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P. O. Box 330
Manchester, NH 03105-0330



Stewards of the Environment™

1 Merrill Industrial Drive
Hampton, NH 03842

October 3, 2017

Frederick W. Welch
Town Manager
Town of Hampton
136 Winnacunnet Rd
Hampton, NH 03842

Paul L. Apple
Town Administrator
Town of North Hampton
233 Atlantic Avenue
North Hampton, NH 03862

Re: Requests of Towns Related to Aquarion Water Company Service Issues

Dear Messrs. Welch and Apple:

The Aquarion Water Company of New Hampshire, Inc. ("Aquarion") values its relationship with the Towns of Hampton and North Hampton, and is firmly committed to delivering safe, reliable and high quality water to our customers throughout your respective municipalities. Similarly, Eversource Energy ("Eversource"), through its subsidiary Public Service Company of New Hampshire, distributes electric and gas throughout the State of New Hampshire and recognizes the critical importance of maintaining safe and reliable utility service. Recently, Aquarion and Eversource have had discussions with you regarding a series of issues the Towns identified to us in relation to Aquarion's service quality, water supply, fire protection and related concerns in Hampton and North Hampton. We take your concerns seriously, and we value our discussions with you, including our hope for continuing dialogue on these issues affecting your residents and our customers. To that end, we would like to take this opportunity to summarize for you several key points from our recent discussions and confirm Aquarion's and the Towns' actions in this regard.

In moving forward on the proposed acquisition of Aquarion, Eversource stands firmly behind Aquarion's commitments and its plans for service in the Towns, and these will not change under Eversource's ownership.

The understandings set forth herein are based upon both Towns' agreements, as set forth more fully below, to pay their outstanding bills in full by October 15, 2017 and not to oppose

Eversource's proposed acquisition of Aquarion. Moreover, this letter of understanding deals with on-going and routine operational issues outside of the present proceeding before the New Hampshire Public Utilities Commission in its Docket No. DW 17-114; hence, this document is not intended to be presented to that Commission nor referred to during the referenced docket. Eversource, Aquarion and the Towns have agreed that should a party fail to honor its representations contained within this letter, the other party(ies) may bring the matter before the appropriate agency to request enforcement relief. The fact that a party made the representation will be admissible at such a preceeding.

- PFCs: Aquarion is firmly committed to investigating perfluorinated compound ("PFC") contamination that has recently been discovered as a threat to some of Aquarion's wells. Aquarion has developed an appropriate action plan and is taking decisive steps to address this issue. Aquarion's plan includes steps to address the Mill Road wellfield in coordination with the New Hampshire Department of Environmental Services ("NHDES"), as well as steps to investigate potential PFC sources in proximity to Aquarion's other wells in collaboration with all stakeholders. Aquarion will be conducting testing of its wells for PFCs in accordance with the attached *PFC Sampling Schedule* (Attachment 1). Aquarion also intends to evaluate treatment to address PFCs in the groundwater in wells at the Mill Road wellfield in accordance with the attached *Proposed Mill Road Wellfield PFC Treatment Evaluation* (Attachment 2).
- Exeter Road Water Storage Tank: Aquarion is developing a plan to construct a new tank in the same pressure zone as the Exeter Road tank in Hampton (specific location to be determined). Based on the information we have today, Aquarion's current intent is that planning for the new tank will likely occur in 2018, design and permitting in 2019, and construction in 2020/2021. Aquarion has initially determined that the cost of a new tank will be approximately the same as rehabilitating the existing tank, which was Aquarion's original plan. There is value to having two tanks in the same pressure zone, therefore we will also evaluate the cost and benefit of rehabilitating the existing tank following construction of the new tank. Aquarion will evaluate the costs (and rate impact) of these options and will share that information with Town officials and the New Hampshire Public Utilities Commission ("NHPUC"). Aquarion recognizes that Hampton officials are also concerned about disruption to their emergency communications antennae on the existing tank, and will work with Hampton to address those concerns.
- Large Groundwater Withdrawal Permit Application/Well #22: Aquarion is pursuing efforts to develop Well #22 as a source of supply to its customers in Hampton, North Hampton, and Rye, consistent with its obligations under RSA 374:1. Aquarion has retained Geosphere Environmental Management, Inc. to assist it with its permit application. In addition, we have reviewed the comments on our application from the Town of Hampton's consultant, Dr. Thomas Ballesterio. Although some of his recommendations exceed what is required by the NHDES, we believe there is value in several of his recommendations. To that end, we plan to incorporate some of his recommendations into our Well #22 permitting plans. To ensure that the recommendations are deemed prudent and in accordance with all requirements of RSA Chapter 378, Aquarion will also be seeking input from the NHPUC. It is understood that

the Towns reserve the right to continue to participate in the Well #22 permitting plans of Aquarion before the appropriate regulatory and appellate bodies.

