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Aquarion Water Co. seeks \$3.1 million rate increase

TELEGRAM & GAZETTE STAFF

Aquarion Water Co. is seeking a \$3.1 million rate increase that, if approved, will mean a 33.5 percent rate increase to water customers in Millbury and Oxford by the end of this year.

Aquarion filed an application Wednesday requesting the \$3.1 million — or 24.80 percent — rate increase with the state Department of Public Utilities. The increase, which is the first rate increase proposed in seven years, will pay for water system improvements, according to Aquarion.

Recognizing that the proposed increase is significant to local ratepayers, Aquarion is also proposing an assistance program for low-income customers. Those who meet the criteria will be eligible for an annual \$50 credit on their water bill.

“Aquarion has aggressively sought to control its operating, maintenance and other expenses as much as possible, and, as a result, (has) been able to avoid a request for increased rates for approximately seven years,” Larry Bingaman, Aquarion senior vice president, said in a statement yesterday.

If the DPU approves the increase request, the rates for the average customer in Millbury and Oxford will increase from .005 cents per gallon to .007 cents per gallon. That comes to about 30 cents per day, or 33.5 percent. The company described the average customer as using about 175 gallons daily. Using that average, the monthly bill would rise from \$27.08 to \$36.14, according to Aquarion.

“While we recognize that no one is happy with the price increase, to put things in perspective, a 20-ounce bottle of water at a local convenience store costs between \$1.09 and \$1.49,” Mr. Bingaman said.

In the past seven years, the water company has added \$20.5 million in system improvements to the towns it serves. In addition to Millbury and Oxford, Aquarion serves customers in Hingham, Hull, North Cohasset and Norwell.

The rate increase request is to recover \$900,000 in additional improvements, primarily water-supply

Proposed water rate hike			
The average residential customer in Millbury and Oxford uses 64,000 gallons of water per year.			
Base rate	Per gallon	Per day	Per month
Current	\$0.005	\$0.89	\$27.08
Proposed	\$0.007	\$1.19	\$36.14
Increase	\$0.002	\$0.30	\$9.06
Source: Aquarion Water Co.			T&G Staff

improvements, slated for 2008.

Fire-protection service charges that towns pay to Aquarion would also increase by 13.39 percent.

The fire-protection charge is a fee assessed to towns to cover the cost of increasing the size of the water system’s supply, pumps, tanks, and mains by about 25 percent, to enable fire departments to use up to 3,500 gallons of water per minute to fight a fire.

Under the proposed rate structure, towns will be able to use as much water as needed rather than paying a volumetric fee.

The rate increase also addresses the implementation of a new system development charge to new customers to help pay for capital improvements for additional water sources as well as increase the size of the transmission and distribution mains. The company said the “growth paying for growth” concept is common to town-owned water systems and will help cushion future rate increases on existing customers.

The rate increase will address water conservation by implementing rates that increase with higher levels of use.

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