

STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITIES COMMISSION

AQUARION WATER COMPANY OF NEW HAMPSHIRE, INC.

DOCKET NO. DW 12-___

**PETITION OF AQUARION WATER COMPANY
OF NEW HAMPSHIRE, INC. FOR APPROVAL OF ITS 2013 WATER
INFRASTRUCTURE AND CONSERVATION ADJUSTMENT
SURCHARGE AND PROPOSED PROJECTS**

Aquarion Water Company of New Hampshire, Inc. (“Aquarion” or the “Company”), hereby requests that the Public Utilities Commission (the “Commission”) approve the Company’s (a) Water Infrastructure and Conservation Adjustment (“WICA”) surcharge effective January 1, 2013; (b) proposed WICA projects for 2013; and (c) on a preliminary basis, proposed WICA projects for 2014.¹ In support of this Petition, Aquarion states as follows:

Background

1. On September 25, 2009, the Commission entered an order in Docket DW 08-098 approving a settlement agreement by and among Aquarion, the Commission staff (“Staff”), the Office of Consumer Advocate, and the Town of North Hampton (the “Settlement Agreement”), authorizing implementation of the WICA mechanism as a pilot program. *See Aquarion Water Company of New Hampshire, Inc.*, Docket DW 08-098, Order No. 25,019 (Sept. 25, 2009).

2. As explained in the Settlement Agreement and Order No. 25,019, the purpose of the WICA mechanism is to enable Aquarion to recover the fixed costs of certain pre-approved non-revenue producing capital improvements completed and placed in service between general rate cases. In particular, the Settlement Agreement and the tariff provisions implementing the terms of the Settlement Agreement as they relate to the WICA mechanism identify the following

¹ Each year referenced in this petition for the WICA projects means the program year. Each program year typically runs from October 1 through September 30.

WICA-eligible capital improvements: services (account 333), meters (account 334), hydrants (account 335), mains and valves (account 331), main cleaning and re-lining projects (account 331), replacement of production meters (account 304), and replacement of pressure reducing valves (accounts 309, 331).

3. On November 2, 2009 and pursuant to the Settlement Agreement, Aquarion filed its first proposed list of WICA projects seeking Commission approval of (a) its projects for 2010, which Aquarion would later seek cost recovery through the WICA for service rendered on and after January 1, 2011 and (b) on a preliminary basis, its proposed 2011 projects, which were to be included in the WICA for service rendered on and after January 1, 2012. In addition, the 2009 WICA filing included the Company's proposed 2012 projects for advisory purposes only. On January 15, 2010, the Commission approved Aquarion's 2010 projects and preliminarily approved its 2011 projects. *See Aquarion Water Company of New Hampshire, Inc.*, Docket DW 09-211, Order No. 25,065 (Jan. 15, 2010).

4. On November 1, 2010 and pursuant to the Settlement Agreement, Aquarion made its second WICA filing, seeking Commission approval of (a) the Company's first proposed WICA surcharge on projects completed in 2010; (b) its proposed list of 2011 projects, for which Aquarion would later seek cost recovery through the WICA for service rendered on and after January 1, 2012; and (c) on a preliminary basis, its proposed 2012 projects, which were to be included in the WICA for service rendered on and after January 1, 2013. That WICA filing also included the Company's proposed 2013 projects for advisory purposes only. On December 22, 2010, the Commission approved the Company's WICA surcharge of 1.5715% for services rendered on and after January 1, 2011. The Commission also approved Aquarion's 2011 projects

and preliminarily approved its 2012 projects. *See Aquarion Water Company of New Hampshire, Inc.*, Docket DW 10-293, Order No. 25,186 (Dec. 22, 2010).

5. On October 27, 2011 and pursuant to the Settlement Agreement, Aquarion made its third WICA filing, seeking Commission approval of (a) the Company's revised proposed WICA surcharge to include projects completed in 2011; (b) its proposed list of 2012 projects, for which Aquarion would later seek cost recovery through the WICA for service rendered on and after January 1, 2013; and (c) on a preliminary basis, its proposed 2013 projects, which were to be included in the WICA for service rendered on and after January 1, 2014. That WICA filing also included the Company's proposed 2014 projects for advisory purposes only. On December 30, 2011, the Commission approved the Company's WICA surcharge of 3.7269% for services rendered on and after January 1, 2012. The Commission also approved Aquarion's 2012 projects and preliminarily approved its 2013 projects. *See Aquarion Water Company of New Hampshire, Inc.*, Docket DW 11-238, Order No. 25,311 (Dec. 30, 2011).

