

Oxford may see 34% water rate hike

BY PATRICK SKAHILL, WEBSTER TIMES STAFF WRITER

OXFORD — Officials from Aquarion Water Company came before the Board of Selectmen last week, outlining their plans for a nearly 34-percent rate hike for Oxford and Millbury customers.

If approved by the Massachusetts Department of Public Utilities (MA DPU), this rate hike would equate to a near 25-percent boost in water service revenues for the company.

While the rate hikes are slated to be uniform between Oxford and Millbury, however, several town officials are arguing the company's expenses since 2001 have been nothing of the sort.

"They're going to do their dog and pony show [during a public information night] on July 8, so we'll see what happens then," said Board of Selectman Vice Chairman Hank LaMountain late last week. "But the numbers are what they are ... it really [ticks] me off."

Millbury, which currently makes up 19 percent of Aquarion's customer base, ate up nearly 42 percent of the company's budget over the past seven years.

Oxford, whose approximate 2,500 customers comprise 14 percent of the corporation's users, exhausted only 15

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percent of that very same budget.

"I personally don't think that's fair to someone in Oxford," said selectman Daniel Coonan.

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Water company looking to hike water rate in Oxford

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If passed by the state, the proposed rate increase would boost the typical residential customer bill from 89 cents to \$1.19 per day, which equates to an average total monthly jump of \$9.06 for customers in both towns.

Aquarion filed the application for the rate request with the MA DPU Wednesday, May 14.

According to Aquarion's Senior Vice President Larry Bingaman, "The rate case is driven primarily by the approximate \$21.4 million in system improvements — such as source of supply additions and the replacement of aging and undersized transmission and distribution mains, along with other needed enhancements that Aquarion has made since the last rate increase in 2001."

Since 2001, Aquarion has spent \$3.3 million of its total capital expenditures on improvements in Oxford.

Out of these funds, more than \$1 million has gone into improvements on Main Street. An additional \$443,000 went toward meters, services and hydrants with \$90,000 going into security improvements.

"These investments have improved service reliability and quality as well as increased water supply," Bingaman said.

Additionally included in the company's rate proposal is an increase from \$103,000 to \$119,000 to the public fire protection charge in Oxford.

Aquarion officials say this increase is necessary to cover the investment to increase the size of the water system's supply, pumps, tanks and mains by approximately 25 percent — an increase that will enable fire departments to be able to use up to 5,500 gallons per minute to instantly fight a fire.

Under Aquarion's rate structure towns are able to use as much water as needed to fight fires rather than paying a volumetric fee.

Selectmen, however, questioned why the whole town should be shouldering an increased fire protection charge when fire hydrant coverage around town is nowhere near universal.

If the fire protection charge goes up, all residents will see a tax hike, but Aquarion officials said they are aware of the potential financial burdens these rate hikes may have for tied-in residents.

"Recognizing that this rate increase may pose a burden for certain

customers, the company is proposing to implement a pilot customer assistance program to provide some assistance to customers in need," Bingaman said.

Under the program, low-income customers who meet program criteria will be eligible for an annual \$50 credit on their water bill.

"Aquarion is committed to operating as effectively as possible and has only increased general, administrative, and operating expenses by 20 percent over the past seven years," Bingaman said.

"Aquarion has aggressively sought to control its operating, maintenance and other expenses as much as possible."

While officials from the MA DPU may or may not approve the entire rate hike proposal, company officials say they are hopeful the case will be approved by the state with the new rates effective by the end of 2008.

Aquarion services 18,514 customers in its five service towns of Millbury, Oxford, Hingham, Hull and Cohasset.

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