

STATE OF NEW HAMPSHIRE

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NHPUC DEC21 '12 PM 3:05

December 21, 2012

Debra Howland
Executive Director & Secretary
New Hampshire Public Utilities Commission
21 S. Fruit Street, Suite 10
Concord, New Hampshire 03301-7319

RE: DW 12-325 AQUARION WATER COMPANY, INC.
Petition for Approval of its 2013 Water Infrastructure and Conservation Adjustment
Surcharge

Dear Ms. Howland:

Pursuant to the procedural schedule and in response to the recommendation filed by Staff and the Company, the OCA files its statement of position. Specifically, the OCA responds to the relief requested by the Company in this annual WICA proceeding as well as the Staff and the Company's recommendation filed today.

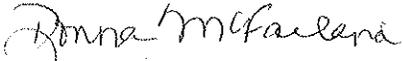
The OCA does not agree with the pre-approval recommended by the Staff and the Company for certain proposed 2013 capital investments. Specifically, the OCA opposes the inclusion of meter upgrades and emergency repairs as WICA projects. The OCA does not agree that these types of projects are revenue neutral or otherwise consistent with the intent and purpose of the WICA. The OCA has spoken with the parties about these concerns and concurs with the parties that the WICA policy issues are appropriately addressed within the context of the Company's pending rate case. In the hearing on permanent rates, the Commission will consider the efficacy and future of the WICA for the first time since its inception and the parties will have an opportunity for cross-examination. To the extent necessary, the OCA will seek relief for its concerns about the 2013 WICA investments (as well as other WICA issues) during the rate case and, to the extent necessary, during the Commission's prudence review of these investments next fall.

In addition, this letter is intended to notify the Commission of an agreement between the OCA and the Company about the intent of certain language in the Settlement Agreement and Order (in

DW 08-098), from which the WICA pilot program arose. Specifically, the Company and the OCA agree that the Settlement and Order do not entitle the Company to recover the costs of the 2014 and 2015 proposed WICA investments included within its filings in this docket if the Commission discontinues or changes the WICA in the pending rate case. I reviewed a draft of this letter with the Company, through counsel, before filing, and the Company authorized me to make this representation.

Thank you for the opportunity to provide these comments.

Respectfully,



for: Rorie E.P. Hollenberg
Assistant Consumer Advocate

cc: Service List via electronic mail