



AQUARION

Water Company

Stewards of the Environment™

Customer Public Hearing Notice – Eastern & Southern Divisions

Dear Aquarion Customer,

On March 28, 2013, Aquarion Water Company of Connecticut (“Aquarion”) filed an application with the Connecticut Public Utilities Regulatory Authority (“PURA”) for new water rates that are expected to become effective in September 2013. Aquarion is committed to providing quality drinking water and ensuring a reliable water supply to more than 625,000 residents across 47 Connecticut communities. This commitment requires investment in system infrastructure, including water mains, storage tanks, treatment plant upgrades, dam improvements and enhanced pump stations. In fact, since the Company’s last general rate filing, Aquarion will have invested more than \$143 million in water utility infrastructure improvements.

In order to maintain our ability to provide all of our customers with the high quality water and reliable service they expect, Aquarion has asked PURA to approve an increase in water rates that would add 26 cents a day on average to a typical residential household bill, reflecting an overall increase of 17.1%. This increase will vary by area. The cost information below reflects the increase for a 5/8” metered residential customer in your rate division using 6,000 gallons per month.

| Monthly Cost | <u>Current</u> | <u>Proposed</u> | <u>Increase</u> | <u>Increase %</u> |
|---------------------|-----------------------|------------------------|------------------------|--------------------------|
| | \$43.54 | \$51.52 | \$7.98 | 18.3% |

Customers served by larger meters may also receive similar increases depending on their specific usage. Additionally, in order to better match rates to costs, and to limit the size of future rate increases for customers and avoid the expense associated with filing successive new rate applications, the Company is proposing a 3-year rate plan. The rate increases for each of the second and third years would be approximately 1.8% and 1.9%, respectively. These increases will be recovered equally from all customers. Interested parties may contact the Company at (203) 445-7310 or (800) 732-9678 for specific information with respect to such rates.

Customers are welcome to provide comments on the application at any of the hearings or in writing to PURA at Ten Franklin Square, New Britain, CT 06051, or by sending an e-mail to PURA.ExecutiveSecretary@ct.gov. Please refer to Docket Number 13-02-20 in any written or electronic correspondence. If you have any questions about the public hearings, contact PURA at (800) 382-4586 (toll-free in CT) or you may check our website at www.aquarionwater.com for information on rates and the rate case process. In addition to hearings that will be held at the PURA’s office in New Britain, a number of local hearings are scheduled as follows:


| Date | Time | Place |
|------------------------|---------|--|
| Tuesday, June 18, 2013 | 6:30 PM | First Floor Conference Room, Independence Hall, 725 Old Post Road, Fairfield, CT |
| Monday, June 24, 2013 | 6:30 PM | Cafeteria, Mystic Middle School, 204 Mistuxet Avenue, Mystic, CT |
| Tuesday, June 25, 2013 | 6:30 PM | Auditorium, City Hall, 140 Main Street, Torrington, CT |
| Monday, July 8, 2013 | 6:30 PM | Auditorium – Eno Memorial Hall, Simsbury Senior Center, 754 Hopmeadow Street, Simsbury, CT |

We understand that customers may have questions about the proposed rate increase. In order to address some of those questions, we would like to stress the following points:

- The standards and regulations required to provide safe and sufficient water are increasingly more rigorous and expensive. These costs include higher operating costs to treat and test the water in addition to the millions of dollars of investment in capital required to maintain the reliability of our infrastructure, including the installation of emergency generators to assure a continued supply of water in the event of storm-related power outages – an investment that resulted in our maintaining better than 99.9% reliability during the recent unprecedented Storms Irene, Alfred and Sandy.
- Based on PURA's tracking, Aquarion has achieved the lowest number of customer complaints among all major regulated utilities in Connecticut since 2005.
- Aquarion's reliable water service and hydrant maintenance help fire departments across Connecticut protect lives, residences and businesses.
- Under the new rates, Aquarion will continue to be one of the best consumer values among essential services for Connecticut residents.

In summary, this request for rate relief is to ensure that we are able to continue providing high quality water with excellent, reliable service to all of our customers. We have worked hard to achieve our industry-leading customer service and efficiency and will continue to do our best to serve you.

Regards,



Charles V. Firlotte
President and Chief Executive Officer