2013 WICA Surcharge

6. The Settlement Agreement provides in relevant part:

The Company agrees to file the final project costs, supporting documentation and proposed WICA adjustment for completed projects previously determined to be WICA eligible. Such filing shall be at least sixty days prior to the proposed effective date of any proposed rate change. The WICA rate shall become effective on the later of January 1 following the Company's filing with the Commission seeking implementation of a WICA rate change or sixty days after the date of such filing; provided, however, that if the Commission determines that further investigation or consideration of any proposed WICA is needed, it may order that the proposed WICA rate become effective on a temporary basis, in which case the rate shall be subject to reconciliation pending final determination by the Commission. (In such case, reconciliation shall be only for final determination of the costs to be included in the WICA, not for any positive or negative variances in actual revenues collected versus projected revenues.) No project shall be included for recovery in the WICA unless the project is used and useful in providing service to customers or will be used and useful by the effective date of the WICA.

(Settlement Agreement at Section II.H.3.)

7. Aquarion requests that the Commission approve a WICA surcharge of 5.7688% to be applied to Aquarion customers' existing water service billings on a service-rendered basis effective as of January 1, 2013. This WICA surcharge allows for the recovery of those additional costs associated with the Commission-approved 2012 WICA projects that were constructed and placed in service, and used and useful, during the period January 1, 2012 through September 30, 2012. These costs incorporate depreciation, property tax expense, income tax expense, and return on investment associated with the completed projects, and are described in the written direct testimony of Troy Dixon which is being filed contemporaneously with this Petition.

2013-2015 WICA Projects

8. Section II.H.2 of the Settlement Agreement provides:

The Company agrees to file a three year projected budget of proposed WICA eligible projects no later than November 1 of each year. Each such budget shall show projects broken down into three years. Year 1 projects are those proposed to be constructed in the succeeding twelve month period. Year 2 projects are those proposed to be constructed in the next twelve month period. Year 3 projects are those proposed to be constructed in the twelve months following Year 2. Year 3 projects shall be provided for advisory purposes and discussion. Year 2 projects shall be provided for review and approval by the Commission. Year 1 projects shall be provided for final review and informational purposes. Staff or any party may request a hearing prior to the Commission's granting approval for a project to become eligible for cost recovery through the WICA. The determination as to whether to hold a hearing on the eligibility of any project for WICA cost recovery shall be at the discretion of the Commission.

Aquarion is submitting with this Petition its proposed projects for 2013 for the Commission's final approval with regard to eligibility for the WICA mechanism, its proposed projects for 2014 for preliminary eligibility approval, and its proposed projects for 2015 for informational

purposes, all of which are set forth in the written direct testimony of Carl McMorran which is also being filed contemporaneously with this Petition.

9. Aquarion requests that the Commission (a) approve its proposed 2013 WICA projects and (b) preliminarily approve its proposed 2014 WICA projects for inclusion in the WICA surcharge.

WHEREFORE, Aquarion hereby respectfully requests the Commission:

- A. Approve a WICA surcharge of 5.7688% applicable to customer bills to be implemented on a service-rendered basis effective as of January 1, 2013;
- B. Approve Aquarion's proposed 2013 WICA projects for recovery through the WICA mechanism, subject to a prudence review based on final construction costs;
- C. Preliminarily approve Aquarion's proposed 2014 WICA projects; and
- D. Grant such other and further relief as may be just and equitable.

Respectfully submitted,

AQUARION WATER COMPANY
OF NEW HAMPSHIRE, INC.

By Its Attorneys

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

Date: October 31, 2012

By: 
Steven V. Camerino, Esq.
Jinjue Pak Allen, Esq.
11 South Main Street, Suite 500
Concord, NH 03301
Telephone (603) 226-0400
Facsimile (603) 230-4448
steven.camerino@mclane.com
jinjue.allen@mclane.com

CERTIFICATE OF SERVICE

I hereby certify that a copy of this Petition of Aquarion Water Company of New Hampshire, Inc. for Approval of Its 2013 Water Infrastructure and Conservation Adjustment Surcharge and Proposed Projects has been forwarded to the Office of the Consumer Advocate, Town of North Hampton, Town of Rye, and Town of Hampton.

Dated: October 31, 2012



Jinjue Pak Allen