- Hydrants: As a result of meetings with the Towns, Aquarion has developed two report formats for hydrant maintenance: a summary report and a detailed report (Attachment 3). It is our understanding that officials from both Towns agree that these report formats are acceptable. Aquarion will provide quarterly hydrant maintenance reports to town officials within 30 days of the end of each calendar quarter using these new report formats. Aquarion will begin using these new report formats starting in 2018, with the first quarterly report due by the end of April 2018.¹
- The Towns have withheld payment to Aquarion for certain matters. The commitments made by Aquarion herein are conditioned upon the Towns paying all outstanding Aquarion bills on or before October 15, 2017, with no late fees or interest charges.
- Regular Quarterly Attendance at Board of Selectmen's Meetings and Attendance at other Public Meetings. Aquarion is committed to open communications with Town officials. Aquarion agrees to take the lead on scheduling a "stakeholder" meeting on a regular basis, inviting representatives of Hampton, North Hampton, and Rye, including providing quarterly updates to the Boards of Selectmen. The frequency of these meetings and updates will be periodically reviewed and mutually agreed upon by Aquarion and town officials.
- Inclining Block Rates. The Towns have requested Aquarion to make a proposal in its next rate case to implement inclining block rates. We believe this request is already addressed in that the NHPUC has ordered Aquarion to prepare a Cost of Service study for its next rate case. See *Aquarion Water Company of New Hampshire, Inc.*, Docket No. DW 12-085, Order No. 25,539 (2013). Aquarion plans to investigate the appropriateness of inclining block rates in that Cost of Service study.
- Eversource Acquisition: In providing of this letter, the Towns have represented to the Companies that they will not oppose Eversource's proposed acquisition of Aquarion pending before the NHPUC in its Docket No. DW 17-114. The Towns have also expressed interest in several specific aspects of the pending acquisition of Aquarion by Eversource, and we are pleased to address the following issues related to the acquisition:
 - Acquisition Premium. The Towns requested that "no acquisition premium...be put into the rate base or recovered from customers." This is consistent with Eversource's filing with the NHPUC. As stated in paragraph 20(d) of the Joint Petition pending at the NHPUC in Docket No. DW 17-114, "[t]he Joint Petitioners do not propose to record an acquisition premium on the books of account of Aquarion-NH as a result of the Transaction."

¹ Please note that the 2017 hydrant maintenance activities will be reported using the same format that Aquarion used for its 2014, 2015, and 2016 reports because Aquarion has to re-configure its maintenance management system before it can start capturing information and reporting in the new report formats.

- Savings to Customers and Transaction Costs. The Towns requested that “[a]ny ‘savings’ realized from the acquisition are to be reflected in lower rates to customers.” The Towns further requested that “[a]ll transaction costs from the acquisition are to be waived and not charged to the customers.” We believe these issues are also addressed in the Joint Petition. Aquarion and Eversource have requested the opportunity to recover transaction costs if and only to the extent that they can demonstrate savings from the transaction to customers in a future rate case. Transaction costs would be recovered only from net savings. Customers would see the benefit of any acquisition-related savings in a future rate case. It is understood that the Towns may, in the future proceedings, oppose the requested recovery.
- Regular Provision of Financial Information. Aquarion is required to file detailed financial information each year with the NHPUC that is publicly available on the Commission’s web site. NHPUC Staff audits these financials. Going forward, Eversource, as a publicly-traded company, makes financial information concerning its subsidiaries available on its web site. Based on the availability of this information, we believe the Towns will have access to comprehensive financial information.

Going forward, Aquarion looks forward to continuing to provide its high level of water service under Eversource ownership.

