

STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITIES COMMISSION

AQUARION WATER COMPANY OF NEW HAMPSHIRE, INC.

DOCKET NO. DW 16-____

**PETITION FOR APPROVAL OF 2017 WATER INFRASTRUCTURE AND
CONSERVATION ADJUSTMENT SURCHARGE AND PROPOSED PROJECTS**

Aquarion Water Company of New Hampshire, Inc. (“Aquarion NH” or the “Company”) hereby requests that the Public Utilities Commission (the “Commission”) approve the Company’s proposed Water Infrastructure and Conservation Adjustment (“WICA”) surcharge for effect as of January 1, 2017 on a service rendered basis and approve its proposed projects for 2017 as being eligible for recovery through the WICA surcharge mechanism. In support of this petition, Aquarion NH states as follows:

Background

1. In Order No. 25,019 in Docket DW 08-098, the Commission approved implementation of the WICA mechanism as a pilot program and authorized the Company to recover the revenue requirement associated with certain categories of non-revenue producing capital improvements that are completed and placed in service between general rate cases. In Order No. 25,539 in Docket DW 12-085, the Commission subsequently approved minor modifications to the WICA program.

2. The Commission summarized the WICA process as follows:

The WICA program requires Aquarion NH to file a 3-year projected budget of proposed eligible projects no later than November 1 of each year. Year 1 projects are those proposed to be constructed in the succeeding twelve month period and are provided for final review. Year 2 projects are those proposed to be constructed in the next twelve month period and are provided for review and approval by the Commission. Year 3 projects are those proposed to be constructed in the twelve months following Year 2 and are provided for advisory

purposes and discussion. In addition, Aquarion NH can file at least sixty days prior to the proposed effective date of any proposed rate change the final project costs and a proposed rate surcharge. Order No. 25,628 at 1-2.

3. As approved by the Commission, the WICA surcharge is intended to become effective on the later of January 1 following the Company's filing with the Commission seeking implantation of the WICA rate change or sixty days after the date of such filing. Only projects that are used and useful in providing service to the public are eligible for recovery through the WICA mechanism.

2016 WICA Projects and Related Surcharge

4. Aquarion NH requests that the Commission approve a WICA surcharge of 5.72% to be applied to Aquarion NH customers' water service billings on a service-rendered basis effective as of January 1, 2017 to enable the Company to recover the additional authorized costs associated with its 2016 WICA projects that were constructed and placed in service during the period October 1, 2015 through September 30, 2016. These costs incorporate depreciation, property tax expense, income tax expense, and return on investment associated with the completed projects. These components are more fully described in the written direct testimonies of Mr. Troy Dixon and Mr. Carl McMorran which are being contemporaneously filed herewith.

5. In the 2016 project year, Aquarion NH completed and placed into service three major WICA-eligible projects in the Town of Hampton. It replaced the Lafayette Road main at a cost of \$556,619; the Manchester Street main at a cost of \$187,725; and the Sunsurf Avenue main at a cost of \$149,120. These projects were previously approved for inclusion in the 2016 WICA construction season by the Commission in Order No. 25,857 in Docket No. DW 15-476. As referenced in the testimony of Carl McMorran, the Company did not complete the previously-approved main project on North Shore Road. The reasons for the delay are explained in the

Company's letter dated May 27, 2016. Aquarion NH removed the North Shore Road project from the 2016 project list due to budget constraints. The Company incurred \$36,127 in valve, service line or hydrant replacement costs in excess of the \$50,000 threshold, and therefore included those costs in the instant filing.

6. As set forth in detail in the testimonies of Mr. Dixon and Mr. McMorran, the Company's WICA-eligible costs incurred in the 2016 program year totaled \$929,592. Therefore, the Company is seeking authority to implement a WICA surcharge of 5.72% applicable to all customers' water service billings (i.e., the customer charge and amounts billed for water usage based on volume but not for miscellaneous fees and charges) effective as of January 1, 2017 on a service rendered basis. The surcharge will allow the Company to recover the revenue requirement associated with the 2016 project costs in addition to the amount previously approved for WICA-eligible costs incurred in 2015 and approved by Commission Order No. 25,857. Specifically, the Company seeks an increase of 1.73% to the existing 3.99% WICA surcharge authorized in DW 15-476 to produce a total WICA surcharge of 5.72%.

Projects Proposed for 2017 WICA Program Year

7. Aquarion NH also proposes to construct certain projects during the 2017 program year for which it intends to seek recovery through the WICA surcharge mechanism effective January 1, 2018. The budget for proposed projects, which are discussed in the testimony of Mr. McMorran, totals an average of approximately \$523,500. In addition, the Company has set an average budget of approximately \$503,500 for WICA-eligible projects for the 2019 program year, for which the Company seeks preliminary approval.

WHEREFORE, Aquarion NH hereby respectfully requests the Commission:

- A. Authorize Aquarion NH to bill and collect a total WICA surcharge of 5.72% applicable to customers' water service billings effective as of January 1, 2017 on a service-rendered basis;
- B. Approve Aquarion NH's proposed 2017 projects for recovery under the Company's WICA mechanism in 2018, subject to the Commission's audit and prudence review of the final costs associated with those projects;
- C. Approve on a preliminary basis, Aquarion NH's proposed 2018 projects as being eligible for recovery through the WICA mechanism, subject to further refinement and review in 2017 and subject to the Commission's audit and prudence review of the final costs once the projects are completed and in service; and
- D. Grant such other and further relief as may be consistent with the public interest.

Respectfully submitted,

AQUARION WATER COMPANY
OF NEW HAMPSHIRE, INC.

By Its Attorney



Date: October 14, 2016

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CERTIFICATE OF SERVICE

I hereby certify that a copy of this Petition for Approval of 2017 Water Infrastructure and Conservation Adjustment Surcharge and Proposed Projects has been forwarded to the Office of the Consumer Advocate, Town of North Hampton, North Hampton Water Commission, Town of Rye, and Town of Hampton.

Dated: October 14, 2016



Marcia A. Brown, Esq.