

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

September 10, 2021

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 August 20, 2021 Abenaki Water Company, Inc. ("Abenaki") and Aquarion Company ("Aquarion") (together the Joint Petitioners) submitted an amended filing captioned "Amended Filing in Support of the Verified Joint Petition for Approval of the Acquisition of Abenaki Water Company by Aquarion Company. This amended filing was in response to the Commission's determination that the proposed acquisition would have an adverse impact on ratepayers. The Commission had invited joint petitioners to amend their filing so as to address and alleviate the Commission's concerns.

This "amended filing" does not respond to the Commission's request. All it does is restate the joint petitioners' filing and further includes "testimony" that is not testimony at all. Said "testimony" was not presented under oath to the Commission, and neither the Commission, OCA, or Intervenors had the opportunity to cross examine the witnesses who submitted the additional written testimony. For this reason alone, the written "testimony" should not be allowed into the docket. Moreover, because the written testimony did not comply with the Commission's request for an amended filing, it should be rejected.

Further, on August 31, 2021 the Department of Energy, Division of Enforcement filed a report with the Commission in Docket IR 21-024 entitled "Investigation Report of Water Pressure of The Rosebrook Water System." Included in this report are the following findings (although not all-inclusive):

- Abenaki has failed to furnish service and facilities that are reasonably safe and adequate as required by commission rules.
- Significant water pressure issues have not been remediated by Abenaki. These were known when Abenaki acquired the Rosebrook system in 2016.
- Significant chemical containment issues have not been remediated by Abenaki. These were known when Abenaki acquired the Rosebrook system in 2016.
- Valve maintenance is not being routinely performed. Records of the Rosebrook Water System produced by Abenaki Water Company to date since 2016 indicate that inspection of valves occurred only once in the 5 years since the Company assumed ownership of the system.
- In regards to water hammer occurrences, Safety Staff review of records indicated that at times employees improperly set pump discharge pressures too high, inadvertently introduced air into the pumping process from well draw-down thereby causing pump cavitation and water hammer events.
- Abenaki Water Company's practice of not marking out water infrastructure at Rosebrook and other water systems is unacceptable and undermines New Hampshire's One Call objective for notification systems such as Dig Safe. This poses a risk to the safety, adequacy, and reliability that has been further exacerbated by the Company's failure to comply with the underground utility damage prevention program.

- Examination of the pump station facility revealed the area of most immediate threat to employee safety to be related to chemical injection equipment and water main control valves. Inspection revealed wear-and-tear on all equipment within the facility, most likely due to equipment age, and corrosion resulting from the corrosive atmosphere accelerated by chemicals stored in proximity to the water pipeline and its components.

The Department of Energy report included a recommendation that the Commission should consider appointing a qualified independent operations and management consultant to oversee day to day operations for a period of 6 months and report to the Department and/or Commission on a biweekly basis.

Mr. Morrissey, of Aquarion, in his testimony on June 28, 2021 (afternoon session), stated Aquarion views the Abenaki New Hampshire (“NH”) systems as a “basket case, borderline non-viable”. In fact, Aquarion, if allowed to acquire New England Service (“NESC”), plans to keep the NH water systems in the existing Abenaki New Hampshire legal entity as a subsidiary, and not merge them into Aquarion New Hampshire. The reason for this appears to be that Aquarion does not want the risks of these systems to “spill over” to its other systems in NH.

This indicates that Aquarion views the Abenaki NH systems as:

- Posing serious risks with significant liabilities
- Needing investment to address the significant deficiencies
- Posing risks and liabilities that Aquarion does not want to “spill over” to its other NH water systems.

No commitment has been made by either petitioner to remediate these issues or set funds aside for remediation.

The joint petitioners are proposing a transaction with purchase price of \$40.56 million for water systems having a book value of \$16.79 million. This results in a merger premium of \$23.77 million which **is a significant windfall for the shareholders of NESC**. As a regulated public utility with a poor operational track record (i.e. providing unsafe service and facilities and taking no steps to remediate numerous outstanding problems), Abenaki should not be allowed to realize a \$23.77 million merger premium.

I respectfully recommend that the Commission reject the Joint Petitioners amended filing and require Joint Petitioners to amend the filing to include solutions such as setting aside funds from the merger premium to upgrade these assets to provide safe and reliable water. Another possibility is to recognize that these water systems are impaired by writing down/decreasing the rate base of the acquired assets so as to provide rate relief.

Sincerely,

Paul Mueller, BWPOA

Cc: Service list (Electronically)