

STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITIES COMMISSION

ORIGINAL	
N.H.P.U.C. Case No.	DW 12-085
Exhibit No.	# 2
Witness	M. Naylor & Troy M. Dixon
DO NOT REMOVE FROM FILE	

DOCKET NO. DW 12-085

AQUARION WATER COMPANY OF NEW HAMPSHIRE, INC.

SETTLEMENT AGREEMENT – TEMPORARY RATES

I. INTRODUCTION

This Settlement Agreement (“Agreement”) is entered into this 17th day of August, 2012, by and between Aquarion Water Company of New Hampshire, Inc. (“Aquarion” or “the Company”), the Office of Consumer Advocate (“OCA”), and the staff (“Staff”) of the New Hampshire Public Utilities Commission (“the Commission”).

II. PROCEDURAL BACKGROUND

On May 14, 2012, the Company submitted a permanent rate filing including revised tariff pages with an effective date of July 1, 2012 designed to increase its revenues by \$1,113,931, or 18.3%, on an annual basis. Along with its request for a permanent rate increase, the Company filed a Petition for Temporary Rates and accompanying tariff pages, seeking a temporary rate increase of \$732,078, or 12.03%, in annual revenues to take effect with service rendered on and after July 1, 2012. On June 12, 2012, the Commission issued an Order of Notice suspending the Company’s proposed revised tariff pages and scheduling a prehearing conference and technical session for July 11, 2012. The Commission issued a procedural schedule on July 16, 2012 scheduling, *inter alia*, a technical session and settlement conference on temporary rates for

August 7, 2012 and a hearing on the Company's temporary rate request for August 30, 2012. By letter dated August 1, 2012, the Commission rescheduled the hearing on temporary rates to August 28, 2012.

During the July 11, 2012 technical session that followed the prehearing conference, the Company agreed, for the purposes of setting temporary rates, to eliminate from Temporary Rate Schedule 3 of its temporary rate filing the pro forma adjustments that brought rate base from a thirteen month average to 2011 test year-end levels. The elimination of this adjustment, combined with certain corrections made to the Company's temporary rate filing subsequent to the first round of data requests in this docket, had the effect of reducing the Company's requested temporary rate increase to \$655,391, or 10.77%, in annual revenues.

On August 7, 2012, the Company, OCA, Staff and counsel for the Town of Hampton participated in a technical session and settlement conference during which they discussed the Company's request for temporary rates. The Company, OCA, and Staff reached agreement on the issue of temporary rates, and the terms of that agreement are set forth below. The Town of Hampton has indicated that it does not object to the Agreement.

III. TERMS OF AGREEMENT

A. REVENUE REQUIREMENT

The Company, OCA and Staff agree that the Company should be authorized to implement temporary rates, in accordance with RSA 378:27, sufficient to yield an increase of \$535,709, or 8.8%, in annual revenues.

B. RATE DESIGN

The 8.8% increase in overall annual revenues provided for by this Agreement will be implemented by increasing the existing volumetric and customer charges in rates for all customers by 9.0% on an equiproportional basis as set forth in Attachment A.

C. EFFECTIVE DATE AND RECOUPMENT

The temporary rates contemplated by this Agreement shall be effective for service rendered on and after July 1, 2012. Any difference between the temporary rates agreed to herein and the permanent rates ultimately approved by the Commission in this docket is subject to reconciliation back to July 1, 2012 upon the implementation of new permanent rates.

IV. CONDITIONS

This Agreement is expressly conditioned upon the Commission's acceptance of all its provisions, without change or condition. If the Commission does not accept this Agreement in its entirety, without change or condition, any party hereto, at its sole option exercised within ten (10) days of such Commission order, may withdraw from this Agreement, in which event it shall be deemed to be null and void and without effect and shall not be relied upon by the Company, Staff, OCA, or any party to this proceeding or the Commission for any purpose.

The Commission's acceptance of this Agreement shall not constitute continuing approval of, or precedent regarding, any particular principle or issue in this proceeding, but such acceptance does constitute a determination that the provisions set forth herein in their totality are just and reasonable under the circumstances.

The Commission's approval of the recommendations in this Agreement shall not constitute a determination or precedent with regard to any specific adjustments, but rather shall constitute only a determination that the revenue requirement and rates resulting from this Agreement are just and reasonable for purposes of temporary rates in this proceeding.

The discussions that produced this Agreement have been conducted on the understanding that all offers of settlement relating thereto are and shall be confidential, shall be without prejudice to the position of any party or participant representing any such offer or participating in any such discussion, and are not to be used in connection with any future proceeding or otherwise.

IN WITNESS WHEREOF, the parties to this Agreement have caused the Agreement to
be duly executed in their respective names by their fully authorized agents.

AQUARION WATER COMPANY
OF NEW HAMPSHIRE, INC.

By its Attorneys

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

Dated: 8/17/12

By: 
Patrick H. Taylor, Esq.

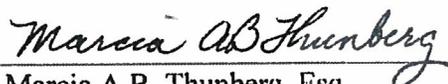
OFFICE OF CONSUMER ADVOCATE

Dated : 8-17-12

By: 
Rorie E. P. Hollenberg, Esq.

STAFF OF THE NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

Dated: 8/17/12

By: 
Marcia A.B. Thunberg, Esq.