



AQUARION
Water Company

For Immediate Release

CONTACTS:

Larry L. Bingaman
(W) 781.740.6694
(C) 781.724.4414

Adrienne C. Vaughan
(W) 203.336.7624
(H) 860.632.7400

**AQUARION WATER COMPANY NOTIFIES NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION OF RATE FILING INTENT**

HAMPTON, NH, July 5, 2005 - Citing multimillion dollar investments in infrastructure to improve water quality and service, Aquarion Water Company of New Hampshire today notified the New Hampshire Public Utilities Commission (NHPUC) of its intent to request an \$885,000, or an overall 21.23 percent, increase in water service revenues.

The company plans to file an application with the NHPUC on or about August 4, 2005. The NHPUC could rule as early as the last quarter of 2005 regarding a temporary rate increase that would be effective while the full case is considered by the Commission. A final ruling is not expected until mid-2006 with those rates being effective retroactively to the date of any temporary rates approved by the Commission.

In the proposed rate filing, Aquarion's average residential rates would increase 20.93 percent and the hydrant charge for fire service paid by towns that Aquarion serves would increase 18.85 percent. Under Aquarion's rate structure, the fire hydrant charge allows towns to use as much water as needed to fight fires rather than paying a volumetric fee.

The typical family of four currently pays about \$0.89 for the estimated 173 gallons of water it uses each day, or \$81 for the 15,800 gallons of water used each quarter. If the application is approved, that family would pay about \$1.08 a day or \$98 a quarter. Even with the proposed increase, Aquarion's residential water rates are in the mid-range of other water utilities' rates in NH. For example, the quarterly residential rate for other NHPUC regulated water utilities ranges from \$69 to \$120; municipal water utility quarterly rates range from \$58 to \$107.

The Company also plans to ask the Commission to allow it to include in its rates the cost of its \$1.2 million investment in the Hampton Beach infrastructure improvement project when that project is completed and in service in 2006.

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The company's last rate increase was in 1999. From 1999 to March 2005 Aquarion spent \$6.9 million for infrastructure improvements in its Hampton, North Hampton and Rye service areas.

"This rate case is driven primarily by Aquarion Water Company's investments in water utility infrastructure such as source of supply improvements and the replacement of aging and undersized transmission and distribution mains, along with other much needed improvements that have been made since the company's last rate increase in 1999," said Larry L. Bingaman, senior vice president in charge of Aquarion's New Hampshire water utility operations. "These investments have improved service reliability and quality as well as increased water supply. The case is also necessitated by the increased costs of medical care and other insurances as well as higher fuel, and electricity costs that have occurred during the last six years," Bingaman added.

Bingaman noted the company remains committed to operating as efficiently as possible. "We're delivering the kind of cost-conscious service that our customers should expect from their water utility, and we are committed to continuing to do so," he said. "For example, Aquarion Water Company has reduced general, administrative and operating expenses by \$290,000 during the past year, and these reductions are reflected in the case we have filed with the Commission."

The NHPUC, an independent body appointed by the state's governor, sets water service fees by determining which investments and operating expenses should be included in the rates. If the entire proposed increase is approved, Aquarion's water will cost just over half of one cent per gallon. The typical New Hampshire Aquarion customer family of four's usage of 173 gallons of water a day for cooking, bathing, washing dishes and laundering would be about \$1.08 per day, which compares favorably to other daily common household expenses in the Hampton, North Hampton and Rye areas for:

Gas Heating	\$4.11
Electricity	\$3.33
Telephone	\$1.67
Cable TV (Basic)	\$1.54
Gasoline	\$2.31 per gallon
Heating Oil	\$2.14 per gallon

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Aquarion Company's principal business is public water supply. Through its Aquarion Water Company subsidiaries, it is one of the 10 largest investor-owned water utilities in the U.S., serving 219,400 homes and businesses, or approximately 677,000 people, in 53 Connecticut, New York, Massachusetts and New Hampshire communities. Aquarion Water Company of New Hampshire provides high-quality water to approximately 8,700 customers, or more than 25,000 people in Hampton, North Hampton and Rye.

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Note: For more information on Aquarion Company and its subsidiaries, please contact us on the Internet at www.aquarion.com.