

STATE OF NEW HAMPSHIRE  
BEFORE THE  
PUBLIC UTILITIES COMMISSION

RE: AQUARION WATER COMPANY OF NEW HAMPSHIRE, INC.

DOCKET NO. DW 08-098

**PETITION FOR TEMPORARY RATES**

Aquarion Water Company of New Hampshire, Inc. ("Company"), pursuant to RSA 378:27, petitions the New Hampshire Public Utilities Commission (the "Commission"), to fix, determine and prescribe, effective with bills rendered on or after September 26, 2008, reasonable temporary rates pending the Commission's final decision on the Company's request for permanent rate relief in this docket. In support thereof, the Company states as follows:

1. On July 29, 2008, and in accordance with Puc Rule 1604.05, the Company filed a Notice of Intent to file Rate Schedules with the Commission and the New Hampshire Attorney General.
2. Contemporaneous with this Petition for Temporary Rates, the Company is filing revised tariff pages to Tariff NHPUC No. 1 – Water, proposing an increase in the Company's permanent rates. If approved, such rates will produce additional annual gross operating revenue of \$1,056,070. This request represents an overall increase of 21.08% over the Company's operating revenues for the test year ending March 31, 2008, for a total revenue requirement of \$6,065,983.

3. The Company's most recent full rate case, which was resolved by Order No. 24,648 issued in 2006, did not specifically state an agreed upon rate of return on investment or return on equity. However, the Company's prior rate decision, which was resolved by Order No. 23,412 issued in 2000, authorized an overall rate of 8.81% based on a return on equity of 9.50%.

4. The Company did not earn its allowed rate of return during the test year. As of December 31, 2007, the Company's overall rate of return was 6.44%, based on the records on file with the Commission, or 237 basis points below the last stated allowed rate of 8.81%. The Company's return on common equity for the same period was 6.05%, or 345 basis below its last stated allowed return on equity of 9.50%.

5. Unless temporary, and ultimately, permanent rate relief is granted, the Company will not earn a reasonable rate of return on the cost of its property used and useful in the public service. The continuation of current rates will result in the confiscation of the Company's property.

6. The reports on file with the Commission and supporting documentation filed in connection with the Company's permanent rate request and with this Petition demonstrate that the Company is earning substantially below its last allowed rate of return. The Company therefore requests that the Commission order a temporary rate increase, applied to all customers in order to generate an increase of \$642,600 or 12.83% in operating revenues annually. Although the temporary rate relief requested in this Petition constitutes only a portion of the total rate relief required by the Company in order to earn a reasonable return, the imposition of increased rates on a temporary basis pursuant to RSA 378:27 will allow the Company an opportunity to earn a reasonable

return because the rates will be reconcilable to the permanent rates determined in this proceeding.

7. The temporary rates proposed herein are just and reasonable, and therefore should be granted.

8. The Company seeks to implement these temporary rates on a bills rendered basis beginning September 26, 2008 and therefore seeks a waiver of Puc 1203.05. During the hearing on temporary rates, the Company will address the basis for this waiver request to the extent required by the Commission.

WHEREFORE, the Company respectfully requests that the Commission:

A. Grant this Petition for Temporary Rates, allowing the Company an increase in the amount of \$642,600 in annual operating revenue to be effective with bills rendered on or after September 26, 2008;

B. Order such temporary rates to remain in effect until a determination of the Company's request for a permanent rate increase;

C. Waive Puc 1203.05 to the extent necessary; and

D. Grant such other relief as is just and equitable.

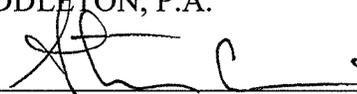
Respectfully submitted,

Aquarion Water Company of New Hampshire, Inc..

By Its Attorneys

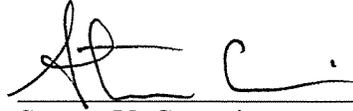
MCLANE, GRAF, RAULERSON &  
MIDDLETON, P.A.

Dated: August 28, 2008

By:   
Steven V. Camerino, Esq.  
Sarah B. Knowlton, Esq.  
11 South Main Street, Suite 500  
Concord, NH 03301

**Certificate of Service**

I hereby certify that a copy of this Petition for Temporary Rates has been forwarded to Meredith A. Hatfield, Esq. this 28<sup>th</sup> day of August, 2008 by overnight courier.



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Steven V. Camerino