

AQUARION WATER COMPANY OF NEW HAMPSHIRE

DW 06-094

Aquarion Water Company's Responses to Staff Data Requests

Data Request Received: July 14, 2006  
Request No.: OCA 3

Date of Response: July 24, 2006  
Witness: Chris Leslie

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REQUEST: Is Macquarie willing to agree to limit the level of dividends paid by Aquarion-NH to at least maintain the current percentage of equity in the company's capital structure?

RESPONSE: Aquarion-NH maintains a targeted dividend payout ratio which is subject to cash flow requirements due to capital expenditures. One key driver behind this policy is to maintain a favorable capital structure. Macquarie ownership plans to take a comparable approach and has no plans to alter the capital structure through modification of the dividend policy. While the equity portion of the capital structure may rise or fall based on the level of the Company's earnings and borrowings, Macquarie's approach to the capitalization of the business will remain largely unchanged and consistent with past practice. However, Macquarie does not believe it would be prudent to obligate itself to maintain a particular debt to equity ratio or dividend payout ratio because such an agreement would limit management's ability to respond to changing circumstances in the manner it believed to be in the best interests of the utility and its customers.

ORIGINAL	
N.H.P.U.C. Case No.	DW 06-094
Exhibit No.	6
Witness	Naylor
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