

August 2, 2021

Ms. Dianne Martin
Chairwoman
New Hampshire Public Utilities Commission
21 South Fruit Street, Suite 10
Concord, NH 03301-2429

Re: Docket No. DW 21-090 (Abenaki Water Company and Aquarion Water) Petition for Approval of the Acquisition of Abenaki Water Company by Aquarion Company

On July 26, 2021, representatives of the Bow and Tioga Belmont intervenors filed a letter with the Commission establishing the following enumerated conditions for their support of the merger subsequent to the rate case revocation and finding of no adverse impact by the Commission.

1. Upon the withdrawal of DW 20-112, ANY and ALL rate case costs associated with DW 20-112 are now moot and will NOT fall to the rate payers in this or any future rate case
2. The remediation plans to provide potable water in the Bow System will be carried out despite the ongoing acquisition by the deadlines provided. The last notice to the residents of Bow had a completion date for the arsenic treatment of 8/31/21.
3. The remediation plans to provide consistent, potable water and treat the Tioga Belmont system will be resolved by Year end 2021. A copy of the plans to address the water supply issues, including but not limited to the tank itself and line fitting issues, as well as quality issues with deadlines be presented to the Tioga Intervenors.
4. During the rate case as well as the acquisition case, the intervenors heard multiple times over regarding the benefits of adding smaller systems together to a larger system to be more economical for both the company and the rate payers. In this Acquisition, NESC's Massachusetts's holdings are being consolidated with Aquarion in Massachusetts and similarly, NESC's Connecticut holdings are being consolidated with Aquarion in Connecticut. However, in NH, Abenaki is being discriminatorily excluded from the rate base of Aquarion customers in NH. The intervenors urge Aquarion to reconsider the organization arrangement for Abenaki's acquisition into Aquarion's rate base from both a regulatory standpoint and a financial standpoint.
5. Agreement that subsequent rate case would be filed no sooner than 1 year after Aquarion takes full ownership of Abenaki to allow for a complete year of test data under the new ownership.

On July 29, 2021, attorney Daniel P. Venora, representing the interests of the Joint Petitioners, presented the Commission with a "status update letter" relative to the aforementioned conditions.

This "status update letter" provided certain commitments of the Joint Petitioners regarding the dates of future rate cases and test periods. These commitments are consistent with #5 of our conditions. The Joint Petitioners found the other 4 conditions "outside the scope of the petition in this docket and immaterial to the Commission's determination of no adverse impact under RSA 369:8, II."

We wish to affirm our 4 remaining conditions for the merger. We believe that the joint petitioners must commit to all 5 of our stated conditions. These conditions will ensure that deficient infrastructures are repaired and or replaced, potable water quality is restored to legal standards, reliable sources of new water are located, and equitable rate structures are in place. To do otherwise will certainly adversely affect the customers and therefore are material to the Commission's determination of no adverse impact under RSA 369:8, II.

The joint petitioner's proposal is to purchase Abenaki for \$40.56 million, which is \$23.77 million above book value. That merger premium translates into a significant windfall for the shareholders of NESC and a retirement for Don Vaughn. By Aquarion's own admission during the acquisition hearing, Mr. Morrissey, Aquarion's President and Chief Operating Officer, described Abenaki as a "basket case" and "borderline non-viable". Also, during that hearing there were numerous accounts cited by customer intervenors from Bow and Tioga (Belmont) as well as Attorney Getz representing the interests of Omni Mount Washington, LLC, describing the problematic history of Abenaki's operations and water systems, both of which need significant repair and investment.

As you are aware, the proposed merger covers all of NESC's regulated operating subsidiaries in Connecticut, Massachusetts, and New Hampshire. However, the purchase price is only mentioned in the aggregate and is not allocated among the regulated subsidiaries by state. An allocation by state would inform all parties as to the value or cost assigned to the New Hampshire subsidiaries. Leading up to the purchase offer, Aquarion would be bound to have performed some level of due diligence and risk assessment in order to determine the viability for their current company and ratepayers. This information was not shared as part of this or any filing. It was unclear as to the intent behind leaving this relevant information out, but regardless, to be consistent and equitable to New Hampshire ratepayers, NESC's New Hampshire holdings should be consolidated with Aquarion in New Hampshire, just as NESC's Massachusetts's and Connecticut holdings are being consolidated with Aquarion in Massachusetts and Connecticut respectively. We can only conclude that since Aquarion views these New Hampshire systems as "basket case and non-viable", the proposal reflects keeping these systems as a separate legal entity intentionally. This decision clearly reflects Aquarion's position that it does NOT value the New Hampshire systems similar to the water systems outside New Hampshire. Aquarion is separating Abenaki so that these risks do not negatively impact the profitability and performance of its other operations. That is problematic for ALL the customers and ratepayers of Abenaki. While the joint petitioners claim no net harm by keeping the current status quo as a separate entity, this in fact does the opposite. As a stand-alone entity, Bow and Tioga Belmont customers have been paying the highest rates in the state of NH, while provided non-potable, contaminated water by a system that has not had the resources to be maintained properly. By keeping Abenaki separate and maintaining the status quo, it will perpetuate the cycle and ultimately harm the ratepayers.

Aquarion and Abenaki's proposal to withdraw the rate case is a strategic decision. Should DW 20-112 be withdrawn, ANY and ALL rate case costs associated with that rate case should be withdrawn as well. To put the costs associated with that business decision on the backs of the ratepayers will surely result in an increase and therefore cause net harm.

Abenaki filed DW 20-112 in 2020 at nearly the same time as they began conversations with Aquarion regarding the acquisition. A potentially lucrative rate case could bolster the financial profile of a failing company. Abenaki had much to gain in the strategic timing of the subsequent Joint Petition for Approval of the Acquisition in DW 21-090. The unprecedented nature of these two cases moving forward at the same time was the doing of Abenaki. It is inevitable that issues overlap and are intertwined between these two cases. ALL of the conditions expressed by the intervenors of the Bow and Tioga Belmont water systems are material to the Commission's evaluation of this matter and within

the scope of the petition. We ask that the Commission consider the adverse impact it will have on the customers if conditions 1 – 4 are considered out of scope and immaterial. These conditions ensure the fulfillment of promises and commitments made by Abenaki and at the same time, Aquarion, who so willingly agrees to pay \$23.77 million above the \$16.79 million stated book value of a failing company, is held accountable.

We thank you or your time and consideration.

Sincerely,

The representatives of Bow

X Cristy Bresson

Cristy Bresson

X Jeni Speck

Jeni Speck

The representatives of Tioga Belmont

X Jeff Phillips

Jeff Phillips

X Gene Pruel

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X George Woodruff

George Woodruff