

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

**AQUARION WATER COMPANY OF NEW HAMPSHIRE, INC. o/b/o ABENAKI
WATER COMPANY**

Docket No. DW 21-061

**REVISED PETITION OF AQUARION WATER COMPANY OF NEW HAMPSHIRE ON
BEHALF OF ABENAKI WATER COMPANY FOR APPROVAL OF FINANCING FOR
ROSEBROOK PRESSURE REDUCTION PROJECT**

Aquarion Water Company of New Hampshire, Inc. (“Aquarion” or “the Company”), on behalf of Abenaki Water Company (“Abenaki”) provides this revised petition to the New Hampshire Public Utilities Commission (“Commission”) and respectfully requests the Commission, pursuant to RSA 369:1 and 369:4, authorize Abenaki to receive financing in the amount of a \$2,520,000 loan at 3.17 percent interest and a \$280,000 grant from the Drinking Water and Groundwater Trust Fund (“DWGTF”) administered by the Department of Environmental Services (“DES”). The Company states the following in support of this petition:

1. Abenaki’s Rosebrook system has experienced longstanding pressure issues as described in the original petition filed by Abenaki in this docket. To address the safety concerns with the Rosebrook system created by pressure and other issues, the DES issued a Letter of Deficiency (“LOD”) on December 1, 2020, which it amended on October 20, 2021.

2. In response to the LOD, Abenaki secured the funding at issue in this docket from the DWGTF and filed the original petition on March 22, 2021 that opened this docket for the Commission to review and approve the use of the funding to finance the work required to resolve the issues of the Rosebrook system identified by DES. On April 30, 2021, Aquarion filed a petition for approval by the Commission to acquire Abenaki, which opened Docket No. DW 21-090. On August 5, 2021, the Commission requested an update from Abenaki on the matters

pertaining to the instant docket, which Abenaki provided on August 20, 2021. In that update, Abenaki indicated that it was working with Aquarion to resolve the LOD, but that the design and the cost of the engineering solution for the Rosebrook project was proving more complex than originally anticipated, and that a resolution would require an extended timeline, as well as possible phasing of the solution to the Rosebrook LOD issues.

3. The Commission approved the acquisition of Abenaki by Aquarion in Docket No. DW 21-090 with Order No. 26,549 on November 12, 2021. Both the stakeholder process and engineering analysis to arrive at a solution to the LOD issues related to the financing in this docket were still being developed at the time that Order No. 26,549 was issued and continued for some time thereafter. On November 21, 2022, the Commission issued a procedural order in this docket directing Aquarion to file an update on the status of the financing and whether Aquarion intended to rely on the original petition and supporting materials or if it planned to file an updated petition. Aquarion provided the update on December 15, 2022 stating that it would be filing this updated petition and supporting materials by January 31, 2023.

4. As discussed in the Abenaki update filed on August 20, 2021 in this docket, developing the design and cost of the solution to the LOD while also addressing stakeholder concerns did turn out to be a matter of significant complexity requiring substantially more time than originally anticipated, greater efforts by Aquarion and Abenaki, and resulted in the ultimate phasing of project work required to resolve the LOD into two phases. Phase 1 is the work that will be financed by the funding at issue in this docket. The settlement agreement in Docket No. DW 21-090 approved by Order No. 26,549 involves the solution to the LOD to the extent that it requires Aquarion, as a condition of acquiring Abenaki, to conduct a specific process, including stakeholder outreach and input, to select an engineering solution to certain issues in the LOD

related to certain aspects of the pressure issues in the Rosebrook distribution system. But the work required to address these issues will be executed in Phase 2, which has not yet been approved by DES and will not be funded by the financing at issue in this docket.

5. Abenaki in its original petition opening this docket, provided an initial estimate of \$2.9 million for total project costs to remedy the LOD. However, as described in this petition and in the supporting joint direct testimony and attachments of Mr. John P. Walsh, Vice President of Operations & Utility Innovation for Aquarion, and Mr. Donald J. Smiarowski, Manager of Treasury Operations at Eversource Energy Service Company, an affiliate of Aquarion's parent company Eversource Energy, after thorough review and analysis by two separate expert consultants Tighe & Bond, and Mr. William Rizzo, Aquarion has been provided a range for a final estimate of \$3,041,000 - \$3,311,670 for Phase 1 only. For illustrative purposes, Aquarion selected the more conservative estimate of Mr. Rizzo to apply to the supporting calculations depicted in the attachments to this petition, but Aquarion and Abenaki will make best efforts to minimize costs wherever possible. Due to the more realistic assessment of the costs of the total project, this financing would cover Phase 1 of the two phases needed to resolve the LOD-related issues with the Rosebrook system, as Phase 1 will require all of the funding available through this financing.

