



Request for Water Rate Increase Frequently Asked Questions

Aquarion Water Company of Massachusetts (Aquarion) is seeking its first rate increase in six years. The Company is requesting permission from the Massachusetts Department of Public Utilities (DPU) to raise rates to cover the costs of investments we have made in our infrastructure during the past six years, and to cover increases in our expenses.

While we are mindful of the impact that rate increases have on residents and businesses, investing in our infrastructure ensures that we can continue to consistently provide our customers with high quality water, improve the quality of service, and conserve essential water resources. It also benefits communities by ensuring a reliable water supply.

What are the primary reasons Aquarion is seeking a rate increase?

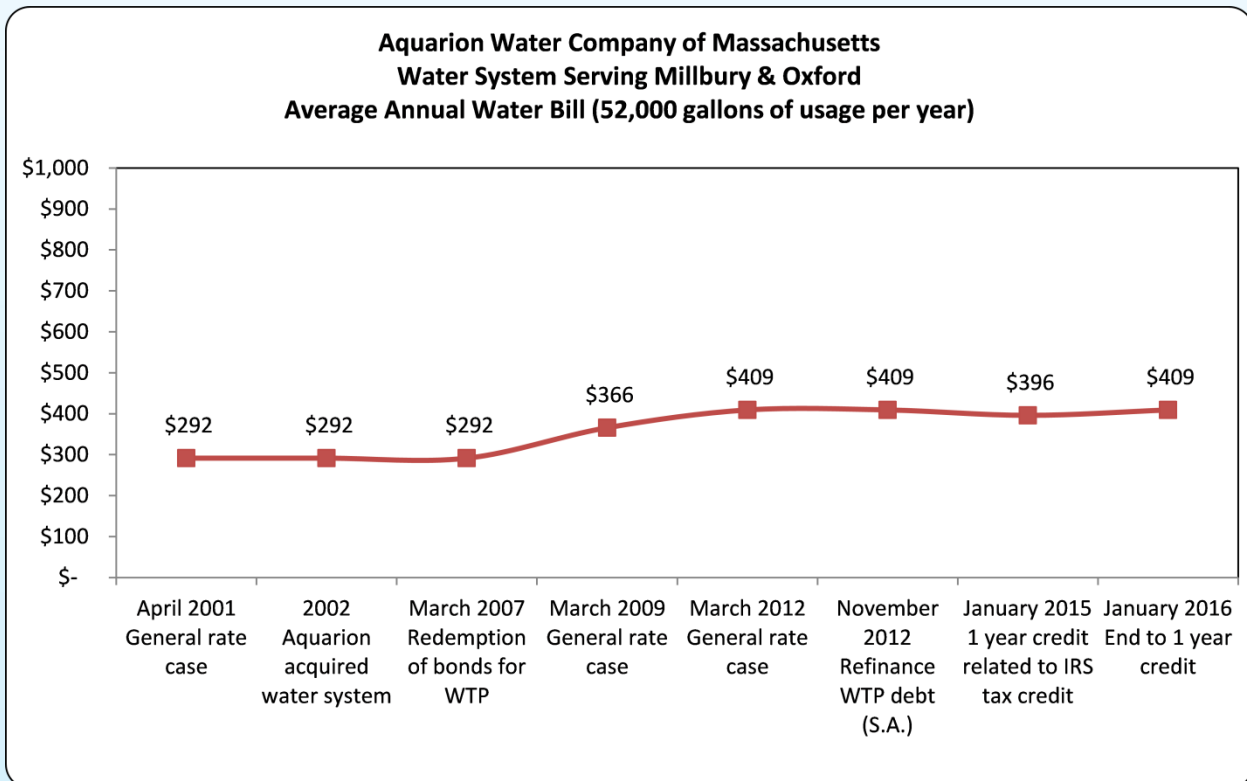
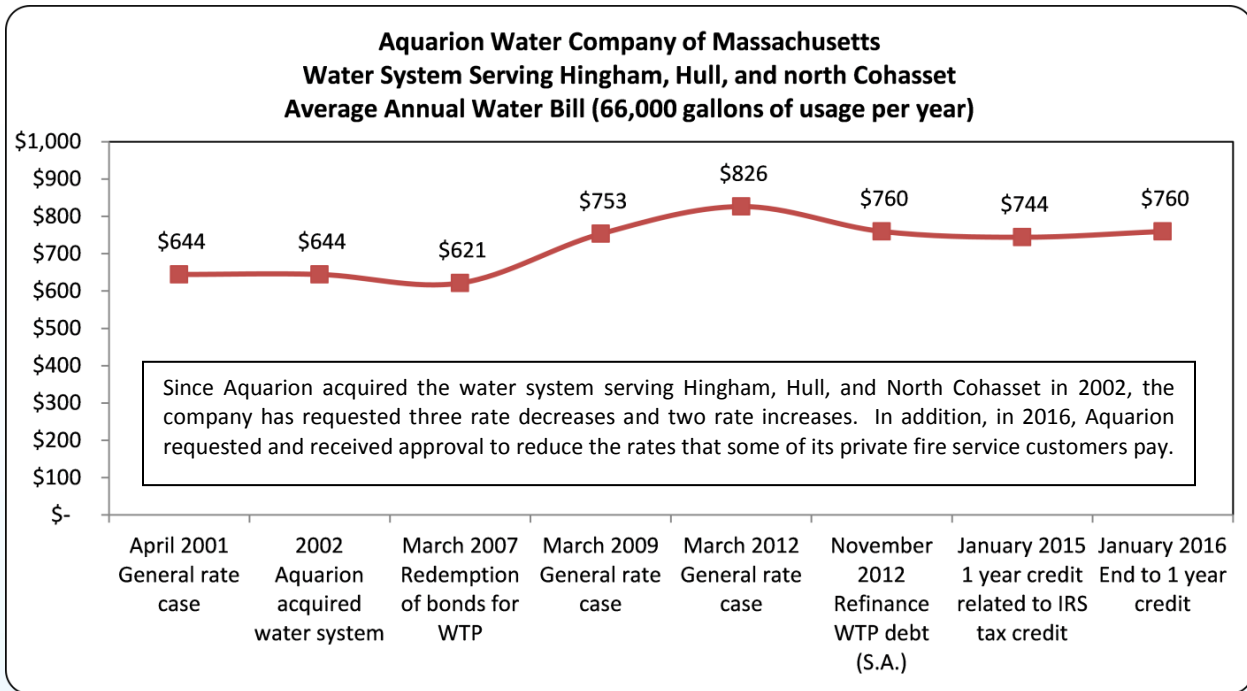
- Investment in the infrastructure - Aquarion has invested approximately \$18.9 million in the water infrastructure in the past six years, including investments in treatment facilities, water sources, and pipelines.
- Increases in Expenses - Since our last request for a rate increase six years ago, we have been able to reduce some of our expenses – such as the cost for the chemicals that we use to treat the water – and minimize the increase in other expenses – such as electric costs, which have increased at a rate of less than 1% per year. For other cost categories, our costs have increased over the years. This includes our property taxes, salaries and wages, and pension costs.
- About half of our requested rate increase will cover the cost of our investments in the infrastructure, and about half will cover the cost of increased expenses.

