

Town of Hampton



December 31, 2014

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

Re: DW 14-300, Aquarion Water Company of New Hampshire, Inc.
Water Infrastructure and Conservation Adjustment (WICA)
2015 WICA Surcharge and 2015-17 Projects
Town of Hampton statement of position

Dear Ms. Howland:

On October 29, 2014, Aquarion Water Company of New Hampshire, Inc. (Aquarion) filed its petition for approval of a 2015 WICA surcharge of 2.5386% to be effective as of January 1, 2015, and its proposed 2015-2017 capital projects under its WICA tariff provision. The Commission had approved the WICA as a pilot program in Order No. 25,019 (September 25, 2009) in docket DW 08-098, two complete rate cases ago. In the latest complete rate case in Order No. 25,539 (June 28, 2013) in docket DW 12-085, the Commission continued Aquarion's WICA program on a pilot basis until it is evaluated in the Company's next base rate case.

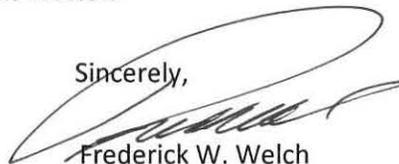
As noted on page 5 of Order No. 25,019 (September 25, 2009), the Town of Hampton was not a party to the settlement agreement approved by that Order that established the WICA pilot program. The Town has since then continually expressed concern for the magnitude and frequency of Aquarion's rate increases, which the WICA program was originally supposed to lessen. The Commission itself has commented in its Order No. 25,539 on page 26 that "it appears unlikely that the program will extend the time between rate cases as was originally projected." It was hoped that the WICA program could help decrease the frequency of rate cases and rate shock, but this has not proved to be the case.

On day 1 of the hearing in DW 12-085 (Transcript of May 23, 2103 at pages 137 to 138), I testified in objection to the WICA program that the WICA rate increase ends up with customers paying forward for the capital improvements involved on a continual basis as opposed to a short fixed time period. The WICA program does not have it disappear off the rate. Instead, as indicated at the technical session by Troy M. Dixon, Aquarion's Director of Rates and Regulation, the period of time involved (book depreciation rate) is 1.2% for 83 years. Where Aquarion finances these improvements, according to the answer Mr. Dixon provided to Data Request No. TS-1 through a combination of unspecified internal and external financing and in part over a short term at a rate of 2.77%, consumers end up paying over 83 years, many times over the cost of the capital improvements. That customers will not be feeling the 2.5386% rate increase right away due to the pending application of the three year amortization of benefits arising from the change in tax regulations, provides only short term relief: every year until the next rate case, Aquarion will be seeking an additional WICA surcharge increase that will pancake on top of the 2.5386% rate now being sought to be approved.

Accordingly, for the above reasons, the Town of Hampton objects to the WICA proposal for 2015. As the Commission has already heard and rejected the same grounds in its Order No. 25,539 on pages 26-27, the Town of Hampton is not seeking to have the Commission conduct a further hearing before ruling on the pending 2015 WICA surcharge petition. However, the Town wishes to register its objections once again through this letter of position so that its concerns are not forgotten in the rush to enable Aquarion to impose its WICA increase as close to January 1, 2015 as possible.

Thank you for your attention to this matter.

Sincerely,



Frederick W. Welch
Hampton Town Manager

cc. Hampton Board of Selectmen
Town Attorney
Service List (via e-mail)