6. RSA 369:1 authorizes the Commission to approve financings if it is consistent with the public good. In a determination of the public good, the New Hampshire Supreme Court has held such a determination "encompasses considerations beyond merely the terms of the proposed financing." *Appeal of Easton*, 125 N.H. 205, 211 (1984). Here, the public good does not hinge so much on the amount of the financing as it does the purpose of the financing—resolving health and safety issues pursuant to a DES mandate. As detailed in the testimony of Mr. Walsh and Mr.

Smiarowski, Phase 1 will address treatment deficiencies identified in the LOD and will thus improve the reliability of treatment and provide protection for the environmental and operations staff, and will address a significant pressure risk at the treatment facility and thus improve safety, reliability of treatment, and system performance. In fact, the LOD itself is evidence that DES has found that resolution of these issues is consistent with the public good.

7. The Commission has held repeatedly, and recently when it approved a similar Aquarion financing of a DES-mandated project in Docket No. DW 21-072, that the “rigor of an *Easton* inquiry varies depending on the circumstances of the request” and that “certain financing related circumstances are routine, calling for more limited Commission review of the purposes and impacts of the financing” Order No. 25,050 at 14 (December 8, 2009). A more limited review is also appropriate in this instance. This financing may not be considered “routine” in that it is not a regularly occurring circumstance, and it will have a discernable impact on rates, as depicted in Attachment JPW-4. But these factors are decisively outweighed by the fact that there is a single, dedicated, state-mandated purpose for which the funding will be used: to resolve health and safety issues, which in turn will allow for Abenaki to fulfill its RSA 374:1 duty to provide safe, adequate, and reliable water service to its customers, and to do so at the lowest reasonable cost, as described below.

8. As described in the supporting testimony of Mr. Walsh and Mr. Smiarowski, after thorough analysis and review of the 13 total possible engineering solutions to the Rosebrook LOD issues, Aquarion selected the lowest-cost project solution for Phase 1 that adequately addressed treatment-related LOD issues and pressure issues at the subject treatment facility on the Rosebrook system. Further, the terms of this financing will allow for Abenaki to implement this DES-approved solution at the lowest cost possible due to the partial grant and by financing

the project at a favorable interest rate of 3.17 percent, which will result in lower financing costs than would be available through other debt financing options.

9. The testimony of Mr. Walsh and Mr. Smiarowski addresses in detail all terms and purposes of the proposed financing and supports the Commission finding that the financing is consistent with the public good. First, these issues must be resolved and costs must necessarily be incurred. Second, Aquarion and Abenaki have selected the least-cost project solution that effectively resolves the issues while meeting the needs of customers on the system. And finally, this financing will incur the fewest costs to fund the project, therefore a limited *Easton* review by the Commission is appropriate, as is approval of this financing via order *nisi*.

10. Included as attachments to this petition and supporting testimony are all necessary information to support the financing, including financial documentation regarding costs of the loan, schedules showing the balance sheet and an income statement of the Company, actual and pro forma, to show the effects of the loan, which can be found in Attachments DJS 01-03. The Board of Directors for Abenaki has authorized a financing for Abenaki of up to \$2,520,000, which is within the Board's authorized limits, and a copy of which is included as Attachment DJS-7.

11. To be issued a loan, Abenaki must submit a final application package to DES, which must include all necessary approvals to borrow such funds. Since RSA 369:1 requires Commission approval for Abenaki to enter into this loan, Commission approval is needed prior to Abenaki submitting the final loan application package. To secure the current interest rate of 3.17 percent, a final application package must be submitted before August 3, 2023. For this reason, and to timely commence project work, Aquarion respectfully requests that the Commission issue an order *nisi* that would be effective on or before June 30, 2023. Upon

approval from the Commission to borrow from the DWGTF becoming final and effective, documents will be prepared to execute the loan transaction setting forth the exact terms and conditions for borrowing the funds. Aquarion will provide the Commission with a copy of the loan documents once they have been finalized and executed between DES and Abenaki.

WHEREFORE, Aquarion, on behalf of Abenaki, respectfully requests that the Commission:

1. Find that the proposed \$2,520,000 loan and \$280,000 grant is consistent with the public interest;
2. Approve Abenaki's financing for the principal amount of \$2,520,000 and acceptance of the \$280,000 grant by issuing an order *nisi* to be effective no later than June 30, 2023;
3. Authorize Abenaki to do all things, take all steps, and execute and deliver all documents necessary or desirable to implement and carry out the proposed financing; and
4. Approve any and all other relief as may be just and reasonable under these circumstances.

Respectfully submitted by:

AQUARION WATER COMPANY OF NEW HAMPSHIRE, INC. o/b/o ABENAKI WATER COMPANY

By its counsel

EVERSOURCE ENERGY SERVICE COMPANY

Date: 1/31/2023

By:  _____
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CERTIFICATE OF SERVICE

I hereby certify that, on the date written below, I caused the attached to be served pursuant to N.H. Code Admin. Rule Puc 203.11.

Dated: January 31, 2023



— Jessica A. Chiavara —