What would the requested rate increase mean to me as a customer? How much will my water bill increase?

- The average residential customer in Hingham, Hull, and North Cohasset uses 66,000 gallons of water per year, and our request would result in an increase in the average residential customer's bill of about 14.2% or \$9.01 per month (\$108.12 annually).
- The average residential customer in Millbury and Oxford uses 52,000 gallons of water per year, and our request would result in an increase in the average residential customer's bill of about 16.7% or \$5.70 per month (\$68.40 annually).
- Once approved, the adopted rates will take effect in March 2018.



- The following graphs show the history of Aquarion's rates.





Since Aquarion acquired the water systems serving Hingham, Hull, North Cohasset, Millbury, and Oxford in 2002, how do Aquarion's rates compare to other public water systems?

- If the proposed new rates are approved by the DPU, it would mean that from 2001 through 2018, Aquarion's rates in Hingham, Hull, and North Cohasset will have increased at a rate of 1.9% per year, and our water rates in Oxford and Millbury will have increased at a rate of 3.1% per year.
- This is significantly lower than the 4.9% per year rate increase that the average water utility in Massachusetts has experienced from 2000 through 2014 (source: Tighe & Bond 2014 Massachusetts Water Rate Survey).

How does Aquarion rank in terms of performance compared to other water utilities in Massachusetts?

- For the third time (2013, 2014, 2016) in four years, Aquarion recently received the Public Water System Award for Outstanding Performance from Massachusetts Department of Environmental Protection (MassDEP) for its water system serving in Hingham, Hull, and North Cohasset. Only a select few public water systems in the state receive the award each year.
- The criteria used by MassDEP to select top performing water systems includes overall water quality, adherence to state regulatory compliance for more than 90 contaminants, and going above and beyond the MassDEP regulatory requirements.
- In 2014, Aquarion's water system serving Millbury received this same award.

How does Aquarion rank in terms of performance compared to other water utilities across the United States?

In 2016, JD Power ranked Aquarion as one of the best water utilities in the United States. Specifically, Aquarion ranked first among investor-owned water utilities and fifth among 84 of some of the U.S.'s largest private and public water utilities. The survey considered overall customer satisfaction using six factors including water delivery, price, billing and payment, conservation, communications and customer service.

Will the company seek to have its customers pay for its legal costs associated with the Town of Hingham's attempt to acquire the water system?

No. The company has spent a considerable amount of money on legal expertise to defend against the Town of Hingham's attempt to acquire the water system for the past five years. While there is precedent that indicates that we would be able to get approval to recover these costs through water rates, we have decided that we will NOT ask our customers to pay these costs.