

THE STATE OF NEW HAMPSHIRE

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December 17, 2012

Re: DW 12-085, Aquarion Water Company, Inc.
Rate Case
Report on Public Hearing

To the Parties:

The Commission conducted a public hearing on November 28, 2012 in Hampton, New Hampshire regarding the Aquarion Water Company rate case. Customers and municipal officials provided comment on a number of issues, which the Commission will consider in the proceeding. The normal discovery process for rate cases has explored most of the issues raised, but to the extent they have not been addressed, the Commission asks that Aquarion be prepared to respond during the hearings to the following:

Rate Design

- What is the design peak demand for the Aquarion system? For example, if the design basis highest demand is a hot Saturday afternoon in July with a major fire, how is the system supposed to respond and what assumptions are used? Are other smaller fires or unrelated sprinkler system activations assumed? Is isolation (i.e. cutoff of water) to other portions of the system assumed?
- What is the basis for the charges for fire hydrants and sprinkler systems that almost never activate?
- Has the company looked at tiered rates for fire protection charges or a basic capacity payment with additional fees for fire protection system water use?
- Given the success in reducing water usage through conservation, which Aquarion cites as a reason for a rate increase, has Aquarion considered tiered block rates that are lower for lower usage and escalate with higher usage?
- Because the Aquarion system demand peaks in the summer, have time of year rates been investigated?

Long Term Planning

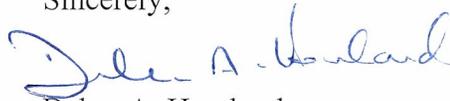
- What is Aquarion's long term plan for rates? How can the Town and/or the customers have input in long term planning?

Out of State Developments

- Will Aquarion's recent rate case in Massachusetts impact New Hampshire customers?

- Are there rate or other impacts to New Hampshire customers as a result of the acquisition of water companies in Connecticut by Aquarion's parent company?

Sincerely,

A handwritten signature in blue ink that reads "Debra A. Howland". The signature is fluid and cursive, with the first name being the most prominent.

Debra A. Howland
Executive Director

SERVICE LIST - EMAIL ADDRESSES - DOCKET RELATED

Pursuant to N.H. Admin Rule Puc 203.11 (a) (1): Serve an electronic copy on each person identified on the service list.

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FILING INSTRUCTIONS:

- a) Pursuant to N.H. Admin Rule Puc 203.02 (a), with the exception of Discovery, file 7 copies, as well as an electronic copy, of all documents including cover letter with:

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- b) Serve an electronic copy with each person identified on the Commission's service list and with the Office of Consumer Advocate.
- c) Serve a written copy on each person on the service list not able to receive electronic mail.