

May 12, 2022

Paul Kasper
Director of Enforcement
Department of Energy's Enforcement Division
21 S. Fruit Street
Concord, NH 03301-2429

RE: Docket No. DW 21-090
Verified Joint Petition for Approval of the Acquisition of Abenaki Water Company by
Aquarion Company

Dear Director Kasper,

Aquarion Company (“Aquarion” or the “Company”) provides this compliance report on Aquarion’s progress regarding the commitments made in accordance with sections 8.1 and 9.1 of the Settlement Agreement dated November 9, 2021 and approved in Order No. 26,549, issued by the New Hampshire Public Utilities Commission (the “Commission”) in Docket No. DW 21-090 on November 12, 2021 (the “Settlement Agreement”).

Aquarion’s commitments are specified in Appendix 1 and 2 to the Settlement Agreement; these commitments were based upon language in the Safety Staff Recommendations to address the issues identified in the Department of Energy (“DOE”), Division of Enforcement’s “Investigation Report of Water Pressure Reduction Matter in Rosebrook Water System” in Docket No. IR 21-024 dated August 31, 2021. Each commitment in Appendix 1 of the Settlement Agreement is identified by the corresponding Safety Staff Recommendation, but is not identical to that recommendation. For reference to the Company commitments, please refer to the appropriate page of Appendix 1 of the Settlement Agreement.

Managerial and Technical Oversight (Safety Staff Recommendation 1, Settlement Agreement, Appendix 1, page 14)

Prior to acquiring Abenaki on December 1, 2021, Aquarion put significant effort into understanding the operations, water quality, customer concerns, and capital projects/needs of the Abenaki systems. Immediately upon closing, Aquarion was thus ready to take responsibility for improving safety, water quality, and customer service. This includes:

- Aquarion’s Manager-Operations for New Hampshire, Carl McMorran has taken on responsibility for the Abenaki water systems, providing day-to-day direction to the operations staff, implementing Aquarion’s processes and systems (e.g. GIS and SAP maintenance management), and setting direction to ensure that the aforementioned commitments are met.
- Aquarion’s Water Quality department works closely with Mr. McMorran and the operators to ensure compliance with federal and state water quality regulations. Since completing the acquisition, Aquarion has resolved compliance deficiencies related to copper in the Rosebrook system and arsenic in the White Rock system.

- Aquarion’s Engineering & Planning department has taken the lead on addressing the pressure concerns in the Rosebrook system, working collaboratively with Mr. McMorran and the operations staff. This topic is discussed in more detail below.
- Aquarion’s Customer Service and Billing departments have taken responsibility for addressing customer calls and concerns, and providing accurate, timely billing.
- Aquarion’s SCADA group and contractor have begun installing remote monitoring equipment in the Abenaki facilities to record and monitor operational data, and enhance alarming capability.
- Aquarion’s GIS team has added the Abenaki systems to Aquarion’s GIS, and created the system maps described below.

Emergency Response Resources and Plan (Safety Staff Recommendation 2, Settlement Agreement, Appendix 1, page 14)

Aquarion has signed a Service Agreement with FX Lyons, Inc. to assist Aquarion’s staff with both planned services (e.g. valve maintenance) and emergency services (e.g. main breaks) for the Rosebrook system. FX Lyons, Inc. has a team of licensed operators who operate and maintain water systems in northern New Hampshire. Importantly, FX Lyons, Inc. has experience with the Rosebrook water system.

Aquarion has prepared an Emergency Response Plan (“ERP”) for the Rosebrook system, and is preparing ERP’s for the four other Abenaki systems.¹

Aquarion staff including John Walsh as Vice President, Operations & Utility Innovation, Mr. McMorran as Manager of Operations for New Hampshire, and operations staff in other groups within Aquarion are available to respond to emergencies in the Abenaki systems.

Safety Program (Safety Staff Recommendations 3 and 6, Settlement Agreement, Appendix 1, page 14)

Aquarion is committed to employee safety, and has a comprehensive safety program described in the attached Safety Handbook, included as Attachment A to this report. Aquarion’s safety activities for Abenaki include the following:

- Provided Personal Protective Equipment (PPE)
- Provided Confined Space equipment
- Provided Confined Space training
- Provided Hazard Communication training
- Reviewed Safety Policies and Procedures with operators, including Vehicle Safety and Use Policy and Accident-Injury Reporting
- Integrated Abenaki into Aquarion’s HR Department's Safety information and training schedule.

¹ For security reasons, ERPs are available for viewing at Aquarion’s offices at 7 Scott Rd, Hampton, NH 03842.