Sincerely,

Donald J. Morrissey
Executive Vice President and
Chief Financial Officer
Aquarion Water Company of New
Hampshire

John M. Moreira
Vice President-Financial Planning and
Analysis
Eversource Energy Service Company

Proposed PFC Sampling Schedule

Attachment 1

- (1) Aquarion will collect samples at the locations noted below at the approximate dates noted below, and have these samples analyzed for PFC concentrations.
- (2) Aquarion will provide test results to Town officials within 7 days of receiving the results from the laboratory.
- (3) Aquarion will re-evaluate testing frequency after the 6-month testing period.

Location	Sample Location	Target Date				
		2017		2018		
Well 5A	yard hydrant	18-Sep	16-Oct	13-Nov	11-Dec	8-Jan
Well 6	yard hydrant	18-Sep	16-Oct	13-Nov	11-Dec	8-Jan
Well 7	yard hydrant			13-Nov		12-Feb
Well 8A	yard hydrant	18-Sep	16-Oct	13-Nov	11-Dec	8-Jan
Well 9	yard hydrant			13-Nov		12-Feb
Well 10	yard hydrant			13-Nov		12-Feb
Well 11	yard hydrant	18-Sep	16-Oct	13-Nov	11-Dec	8-Jan
Well 12	yard hydrant			13-Nov		12-Feb
Well 13B	yard hydrant			13-Nov		12-Feb
Well 14	yard hydrant	18-Sep	16-Oct	13-Nov	11-Dec	8-Jan
Well 16	yard hydrant			13-Nov		12-Feb
Well 17	yard hydrant			13-Nov		12-Feb
Well 18	yard hydrant			13-Nov		12-Feb
Well 19	yard hydrant	18-Sep	see footnote*	13-Nov	11-Dec	8-Jan
Well 20	yard hydrant			13-Nov		12-Feb
Well 21	yard hydrant	18-Sep	16-Oct	13-Nov	11-Dec	8-Jan
Winnicut WTP	yard hydrant	18-Sep	16-Oct	13-Nov	11-Dec	8-Jan
Mill Road Tank	sample tap in vault	18-Sep	16-Oct	13-Nov	11-Dec	8-Jan
Exeter Road Tank	yard hydrant	18-Sep	16-Oct	13-Nov	11-Dec	8-Jan
Tide Mill PRV	sample tap in vault	18-Sep	16-Oct	13-Nov	11-Dec	8-Jan
Maple Rd PRV	sample tap in vault	18-Sep	16-Oct	13-Nov	11-Dec	8-Jan
North Hampton Fire Station	tap	18-Sep	16-Oct	13-Nov	11-Dec	8-Jan
Rye Store	tap	18-Sep	16-Oct	13-Nov	11-Dec	8-Jan

*Well 19 will be out of service in October for redevelopment

Proposed Mill Road Wellfield PFC Treatment Evaluation

September 14, 2017

With this proposed evaluation, Aquarion is committing to evaluating treatment to remove PFCs at some or all of its wells at its Mill Road wellfield. The decision to construct a treatment facility is not being made at this time. That decision will be made with input from all stakeholders (including public officials, NHDES, NHPUC, and customers), and will be based in part on information developed through this evaluation.

Task 1 Alternatives Analysis

- Wells to treat:
 - Treatment of Well 6 alone
 - Treatment of Wells 6, 8a, 9, and 11
 - Treatment of all wells at Mill Road (i.e. Wells 6, 8a, 9, 11, 20, 21)
- Treatment options:
 - Granular activated carbon (GAC)
 - Anion exchange
 - Blending of well waters
- Scope:
 - Summary of water quality and well flows
 - Analysis of treatment options
 - Design criteria
 - Site layout analysis
 - Schedule for design, permitting, and construction
 - Conceptual cost analysis (capital and O&M cost)
 - Analysis of impact on rates
- Deliverable: Alternatives Analysis Report
- Target completion date for report: November 1, 2017
- Review with town and state officials (including NHPUC and NHDES): November 1, 2017 through January 1, 2018
- Go/No Go Decision

