

STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITIES COMMISSION

DOCKET NO. DW 12-325

AQUARION WATER COMPANY OF NEW HAMPSHIRE, INC.

**VERIFIED MOTION FOR APPROVAL OF
MODIFICATIONS TO AQUARION'S 2013 WICA PROJECT LIST**

Aquarion Water Company of New Hampshire, Inc. ("Aquarion" or the "Company") hereby moves the New Hampshire Public Utilities Commission (the "Commission") to approve certain modifications to its list of 2013 WICA capital projects, for which the Commission granted final approval in Order No. 25,455. In support of its motion, Aquarion states as follows:

1. On October 31, 2012, Aquarion filed a petition and supporting testimony in the above-captioned docket seeking, *inter alia*, final approval of the Company's proposed 2013 WICA capital projects. *See DW-12-325, Petition of Aquarion Water Company of New Hampshire, Inc. for Approval of its 2013 Water Infrastructure and Conservation Adjustment Surcharge and Proposed Projects* (Oct. 31, 2012). Aquarion had previously submitted a list of proposed 2013 WICA capital projects to the Commission for advisory purposes in DW 10-093 and for preliminary approval in DW 11-238. *See Aquarion Water Company of New Hampshire, Inc., Docket DW 10-293, Order No. 25,186 (Dec. 22, 2010) and Aquarion Water Company of New Hampshire, Inc., Docket DW 11-238, Order No. 25,311 (Dec. 30, 2011).*

2. In supplemental testimony filed on November 9, 2012, Aquarion revised its proposed budget for 2013 WICA capital projects from \$1,126,590 to \$801,140, a reduction almost entirely attributable to changes in Aquarion's proposed main replacement project

schedule. DW 12-325, Supplemental Testimony of Carl McMorran at 3, Supplemental Attachment CM-1 at 1, 3-4 (Nov. 9, 2012). In revising its 2013 WICA capital project list, Aquarion shifted projects to maximize efficiencies. Id.

3. The Commission approved Aquarion's amended schedule of 2013 WICA capital projects by order dated January 17, 2013. *Aquarion Water Company of New Hampshire, Inc.*, Docket DW 12-325, Order No. 25,455 (Jan. 17, 2013).

4. In or around February of this year, Aquarion became aware of certain sewer main replacement projects scheduled by the Town of Hampton for 2013 on Auburn Avenue and Perkins Avenue in the Hampton Beach area. Through subsequent discussions, Aquarion and the Town recognized an opportunity to realize efficiencies and cost savings by coordinating simultaneous WICA-eligible main replacement projects with the Town's sewer main projects.

5. In or around April of this year, Aquarion became aware of additional sewer main replacement work scheduled by the Town of Hampton for the Auburn Avenue Extension, and accordingly scheduled a corresponding main replacement project.

6. Though they are not included in the 2013 – 2015 WICA project list submitted by the Company in this docket, the main replacement projects at Auburn Avenue, Auburn Avenue Extension, and Perkins Avenue are eligible for inclusion in the WICA program as described in Aquarion's tariff. Two projects involved the replacement of asbestos-cement pipe aged 53 years (Auburn Avenue) and 57 years (Perkins Avenue). Asbestos-cement pipe has a useful life of approximately 50 – 60 years and is prone to breaks. The Auburn Avenue Extension main, which is cast iron and also 53 years old, had a history of multiple main breaks, and the Company received multiple requests from residents of the Auburn Avenue Extension neighborhood to

replace this main with the other two. Replacing these aged mains minimizes the risk of future main breaks, which can lead to service interruptions and additional repair costs.

7. As noted in the Direct Testimony of Carl McMorran, prioritization criteria applied by the Company when scheduling WICA projects include paving and public works projects scheduled by the towns in which it provides service. DW 12-325, Direct Testimony of Carl McMorran at p. 8:16-18, Attachment CM-1 p. 1 of 9. Had Aquarion known of the Hampton sewer main projects on Auburn and Perkins Avenues at the time that it filed its initial petition in this docket, the Company would have included the corresponding main replacement projects in its 2013 WICA project list for final approval.

8. In addition to reducing the risk of future main breaks, these projects also reduce non-revenue water. The old mains were initially buried at a depth of approximately 2-3 feet because at the time of installation the mains served only seasonal customers and were shut off during the winter season and there was no risk of frozen pipes. However, the demand for permanent service increased over the subsequent decades and Aquarion had to bleed the pipes in the winter season to avoid freezing, which contributes to non-revenue water volumes. The replacement mains are buried below the frost line and bleeding in the winter season will no longer be required.

9. Furthermore, burying the mains in deeper trenches reduces the risk of damage to the mains during the Town of Hampton's scheduled sewer main work, which would otherwise result in service interruptions and additional main break expenses. Removing the shallow asbestos-cement pipe also reduces the risk of potential environmental impacts related to any damage done to the mains during the Town of Hampton's sewer main work.

