

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DW 25-010

AQUARION WATER COMPANY OF NEW HAMPSHIRE, INC.

**Petition for WICA Surcharge Approval for Projects Completed in 2023-2024 and
Budget Approval for Project Years 2025-2027**

Order *Nisi* Granting Petition

O R D E R N O. 28,150

May 27, 2025

In this order, the Commission GRANTS Aquarion Water Company of New Hampshire, Inc. (Aquarion) amended petition for approval of its 2025 Water Infrastructure Conservation Adjustment (WICA) surcharge of 3.47 percent related to completed 2023-2024 projects and APPROVES the planned projects from 2025-2026.

I. BACKGROUND

In Order No. 25,019 (September 25, 2009), the Commission authorized Aquarion to implement the WICA. The WICA allows Aquarion to establish a surcharge to its rates, within certain limits, to recover for its capital spending on eligible projects completed in service between rate cases. *Id.* at 2. The purpose of the WICA was to incentivize Aquarion to undertake appropriate water system improvement projects promptly and reduce rate shock to customers. *Id.* Specifically, the WICA surcharge allows Aquarion to recover for non-revenue producing assets, including the replacement of meters, hydrants and service lines, replacement of existing mains and valves that have reached the end of their useful life, water main line cleaning and relining projects, and relocations that are not reimbursable, replacement of production meters, and replacement of pressure-reducing valves. *Id.* Additionally, Aquarion may

recover costs related to emergency/reactive replacement of service lines, valves, and hydrants, but only for amounts over \$75,000. *See* Order No. 27,659 at 7.

Since establishing the WICA, the Commission has renewed and modified the program in Aquarion's subsequent rate cases in Order No. 25,539 (June 28, 2013) in Docket No. DW 12-085 and Order No. 26,659 (July 22, 2022) in Docket No. DW 20-184. Consistent with these orders, and the implementing tariff language, Aquarion is required to make an annual filing consisting of two separate components: (1) completed water system improvement projects from the prior calendar year along with any proposed adjustments to the WICA surcharge to recover the Company's costs for those completed projects; and (2) proposed projects for the next three years. *Id.* at 8.

With respect to the first component related to past projects, the Commission must review each of the projects to determine whether they are both eligible for recovery under the WICA and are prudent, used, and useful under RSA 378:28. *See id.* With this filing, Aquarion must also submit any proposed adjustments to the WICA surcharge to recover for the completed expenses over a twelve-month period. *Id.* The current recovery period is from April 1 to March 31 of the following year. Aquarion's Amended Petition changes the effective date of the surcharge from April 1, 2025, to July 1, 2025. *See* February 27, 2025 Motion to Amend Petition at 1. Aquarion is also required to file a return-on-investment analysis in its WICA submission. *See* Order No. 26,659 at 7. If the analysis indicates that Aquarion exceeded the weighted cost of capital approved in its last rate case, which is currently 7.54 percent, by more than fifty basis points for any calendar year, then the company cannot seek to increase its WICA surcharge that year. *Id.* at 5, 7. Instead, the previously approved WICA surcharge remains in effect until the next WICA adjustment or the following base rate case is filed. *Id.* Under these circumstances, the Commission must still review the

completed projects because while Aquarion may not adjust its rates for that particular year, it may include the approved plant investments for recovery in a future WICA filing. *Id.*

The second component of the WICA filing requires the Commission to review Aquarion's proposed WICA projects for the coming three years. Specifically, in each WICA filing, Aquarion must file its proposed projects for the subsequent calendar year (Year 1) and the calendar year following Year 1 (Year 2) for Commission review and initial approval of project eligibility for recovery through the WICA surcharge. *Id.* Aquarion must also file its proposed infrastructure projects for the year following Year 2 (Year 3), but this portion of the filing is for information purposes only. *Id.*; *see also* Order No. 26,659 (July 29, 2022) in Docket No. DW 21-020 at 7.