Task 2 Preliminary Design and Bench-Scale Treatment Evaluation

- Bench-Scale Treatment Evaluation
 - Conduct bench-scale testing for selected treatment technology to refine design criteria and optimize media selection
 - Deliverable: Bench-Scale Treatment Evaluation Report
- Preliminary Design Scope:
 - Develop 30% design drawings and 30% project manual for selected treatment approach
 - Update cost estimate (capital and O&M cost)
 - Update schedule for design, permitting, and construction
 - Update analysis of impact on rates
- Documents: Bench-scale Treatment Evaluation Report, Preliminary Design Drawings and Manual, cost estimate, schedule
- Target completion date for documents: May 1, 2018
- Review with town and state officials (including NHPUC and NHDES): May 1, 2018 through July 1, 2018

- Go/No Go Decision

Task 3 Final Design and Permitting

- Scope
 - Develop final design drawings and project manual
 - Update cost estimate (capital and O&M)
 - Update analysis of impact on rates
 - Obtain local P&Z and NHDES permits
- Documents: Final Design Documents, cost estimate, schedule
- Target completion date for documents: December 1, 2018
- Review with town and state officials (including NHPUC and NHDES): December 1, 2018 through February 1, 2019
- Go/No Go Decision

Hydrant Maintenance Activities – Summary Report [town(s)] [time period]

Hydrant	Date of Maintenance Work	1. Inspected Hydrant	2. Flushed Hydrant	3. Hydrant Barrel Found Dry	4. Pumped Hydrant Barrel	5. Thawed Frozen Hydrant	6. Cleared Vegetation	7. Painted Hydrant	8. Repaired Hydrant
H001 Whitten Ave @ street #16	01/15/2015	1					1		
	02/13/2015	1					1		
	11/23/2015	1		1			1		
H002 Ashworth Ave @ P St	01/15/2015	1					1		
	02/13/2015	1					1		
	06/08/2015	1	1				1		
H005 Ashworth Ave @ C St	11/23/2015	1		1			1		
	01/15/2015	1					1		
	06/08/2015	1	1				2		
H006 Ashworth Ave @ Fire Station	11/23/2015	1		1			1		
	01/15/2015	1					1		
	06/08/2015	1	1				1		
H007 Ocean Blvd @ P St	09/16/2015	1	1				1		
	11/30/2015	1		1			1		
	01/15/2015	1					1		
H010 Epping Ave @ River Ave	02/13/2015	1					1		
	11/23/2015	1					1		
	03/06/2015	1					1		
H012 Ocean Blvd @ O St	06/08/2015	1					1		
	11/23/2015	1		1			1		
	01/15/2015	1					1		
H013 Ocean Blvd @ N St	02/13/2015	1					1		
	11/23/2015	1		1			1		
	01/15/2015	1					1		
H014 Ocean Blvd @ L St	02/13/2015	1					1		
	06/08/2015	1					1		
	11/23/2015	1		1			1		
H015 Ocean Blvd @ K St	01/15/2015	1					1		
	02/13/2015	1					1		
	06/08/2015	1					1		
H016 Ocean Blvd @ J St	11/23/2015	1		1			1		
	01/15/2015	1					1		
	02/13/2015	1					1		
H017 Ocean Blvd @ I St	06/08/2015	1					1		
	11/23/2015	1		1			1		
	01/15/2015	1					1		
H018 Ocean Blvd @ G St	02/13/2015	1					1		
	06/08/2015	1	1				1		
	12/04/2015	1	2	2			1		2
H019 Ocean Blvd @ Sea Shell	01/15/2015	1					1		
	06/08/2015	1					1		
	11/23/2015	1		1			1		
H020 Island Path @ Brown Ave	01/15/2015	1					1		
	03/06/2015			1			1		
	06/08/2015	1	1				1		
	11/30/2015	1		1			1		

Hydrant Maintenance Activities – Detailed Report

[town(s)]

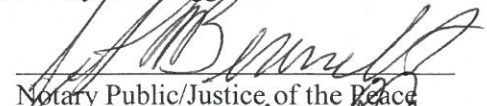
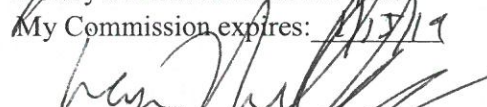
[time period]