10. By coordinating the Auburn Avenue, Auburn Avenue Extension, and Perkins Avenue main replacement projects with 2013 Hampton sewer main projects on the same streets, Aquarion realized certain efficiencies and cost savings. Most notably, Aquarion has shared final paving costs with the Town of Hampton by making “in lieu of paving” payments to the Town, thus reducing, by approximately 50%, the paving expense that would otherwise be associated with the Auburn Avenue, Auburn Avenue Extension, and Perkins Avenue main replacement projects. The coordination of projects provides a concomitant benefit to the Town of Hampton, which will similarly see its final paving costs reduced by approximately half. The new, deeper mains also significantly reduce the probability of breaks and leaks during sewer construction, which would interfere with the Town’s sewer project schedule.

11. It is also Aquarion’s understanding that there will be a 5-year moratorium on road excavation projects on the affected streets following final paving by the Town following completion of the sewer main projects this fall. As such, Aquarion would not have been able to otherwise complete these main replacement projects until the 2019 project year at the earliest.

12. The projects postponed to accommodate the Auburn Avenue, Auburn Avenue Extension, and Perkins Avenue projects include the following :

- a. Well 7 Transmission Main;
- b. Well 9 Transmission Main;
- c. Meadow Pond / Gentian / Green Streets;
- d. Great Boar’s Head (back alley main); and
- e. Rt. 101 – Glade Path to Tide Mill Road.

Work related to the Well 9 Transmission Main has been postponed until the fall of 2013, which places it in the next WICA project year. The remaining projects have been postponed until future main replacement schedules are finalized. An exhibit showing the changes to the 2013 WICA project list is attached hereto as Exhibit A.

13. The removal of asbestos-cement pipe requires the use of certified contractors, disposal at an approved facility, and documentation. This resulted in 2013 main replacement project costs that were higher than those originally budgeted, though not by a significant margin. Though the final cost of the Auburn Avenue, Auburn Avenue Extension, and Perkins Avenue projects was approximately \$84,000 more than budgeted amount for the 2013 WICA projects that they replaced, Aquarion completed the Church Street – Highland Avenue to William Street project, which was not postponed from the 2013 schedule, at a final cost approximately \$54,300 below the budgeted amount. These savings resulted in a final main replacement project cost of \$655,700, or \$29,700 more than the proposed budgeted amount for 2013 main replacement projects. A reconciliation of the proposed and actual 2013 WICA projects is attached hereto as Exhibit B.

14. By electing to forego certain approved 2013 WICA main replacement projects and instead coordinate necessary main replacement projects with the Town of Hampton's 2013 sewer main project schedule, Aquarion acted prudently. The replaced asbestos-cement pipe was of advanced age and deteriorated condition, and presented a significant risk of future main breaks. The old mains were also buried at an undesirably shallow depth, and replacement will mitigate or eliminate non-revenue water associated with the bleeding of the mains, as well as main breaks associated with damage caused by other construction projects. By coordinating the Company's main replacement projects with the Town's sewer main projects, Aquarion also realized savings related to paving costs, in addition to the avoided costs of attending to breaks related to the age and condition of the asbestos-cement main.

15. For the foregoing reasons, Aquarion requests that the Commission approve the above-described modifications to its 2013 WICA capital projects list. Aquarion will make its

annual filing seeking to adjust the WICA on or before November 1, 2013 and therefore respectfully requests that the Commission issue an order *nisi* approving the modifications described herein on an expedited basis.

WHEREFORE, Aquarion respectfully requests that the Commission:

- A. Issue an order *nisi* approving the modifications to Aquarion's proposed 2013 WICA projects as described herein for recovery through the WICA mechanism, subject to a prudence review based on final construction costs; and
- B. Grant such other and further relief as may be just and equitable.

Respectfully submitted,

Aquarion Water Company of New Hampshire, Inc.

By Its Attorneys

MCLANE, GRAF, RAULERSON &
MIDDLETON, P.A.

Dated: September 6, 2013

By: 

Patrick H. Taylor, Esq.
11 South Main Street, Suite 500
Concord, NH 03301
Telephone (603) 226-0400
Email: patrick.taylor@mclane.com

Certificate of Service

I hereby certify that a copy of this Verified Motion has been electronically served and mailed to the service list in this case.



Patrick H. Taylor, Esq.

VERIFICATION

I, Carl McMorran, being first duly sworn, hereby depose and say that I have read the foregoing Motion and all related exhibits, and the facts alleged therein are true to the best of my knowledge and belief.

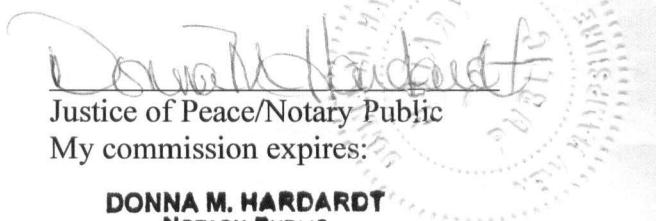
Dated: 6 Sep 2013


Carl McMorran

STATE OF NEW HAMPSHIRE
COUNTY OF ROCKINGHAM

Sworn to and subscribed before me this 6th day of September, 2013.

Dated: Sept 6th, 2013


Donna M. Hardardt
Justice of Peace/Notary Public
My commission expires:

DONNA M. HARDARDT
NOTARY PUBLIC
State of New Hampshire
My Commission Expires
September 28, 2016