System Maps and Pipe Inventory (Safety Staff Recommendations 7 and 10, Settlement Agreement, Appendix 1, pages 14-15)

Aquarion has prepared system maps for the Abenaki systems, provided on a confidential basis as Attachment B.² These maps show the water mains, hydrants, valves, wells, treatment / pumping facilities, and tanks as shown in our GIS. These maps were prepared using available maps and records, ongoing field investigations, and GPS surveys (particularly for valves and hydrants in the Rosebrook system). Aquarion's GIS team and the Abenaki operations staff will continue to work on improving the accuracy of these maps, including obtaining and incorporating GPS coordinates of all valves in the Abenaki systems.

Puc 600 Rules (Safety Staff Recommendation 8, Settlement Agreement, Appendix 1, page 14)

Aquarion has implemented its standard systems and processes to ensure compliance with N.H. Code of Administrative Rules Puc 600, as described below, with a focus on the sections of the rules discussed in the DOE's August 31, 2021 report in Docket No. IR 21-024. Note that Aquarion's Enterprise Resource Planning software is an SAP system, which the Company uses for a variety of functions including maintenance planning and documentation.

- **604.05 Pressure Surveys and Records** - Aquarion continuously measures pressure at the Rosebrook wellhouse, and this data is transmitted to and documented continuously on a remote server. The current system for transmitting and documenting this pressure data is being replaced with Aquarion's standard SCADA systems (i.e. hardware, software, communications). Aquarion representatives have discussed with Omni representatives the idea of installing similar equipment (i.e. pressure transducer and communication equipment) at the Omni Hotel to enable remote monitoring and documentation of pressure at the hotel. Regarding pressure complaints from customers, when an Aquarion customer service representative receives a pressure complaint, the representative reports this information to the operations staff and records the complaint in our Customer Relationship Management ("CRM") software; this data will be reported to the Commission on a monthly basis on Form E-14.
- **604.06 Interruptions of Service** - Incidents of service interruptions are recorded in our SAP system, and reported to the Commission on a monthly basis on Form E-18.
- **605.04 Test Schedules for Meters** - SAP notifications are created for meters that are due for replacement based on test schedules described in Puc 605.04. Meter replacement information is then recorded when the notification is closed. Aquarion will submit Form E-15 to the Commission each year.
- **605.07 Underground Utility Damage Prevention Program** - All Abenaki systems are enrolled in the Dig Safe program. Dig Safe tickets are received by email into our SAP system, which automatically creates notifications, which are then assigned to Aquarion staff each day for field work (location and marking).
- **606.02 Distribution System and Mains (Flushing)** - Flushing activities will be recorded using SAP maintenance notifications.
- **606.03 Fire Protection and Hydrants** - Equipment records and maintenance plans have been created in SAP for every Company-owned hydrant in the Rosebrook system. The Company

² Aquarion has a good faith reason for seeking confidential treatment of these maps under Puc 203.08, and has filed a motion for confidential treatment along with this report for the Commission's review and approval.

recently met with Omni representatives to review hydrants on the hotel property to confirm who owns each hydrant on the property. SAP notifications for routine annual maintenance on every hydrant in the Rosebrook system have been created. Maintenance activities will be recorded in SAP, and will reported to the Commission annually on Form E-17.

- **606.04 Valves** – Refer to the summary below regarding valve inspection and maintenance. Also, for each valve in the Rosebrook system, an SAP equipment record has been created, along with an annual maintenance notification.
- **607.01 System maps** - Refer to the discussion above about System Maps.
- **608.01 Safety** - Refer to the discussion above about the Company's Safety Program.

Valve Maintenance, Repair, and Replacement (Safety Staff Recommendation 9, Settlement Agreement, Appendix 1, page 15)

According to available records, Aquarion has initially identified 80 valves in the Rosebrook system. These valves have been added to our GIS (see System Maps in Attachment B) and input into our SAP software for maintenance management planning and documentation purposes.

The current valve inventory for the Rosebrook system is shown in Attachment C.

Seventy valves have been located and inspected in the Rosebrook system. Of these 70 valves, all were found to be operable with the exception of six that had either rounded operating nuts, a box/riser issue, or had been paved over. These issues will be addressed by June 15, 2022 during our spring maintenance activities; Aquarion has a contract with a contractor to fix the valves with rounded operating nuts.

For the remaining ten valves in the Rosebrook system, Aquarion is in the process of confirming that these valves exist, and will inspect them as they are located. Valves found to be inoperable but that can be repaired will be repaired by September 30, 2022. For valves found to be inoperable and need to be replaced, a plan and schedule for replacements will be developed by September 30, 2022.

Regarding the other Abenaki water systems referenced in the fourth bullet point of Appendix 2 of the Settlement Agreement, Aquarion has identified the valves in these systems through the process of developing the System Maps (see Attachment B), has added these valves to GIS, and will inspect these valves during 2022.

