

**STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITIES COMMISSION**

RE: AQUARION WATER COMPANY OF NEW HAMPSHIRE, INC.

DOCKET NO. DW 08-098

**DIRECT TESTIMONY OF
GEORGE E. SANSOUCY AND GLENN C. WALKER**

1 **Q. Please state your names and business addresses.**

2 A. My name is George E. Sansoucy, P.E. My business address is 279 Main Street,
3 Lancaster, New Hampshire 03584.

4 A. My name is Glenn C. Walker. My business address is 32 Nimble Hill Road, Newington,
5 New Hampshire 03801.

6 **Q. What is the nature of your involvement in this proceeding?**

7 A. George E. Sansoucy P.E., LLC (“GES”) was retained by the Town of North Hampton
8 (“Town”) to address concerns it has relative to Aquarion Water Company of New
9 Hampshire, Inc.’s (“Aquarion” or the “Company”) rate request to the Public Utilities
10 Commission (the “Commission”) in Docket No. DW 08-098.

11 **Q. What are the major concerns the Town has with respect to Docket No. DW 08-098?**

12 A. The Town is concerned about the impact of the requested rate increase by Aquarion, the
13 prudence of Aquarion’s water resource management, the charges for seasonal connection
14 fees, public fire charges, billing practices, and the impact of several novel rate concepts
15 being proposed in the docket. These proposals include 1) the Water Infrastructure and
16 Conservation Adjustment Surcharge (WICA), 2) the System Development Charge
17 (SDC), and 3) Water Balance Plan (WBP).

1 **Q. Can you explain why the Town feels the seasonal connection fees do not**
2 **appropriately represent the cost of service?**

3 A. Yes. The Town feels that the \$15 reconnection fee charged to seasonal customers by
4 Aquarion does not reflect the cost of the service associated with providing this service.
5 Aquarion's Schedule #5I indicates that it had 921 reconnects in its test year and charges
6 \$15 per meter for reconnection, which yields approximately \$13,815 per year. In
7 responses to data requests by North Hampton, Aquarion indicated that it cost
8 approximately \$30 to \$50 per seasonal meter installation and removal. Therefore, its
9 current charges are below its cost of providing the service.

10 A reasonable rate for seasonal water meter installation is in the range of \$100 per
11 season. This figure reflects the high end of the cost identified by Aquarion and is
12 supported by a \$92 per seasonal meter fee charged by the Town of Hudson. The \$100 fee
13 would yield revenue in the range of \$92,100 and reflect the labor, equipment, and storage
14 costs associated with installing meters for seasonal customers. In the absence of revised
15 water connection fees, year-round customers subsidize these meter installations based on
16 the Company's own cost for a removal and/or reinstallation of a meter.

17 **Q. What is the Town's concern with respect to billing practices?**

18 A. The Town has repeatedly requested that Aquarion utilize monthly billing to promote
19 better conservation of water resources. In granting approval of any novel rate design or
20 rate increases, it requests that the Commission make monthly meter readings and the
21 associated infrastructure necessary to effectively develop monthly billings as a condition
22 of such approval.

23 **Q. Can you explain why the Town feels the public fire protection fee is inappropriate?**

24 A. Yes. The Town feels that customers served by the water system, which benefit from both
25 system capacity and fire protection, should bear the cost of these benefits in their water
26 rates charged by the Company and not the remainder of the Town's taxpayers. The effect
27 of assigning these costs to hydrant rates is that non-water system taxpayers subsidize the

1 water system. In addition, the true cost of water is not reflected in customer charges and
2 therefore the wrong price signal is sent to customers. By allocating all system costs to
3 those customers taking water service, the price more accurately reflects the cost of
4 service.

5 **Q. Do you have a proposal to eliminate this subsidy by non-system taxpayers of the**
6 **various towns served by the system?**

7 A. Yes. We propose to allocate the cost of the excess capacity to the system and only pay for
8 the actual hydrant costs in the public fire rates. The figures could be developed by
9 revising Aquarion's Report of Proposed Rate Charges Schedule to reflect the rate
10 increase that would result from the removal of public fire charges.

11 **Q. What are the Town's concerns about the WICA?**

12 A. The WICA is intended to extend the time period between rate applications and avoid rate
13 shock. These goals are well intended and possibly provide benefits to customers as it may
14 lower operating costs and establish rates that more accurately reflect the cost of service.
15 If applied properly, the Town is in favor of the WICA as it will improve the process by
16 which capital is allocated to the system. However, the Town has not had an opportunity
17 to review the program details as these documents were only provided on June 5 and 6,
18 and reserves judgment until it has had an opportunity to further review the documents.

19 **Q. What are the Town's concerns about the SDC?**

20 A. The SDC, or connection fee, is intended to offset the cost of system improvements to
21 accommodate new customers by charging these new customers a fixed interconnection
22 fee. The SDC concept is a common practice by New Hampshire municipalities to offset
23 the cost of infrastructure projects. We disagree with the Company proposal to exempt any

1 new customers. As long as the program is applied uniformly to all applicants for new
2 service, the Town is generally in favor of the SDC. However, the Town has not had an
3 opportunity to review the program details as these documents were only provided on June
4 5 and 6, and reserves judgment until it has had an opportunity to review the documents.

5 **Q. What are the Town's concerns about the WBP?**

6 A. The WBP is intended to offset new water use created by the addition of new customers
7 with decreases in the water use of existing customers. The Town is in favor of this
8 program and the positive impact it will have on water conservation if properly
9 implemented, provided that the Company work with the municipalities within which it
10 provides service to identify building code and other municipal regulatory changes that
11 can be effective to reduce water usage. However, the Town has not had an opportunity to
12 review the program details as these documents were only provided on June 5 and 6, and
13 reserves judgment until it has had an opportunity to review the documents.