II. AQUARION'S 2025 PETITION AND COMMISSION ANALYSIS

On January 31, 2025, Aquarion filed its petition for Commission approval of its 2025 WICA surcharge. Subsequently, Aquarion filed a motion to amend the petition, revising the requested surcharge from 3.39 percent to 3.47 percent. The Commission granted the motion to amend the petition on March 3, 2025. Currently, the surcharge is set at zero. Aquarion seeks confirmation that certain water infrastructure projects completed in 2023 and 2024, totaling \$1,581,261 and \$1,049,263, respectively, were prudent, used, and useful under RSA 378:28 (2009) and eligible for recovery through the WICA surcharge. Aquarion is also seeking initial approval of its estimated WICA budgets for 2025, ranging from \$744,600 to \$1,012,800, and 2026, ranging from \$1,170,000 to \$1,533,000. The New Hampshire Department of Energy (DOE) filed a technical statement supporting Aquarion's petition as amended. As explained below, the Commission APPROVES the petition.

Consistent with the WICA requirements, Aquarion has submitted a filing that lists both its completed projects from calendar year 2023 and 2024, as well as its proposed projects for 2025 through 2027. The Commission will review the filing for each year from 2023 through 2026. Because the 2027 information was filed for informational purposes only, the Commission takes no further action with respect to that part of the filing. For each relevant year, the Commission will lay out Aquarion's requested relief, the DOE's position, and the Commission's analysis and conclusion. The Commission notes that, as the party seeking to include additional costs in its rate base, Aquarion bears the burden of demonstrating that all costs are recoverable. *See* RSA 378:8 (2009).

A. 2023 and 2024 WICA Expenses

Aquarion first seeks a determination that the projects the company completed in 2023 and 2024 were prudent, used, and useful and properly included in the costs recoverable through the WICA surcharge. In total, Aquarion seeks approval of \$2,630,524 in capital expenditures related to water infrastructure projects completed in the years 2023 and 2024. *See* Testimony of Daniel R. Lawrence, Amended Attachment DL-1 at 1. The surcharge calculation did not include the completed hydrant and service investments because they did not exceed the \$75,000 threshold established in Order No. 26,659. *See* Testimony of Debra Szabo at 7. Finally, Aquarion's return-on-investment of 7.98 percent exceeds the 7.54 percent weighted cost of capital approved in its last rate case by less than 50 basis points, which allows the company to seek to adjust the WICA surcharge to 3.47 percent beginning July 1, 2025, in this filing. *See* Id at 5.

On April 22, 2025, the DOE filed the technical statement of Utility Analyst David Goyette. On behalf of the DOE, Mr. Goyette reviewed the petition and engaged in

discovery with Aquarian. Upon review, the DOE confirmed (1) the proposed 3.47% surcharge for recovery of the 2023 and 2024 projects was determined correctly, and (2) the proposed 2025 and 2026 capital projects are WICA eligible. *See* DOE Technical Statement at 2.

In reviewing Aquarion's request, the Commission will first determine whether the listed projects are recoverable through the WICA surcharge and then consider whether all projects recoverable through the WICA surcharge are used and useful, and prudent investments.

i. Costs Recoverable through the WICA Surcharge

Pursuant to the orders creating and amending the WICA surcharge, Aquarion is entitled to recover for any "water system improvement project," which predominantly are repairs to water mains. However, recovery for repairs to service lines, valves, and hydrants is limited to \$75,000. Based on the Company's testimony and the DOE's technical statement, the Commission determines that the presented costs are all recoverable through the WICA surcharge as expenditures incurred to replace water mains and service lines, valves, and hydrants under the \$75,000 threshold.

ii. Whether the Projects in 2023 and 2024 are Used and Useful, and Prudent Investments

The Commission must now determine whether the listed projects, totaling \$1,581,261 in 2023 and \$1,049,263 in 2024, were prudent investments and used and useful under RSA 378:28 (2009), and thus recoverable in a future WICA proceeding. The DOE supports Aquarion's position that those projects were prudent investments in the Company's system, and a Commission finding that each project is used and useful.

Based on the record and relying on the DOE's recommendation, the Commission finds that each of Aquarion's 2023 and 2024 water infrastructure

projects is used and useful, and a prudent investment in the Company's system. Specifically, the Commission accepts Aquarion's representations that each of these projects was completed in 2023 or 2024, that each project was necessary to improve the Company's water system and prevent water loss, and that each project's cost was reasonable. Accordingly, the Commission authorizes Aquarion to recover \$2,630,524 in water system improvement projects in a future WICA proceeding.

