issues have not been noticed for the instant docket. Aquarion seeks to maintain proper due process and address issues and concerns in a deliberate and orderly manner. We would welcome the opportunity outside of these proceedings to assist Hampton officials with their understanding of utility accounting and finance.

Aquarion respectfully requests the Commission allow it to recover costs associated with its WICA-eligible capital investments and grant its request to increase its WICA surcharge to 5.69% for service rendered on or after January 1, 2017. As noted in their respective recommendations, Staff and the Town of North Hampton support the 2017 WICA surcharge and the proposed 2017 construction projects.

If you have any questions, please do not hesitate to contact me at (603) 219-4911 or at [mab@nhbrownlaw.com](mailto:mab@nhbrownlaw.com). An original and six copies of this filing are being provided to the Commission. Thank you in advance for your assistance.

Very Truly Yours,



Marcia A. Brown

cc: Docket-related Service List (electronic)  
Henry Fuller (first class mail)