

BEFORE THE NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

Aquarion Water Company of New Hampshire

Petition for Franchise Expansion

Docket No. DW 21 – 093

TESTIMONY OF TIMOTHY HARNED
CO-CHAIR NORTH HAMPTON WATER COMMISSION

January 31, 2022

1 **I. BACKGROUND**

2 **Q. What is your name and address?**

3 A: Timothy J Harned, 66 Lovering Rd, North Hampton NH

4 **Q. What is your involvement with the Town of North Hampton?**

5 A: I am an elected member and secretary of the North Hampton Water Commission.

6 I am also an elected member and chair of the North Hampton Planning Board.

7 **Q. What is the purpose of your testimony?**

8 A: The purpose of my testimony is to explain that Aquarion's proposed expansion of
9 the Wiggin Way System does not take into account the substantial payments made
10 by the Towns of Hampton and North Hampton to maintain adequate supply for
11 fire protection. As proposed, Wiggin Way customers will receive the benefits of
12 fire protection but pay no fire protection charges which represents approximately
13 18.70% of its water revenues. This is unfair to residents in North Hampton, many
14 of whom pay for the costs of fire protection in the tax bills but have no water
15 service and do not benefit from Aquarion's fire protection service. It is my
16 recommendation that a surcharge be included so that water service customers pay
17 a rate that reasonably reflects the costs of the water service and fire protection
18 service they receive. In the absence of such a surcharge, fire protection
19 customers in North Hampton, Hampton and Rye are paying an unfair, unjust and
20 unlawful rate under RSA 378:10.

21 **II. COSTS FOR FIRE PROTECTION.**

22 **Q. What are the costs for fire protection service paid by the Towns of North**
23 **Hampton and Hampton?**

1 A. Aquarion’s Annual Report for the year ending December 31, 2019, Form F-47
2 and Form S-1 (Revenue by Rates) show that, in 2019, Aquarion’s fire protection
3 customers paid a total of \$1,314,725 which represents 18.70% of Aquarion’s total
4 water revenues of \$7,032,417.¹ This figure include revenue for both private and
5 public fire protection as Aquarion’s Annual Report does not appear to provide
6 separate costs for private and public fire protection service.

7
8 Aquarion’s public fire protection rates are significant. In Docket No. DW 19 –
9 065, Hampton provided the Commission with its semi-annual bill for public fire
10 protection services dated January 3, 2019 for \$254,385.64 which represents a total
11 of \$508,771.28 for the full year in 2019. In North Hampton, Aquarion billed the
12 Town approximately \$277,681 for its 150 fire hydrants, i.e. \$1,851.21 per hydrant
13 per year. Hampton and North Hampton a total of approximately \$786,452 for fire
14 protection service in 2019.

15 **Q. How will Aquarion’s public fire protection charges change as proposed in its**
16 **rate case?**

17 A. According to Aquarion’s proposed cost-of-service Schedules submitted in
18 Aquarion’s pending rate case in Docket DW 20 – 184, public fire protection
19 customers (Hampton, North Hampton and Rye) paid a total of \$849,320 in public
20 fire protection charges.² Aquarion’s schedules show a increase public fire
21 protection charges by some 33.3% to a total of \$1,131,877 per year,³ with North

¹ See Attachment #1.

² See Attachment #2 which is Schedule 17 to the Testimony of John F. Guastella.

³ Attachment #2.

1 Hampton's public fire protection charges increasing to \$340,706 per year and
2 Hampton's public fire protection charges increasing to \$640,254 per year.⁴ These
3 charges directly and substantially impact the financial interests of the Town of
4 North Hampton and its residents.

5 **Q. How are fire protection costs paid by the Towns of Hampton and North**
6 **Hampton?**

7 A: North Hampton's (and Hampton's) public fire protection charges are passed
8 through to customers as a general expense to all property owners in the Town's
9 tax bills. North Hampton had 1,588 water service customers as of December 31,
10 2019,⁵ which results in fire protection charges of \$166.30 (\$259,321 / 1,588) for
11 each water service customer. The proposed increase in Docket DW 20 – 184, if
12 approved, would result in fire protection charges of \$214.55 (\$340,706 / 1588) for
13 each water service customer.