B. 2025 and 2026 Projects

Aquarion seeks initial approval of the Company's estimated projects for 2025 and 2026, and a finding that those projects will be eligible for recovery through the WICA. Aquarion's proposed 2025 projects include repairing or replacing three water main line projects at an estimated cost of \$744,600 to \$1,012,800. In 2026, Aquarion proposes one project related to repairing and replacing water main lines with an estimated cost of \$1,170,000 to \$1,533,000. The DOE recommends that the Commission grant initial approval of Aquarion's 2025 and 2026 projects and make a preliminary finding that the 2025 and 2026 projects are eligible for recovery through the WICA.

In reviewing the 2025 and 2026 estimated projects, the Commission's task is to determine whether the listed projects are eligible for recovery through the WICA — i.e., that they are appropriate water system improvement projects. Having reviewed the list of projects, the associated pre-filed testimony of Aquarion's witness, and the DOE's technical analysis, the Commission finds, on a preliminary basis, that Aquarion's proposed 2025 and 2026 projects appear to be eligible for recovery in future WICA proceedings, subject to future determinations that the projects are used and useful and prudent investments.

Based upon the foregoing, it is hereby

ORDERED *NISI*, that subject to the effective date below, Aquarion's amended petition is GRANTED;

FURTHER ORDERED, that subject to the effective date below, Aquarion's 2025 WICA surcharge of 3.47 percent is hereby APPROVED for projects completed in 2023-2024; and it is

FURTHER ORDERED, that Aquarion's schedule of 2025 and 2026 capital projects under its WICA tariff is APPROVED on a preliminary basis, subject to further review by the DOE and Commission; and

FURTHER ORDERED, pursuant to N.H. Code Admin. Rules Puc 1603, Aquarion shall submit properly annotated revised tariff pages within 15 days of the effective date of this order; and it is

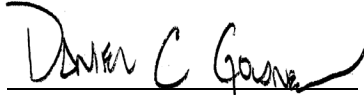
FURTHER ORDERED, that Aquarion shall post a copy of this order on the Company's website within two business days of the date of this order with an affidavit of publication to be filed with this office on or before June 3, 2025; and it is

FURTHER ORDERED, that all persons interested in responding to this order be notified that they may submit their comments or file a written request for a hearing, stating the reason and basis for a hearing, no later than June 10, 2025, for the Commission's consideration; and it is

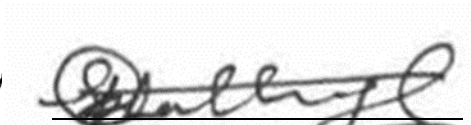
FURTHER ORDERED, that any party interested in responding to such comments or request for hearing shall do so no later than June 17, 2025; and it is

FURTHER ORDERED, that this order shall be effective July 1, 2025, unless Aquarion fails to satisfy the publication obligation set forth above, or the Commission provides otherwise in a supplemental order issued prior to the effective date.


By order of the Public Utilities Commission of New Hampshire, this twenty-seventh day of May, 2025.



Daniel C. Goldner
Chairman



Pradip K. Chattopadhyay
Commissioner



Mark W. Dell'Orfano
Commissioner

Service List - Docket Related

Docket#: 25-010

Printed: 5/27/2025

Email Addresses

amanda.o.noonan@energy.nh.gov
Bridget.Y.Heffernan@energy.nh.gov
ClerksOffice@puc.nh.gov
david.n.goyette@energy.nh.gov
douglas.brogan@gmail.com
dszabo@aquarionwater.com
Energy-Litigation@energy.nh.gov
gary.m.cronin@energy.nh.gov
jayson.p.laflamme@energy.nh.gov
jessica.chiavara@eversource.com
junger@aquarionwater.com
Molly.M.Lynch@energy.nh.gov
ocalitigation@oca.nh.gov
paul.b.dexter@energy.nh.gov
Robyn.I.Sarette@energy.nh.gov
robyn.j.descoteau@energy.nh.gov