



Aquarion Water's Rate Proposal Increase Slashed in PURA's Final Decision

At a Special Meeting held on Tuesday, September 24, 2013 the Public Utilities Regulatory Authority (PURA) approved a Final Decision in a rate case for the Aquarion Water Company of Connecticut (Aquarion) (Docket No. 13-02-20), that allowed a rate increase of \$13,915,886 or 8.6% above current levels. PURA's Decision is in sharp contrast to the Company's proposed rate increase of \$27.2 million in the first rate year (17.1%) and subsequent annual increases of \$3.26 million or 1.8% in rate year 2 and an incremental \$3.84 million or 1.9% in rate year 3.

Many of the major areas of adjustment to Aquarion's Application contained in PURA's Final Decision are consistent with those recommended by the OCC in its Brief in this proceeding. These include increasing the forecasted rate year revenue levels to reflect actual normalized test year sales levels and reducing expenses associated with vehicles, insurance, acquisition costs, tank painting, pension and post-retirement benefits, incentive compensation and employee benefits. PURA's Decision also reduces Aquarion's return on equity from the 9.95% allowed in its 2010 rate case down to 9.63%.

Consistent with OCC's recommendations, PURA's Decision continues a movement toward rate equalization amongst Aquarion's numerous operating divisions. As a result, the rate increase approved in the Final Decision is not an across the board increase and customers in different geographic areas will see different levels of rate increase or decrease.