14
15 This means that Aquarion's costs of public fire protection are paid by all property
16 owners, even those who do not have water service. Attachment #3 includes a map
17 showing the location of Aquarion's hydrants in North Hampton, as well as plans
18 showing the locations of water service mains in North Hampton and the Wiggin
19 Way system. As Attachment #3 shows, there are substantial areas in North
20 Hampton do not have water service or access to public fire hydrants. However,
21 these property owners are forced to subsidize the cost of Aquarion's fire
22 protection service even though they receive little or no benefit.

⁴ Attachment #2.

⁵ See Annual Report, Form A-6.

1 There is also a hidden cost in the tax rate because North Hampton pays for the
2 costs of its fire departments to remove snow from Aquarion's hydrants because
3 Aquarion does not do so. These costs are significant North Hampton does not
4 have extra staff to perform this function. Its firefighters are required to perform
5 this function at a high labor cost. In recent years, I understand that one fire fighter
6 was temporarily injured during snow removal. The financial impacts of forcing
7 North Hampton to conduct snow removal to make fire protection service available
8 are not insignificant.

9

10 The result is that residents in North Hampton (and Hampton) who have no water
11 service are none-the-less paying significant costs for public fire protection
12 service, both the direct fire protection charges billed by Aquarion to the Towns
13 and the indirect costs of snow removal.

14 **Q. How does fire protection service benefit residents who do not have access to**
15 **hydrants?**

16 A. The benefit is a limited one for residents who do not have access to hydrants. In
17 fact, North Hampton posed this very question in a Data Request to Aquarion and
18 received the following response:

19 REQUEST: Fire Protection Benefits. Reference the attached plan showing
20 hydrant locations in North Hampton. Does Aquarion agree that the Wiggin Way
21 customers benefit from public fire protection rates paid by Hampton and North
22 Hampton based on the attached map which shows that Aquarion fire hydrants are
23 located immediately adjacent to the Wiggin Way system?

24

25 RESPONSE: Initially, it is unclear to Aquarion how Wiggin Way customers
26 would benefit from "public fire protection rates paid by Hampton and North
27 Hampton." To the extent the question is seeking to know whether Wiggin Way's
28 customers would benefit from use of the hydrants themselves, the interconnection

1 to the Wiggin Way Water System will not provide fire protection for the
2 customers within Wiggin Way. The Company can not comment on the benefit to
3 Wiggin Way related to fire protection.
4

5 Aquarion statement that it “can not comment on the benefit to Wiggin Way
6 related to fire protection” is evasive and non-responsive to the question. I have
7 visited the Wiggin Way system with North Hampton Fire Chief Lajoie and there
8 clearly are significant fire protection benefits being paid for by the towns of North
9 Hampton, Hampton and Rye. It is unfair, unjust and unreasonable that residents
10 in North Hampton are being forced to pay for the costs for a fire protection
11 service without water service, while the expansion of Aquarion’s system into
12 Wiggin Way increases demand on the system and thereby reduces the fire fighting
13 capacity paid for by North Hampton and Hampton, without paying any amount
14 for the fire protection benefits these customers are actually receiving.

15 **III. CONCLUSION**

16 **Q. How should these issues be resolved?**

17 A. Based on Aquarion’s 2019 Annual Report, fire protection charges represent
18 18.70% of water revenues. I also note that these charges are proposed to increase
19 significantly in Aquarion’s pending rate case in Docket No. DW 20 – 184 and the
20 cost-of-service allocation to fire protection charges to be approved is not known.
21 However, it would seem reasonable to condition approval of the franchise
22 expansion based on a condition or surcharge that Wiggin Way customers pay a
23 surcharge which reflects the cost of the fire protection benefits they receive and/or
24 the costs being paid by North Hampton, Hampton and other fire protection
25 customers to maintain fire protection in the system.

1 **Q. Are there any other alternatives?**

2 A. Yes. One approach based on Aquarion's Response to Data Request 1-8 would be
3 to recognize that North Hampton customers who do not have access to water
4 service should not be forced to pay for the costs of a service they do not receive.
5 This suggests that an appropriate solution would be to consider eliminating public
6 fire protection charges entirely and roll the costs of fire protection into the rates
7 for water service. This would have a beneficial impact on water conservation by
8 shifting the costs to maintain capacity in the system to customers who use the
9 most water and place the most demand on the system.

10 **Q. Does this conclude your testimony?**

11 A. Yes.