Hydrant	Date of Maintenance Work	Tech/Inspector	Activities Performed	Activity Notes
H001 Whitten Ave @ street #16	3-May-07	JEATON	Residual PSI During Flow (Residual Hydrant)	67
			Static PSI Before (Residual Hydrant)	68
	20-Sep-07	JEATON	Backpressured hydrant	40 gals used
			Inspected Hydrant	oiled caps
	17-Oct-08	GDODDS	Backpressured hydrant	HYD 1, 89 Muller
			Inspected Hydrant	HYD 1, 89 Muller
	16-Apr-09	JEATON	Gallons Used	10100 gals used
			Inspected Hydrant	
	2-Oct-09	JEATON	Backpressured hydrant	100 gals used
			Inspected Hydrant	oiled caps
			Winterized / Drain hydrant	
	9-Feb-10	GDODDS	Winterized / Drain hydrant	dipped
	29-Nov-10	EWASSON	Backpressured hydrant	1 min
	1-Feb-11	GDODDS	Inspected Hydrant	dip
	23-Sep-11	BKNOWLTON	Painted Hydrant	
	17-Oct-11	MNORRIS	Inspected Hydrant	dipped, dry
	19-Oct-11	JEATON	Gallons Used	9520 gals
	9-Jan-12	GDODDS	Inspected Hydrant	dip
	27-Mar-12	GDODDS	Backpressured hydrant	
			Gallons Used	20
			Inspected Hydrant	oiled caps
	16-Apr-12	GDODDS	Backpressured hydrant	did this hyd on march 29th already
			Gallons Used	20
			Inspected Hydrant	oil caps
	3-Oct-12	GDODDS	Winterized / Drain hydrant	dipped, dry
		JEATON	Gallons Used	10170
	8-Jan-13	GDODDS	Winterized / Drain hydrant	Dip, dry
	2-Apr-13	GDODDS	Backpressured hydrant	
			Gallons Used	22
			Inspected Hydrant	
			Static Pressure Reading	69
	2-Nov-13	MBRADLEY	Backpressured hydrant	
			Inspected Hydrant	
	3-Dec-13	RTILTON	Painted Hydrant	
H002 Ashworth Ave @ St	17-Sep-07	JEATON	Backpressured hydrant	50 gals used
			Inspected Hydrant	Oiled caps
	17-Oct-08	GDODDS	Backpressured hydrant	HYD 2, 04 Muller
			Inspected Hydrant	HYD 2, 04 Muller
	16-Apr-09	JEATON	Gallons Used	8400 gals used
			Inspected Hydrant	
	3-Sep-09	JEATON	Backpressured hydrant	40 gals used
			Inspected Hydrant	oiled caps/ needs paint
			Winterized / Drain hydrant	hydrant drains
	9-Feb-10	GDODDS	Winterized / Drain hydrant	dipped
	29-Nov-10	EWASSON	Backpressured hydrant	1 min
	1-Feb-11	GDODDS	Inspected Hydrant	dip
	15-Aug-11	BKNOWLTON	Painted Hydrant	
	5-Oct-11	JEATON	Gallons Used	13000 gals
	17-Oct-11	MNORRIS	Inspected Hydrant	dipped, dry

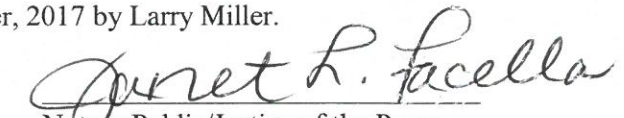
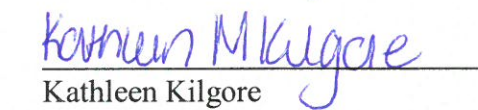
**Town of North Hampton
By its Select Board**


Jim Maggiore, Chairman

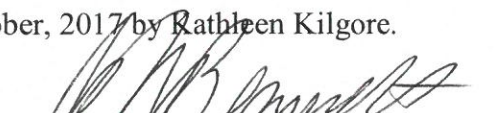
Subscribed and sworn to before this 4th day of October, 2017 by Jim Maggiore.


Notary Public/Justice of the Peace
My Commission expires: 1/15/19

Larry Miller

Subscribed and sworn to before this 4th day of October, 2017 by Larry Miller.


Notary Public/Justice of the Peace
JANET L. FACELLA
My Commission Expires November 18, 2020

Kathleen Kilgore

Subscribed and sworn to before this 4th day of October, 2017 by Kathleen Kilgore.


Notary Public/Justice of the Peace
My Commission expires: 1/15/19