Timeline for addressing inoperable valves, inspecting and maintaining hydrants, and separating chemicals (Safety Staff Recommendations 11 and 16, Settlement Agreement, Appendix 1, pages 15-16)

- **Valves** - Please see the previous section for the timeline for valves work.
- **Hydrants** - There are 61 company-owned hydrants in the Rosebrook system. These hydrants have been added to our GIS (see System Maps in Attachment B) and input into our SAP software for maintenance management planning and documentation purposes. The current hydrant inventory is shown in Attachment D. All of these hydrants were properly inspected and maintained in 2021, including a pressure and flow test. Three hydrants failed the pressure test and require new bonnet seals. These seals will be replaced by June 15, 2022. Note that the system map and inventory also show four hydrants that are owned by Omni in front of the

hotel; they are noted on the map (see Attachment B) and in the hydrant inventory list (see Attachment D). Although Abenaki has performed maintenance on these hydrants in the past, now that ownership has been clarified, it is the responsibility of Omni to inspect and maintain these four hydrants.

- **Chemical Storage and Feed** - Regarding separating the two chemicals (sodium carbonate and sodium hypochlorite) that are currently combined in one chemical storage tank in the Rosebrook wellhouse, Aquarion plans to construct a new pump station/treatment building at the wellfield, and these two chemicals will have separate storage and feed systems in that new facility. The pump stations/treatment facility is currently being designed. Aquarion expects to put this project out to bid by March 2023, and expects the facility to be online by June 2024.

Pressure Reduction Project (Safety Staff Recommendations 13, 14, 15, 17, 18, 19, 20, 21, Settlement Agreement, Appendix 1, pages 15-17)

New Hampshire Department of Environmental Services (“DES”) issued a Letter of Deficiency (“LOD”) on December 1, 2020 (amended on October 20, 2021) listing several Significant Deficiencies in the Rosebrook water system, one of which was that the water system pressures exceed regulatory limits.

Prior to Aquarion acquiring the system on December 1, 2021, the prior owner retained Horizons Engineering Inc. to identify possible solutions to address this deficiency. Horizons’ work was summarized in a report (last updated June 22, 2021) that included seven alternative solutions.

Since Aquarion acquired the Rosebrook water system, Aquarion has identified an additional six alternative solutions. Aquarion is finalizing the analysis of these alternative solutions, and plans to begin presenting the alternative solutions including the preferred solution to stakeholders starting in early June 2022. This work is being done in accordance with the commitments described in summary below.

- **re: Safety Staff Recommendations 13, 14, 15** – Aquarion committed to making best efforts to identify a cost-effective solution that meets compliance with applicable regulatory requirements, but that also seeks exemption from those requirements where options are available that don’t meet regulatory requirements but nonetheless satisfy regulatory agencies’ safety and reliability concerns. If a sufficient option is not available that will allow Aquarion to obtain a full exemption from the applicable pressure regulations, Aquarion has committed to making a good faith effort to investigate and propose possible request(s) for partial exemption, where appropriate. Consistent with its commitment, Aquarion will continue to confer with Omni, Bretton Woods Property Owners Association, and other interested stakeholders, including the DES’s Enforcement Safety Bureau, in a good faith effort to obtain stakeholder assent prior to presenting the preferred option to respective regulatory agencies (specifically DES). Aquarion shall make best efforts to explore all reasonable funding sources in order to reduce or eliminate project costs and customer impact.
- **re: Safety Staff Recommendations 17, 18, 20, 21** – Aquarion committed to providing a matrix when presenting alternative solutions that compares alternatives including pros and cons; capital cost (using formal cost estimating classification process); projected annual O&M costs; easement requirements, costs, and risks; and replacement cost for end-of-life equipment.

- **re: Safety Staff Recommendation 19** – Fire protection system design demands from customers were obtained by Abenaki prior to acquisition.

Regarding efforts to explore funding sources, on March 22, 2021, Abenaki filed a “Petition to Approve NH DWGTF Financing for Rosebrook Pressure Reduction Project” in Docket No. DW 21-061. In the Petition, the Company indicated that “[t]he DWG Trust Fund Administrator confirmed on 2/9/21 that funding of up to \$2,520,000 in loan funds and \$280,000 in grant funds would be available for the project.” With respect to the application and loan approval by the DES, the application has been approved by the Trust Fund Counsel. As noted above, Aquarion is finalizing the analysis of the alternative solutions. Once a solution has been selected, the Company will update its financing schedules submitted with the Abenaki financing petition to include a calculation of the rate impact of the borrowing. In addition, Aquarion plans to file an application for State Revolving Funds (SRF) for the pressure reduction project.

The Company thanks the DOE for its consideration of this matter. Please do not hesitate to contact me (781-413-6175, jwalsh@aquarionwater.com) should there be any questions in regards to this report.

Regards,



John Walsh
Vice President, Operations & Utility Innovation
Aquarion Water Company

Attachments

cc: DW 21-090 service list

IR 21-024 service list