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December 23, 2011

***Via Electronic Mail and Hand Delivery***

Debra A. Howland  
Executive Director  
New Hampshire Public Utilities Commission  
21 S. Fruit St., Suite 10  
Concord, New Hampshire 03301



Re: DW 11-238, Aquarion Water Company of New Hampshire, Inc.  
Water Infrastructure and Conservation Adjustment (WICA)  
2012 WICA Surcharge and 2012-14 Projects  
Response to Town of Hampton's Position

Dear Ms. Howland:

Aquarion Water Company of New Hampshire, Inc. ("Aquarion" or the "Company") submits this response to the Town of Hampton's (the "Town") objection to the Company's proposed 3.7269% WICA surcharge for 2012.

The Town objected to the WICA surcharge on the grounds that the Company intends to file its next rate case in 2012 and that it had hoped that the WICA program could help decrease the frequency of rate cases. As the Commission recognized in its Order No. 25,019 from the Company's prior last rate case, Docket DW 08-098, the WICA process was implemented to incentivize the Company to accelerate necessary improvements to its infrastructure to improve service to customers and mitigate rate shock. *See Aquarion Water Company of New Hampshire, Inc.*, DW 08-098, Order No. 25,019, at 17 (September 25, 2009). The WICA has enabled the Company to achieve these goals – the Company has made significant improvements to its infrastructure since commencing the WICA pilot program and recovery of the associated costs are implemented annually and gradually until the time of a general rate case. The interests of gradualism and providing the Company a reasonable opportunity to earn its allowed return also require the Company to seek periodic rate relief, rather than filing a rate case after a long period of time when a more substantial increase would likely be required. For this reason, the Company does not believe that its stated intention to file a general rate case in 2012 provides an appropriate basis to reject the Company's request and Staff's recommendation in this case.

Debra A. Howland  
December 23, 2011  
Page 2

Accordingly, Aquarion requests the Commission approve its 3.7269% WICA surcharge for 2012.

Sincerely,

A handwritten signature in black ink, appearing to read 'J. Pak', with a large, stylized initial 'J'.

Jinjue Pak

cc: Service List  
Steven V. Camerino, Esq.  
John J. Ratigan, Esq., Town of North Hampton  
Stephen Fournier, Town of North Hampton  
Mark S. Gearreald, Esq., Town of Hampton  
Frederick Welch, Town of Hampton  
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