

STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITIES COMMISSION

PENNICHUCK EAST UTILITY, INC.
Petition Concerning Acquisition of Winnisquam Village
Condominium Community Water System

DW 09-_____

Direct Testimony of Bernard J. Rousseau

December ____, 2009

1 Q. Please state your name and business address?

2 A. My name is Bernard J. Rousseau. My business address is 25 Manchester Street,
3 Merrimack, New Hampshire.

4 Q. Please summarize your professional and educational background.

5 A. I am the Vice President of Pennichuck Water Services Corporation, and have been an
6 employee of Pennichuck Corporation and its subsidiaries for approximately 30 years. I
7 began as a Water Supply Division Chemist. I have also served as Water Supply Manager
8 and currently serve as Vice President of Pennichuck Water Services Company. In that
9 capacity I act as the leader of the sales and service division for Pennichuck Water Service
10 Corporation. I received my B.A. degree in Natural Science from Saint Anselm College.
11 I am a former President of both the New Hampshire Water Works Association and the
12 New England Water Works Association. I continue to function within those
13 organizations and actively serve the role of past president. I recently was awarded the
14 George Warren Fuller Award by the American Water Works Association, for
15 distinguished service in the water supply field.

16 Q. Please describe your role with regard to the negotiation of the acquisition of the
17 Winnisquam Village Condominium Water System.

18 A. One role I serve on behalf of Pennichuck East Utility Inc., (hereinafter "PEU" or the
19 "Company") and other Pennichuck entities, involves the development and acquisition of
20 water systems. In that capacity, I was actively involved on behalf of Pennichuck East
21 Utility, Inc. in negotiating the original agreement previously submitted to the
22 Commission and in the negotiation of the revised agreement currently being submitted to
23 the Commission, as well as monitoring the build out of the Development in question.

1 Q. What is the purpose of your testimony?

2 A. The purpose of my testimony is to summarize the terms of the Agreement which we have
3 submitted with our petition in this matter. My testimony is also offered to summarize the
4 reasons for the Company's decision to acquire this water system and to explain why the
5 Company believes it is in the public good for the Commission to approve the Petition
6 filed by PEU.

7 Q. Please describe the terms of the acquisition.

8 A. PEU has agreed to provide an investment credit of \$450.00 per meter installed, based
9 upon the agreement executed between PEU and R.J. Moreau Communities, LLC dated in
10 November 10, 2009, (the "Agreement") and attached hereto as BJR-2. The Agreement
11 estimates that approximately 86 residential units will eventually be serviced by the
12 System. PEU anticipates this figure to be less than one times annual revenue per
13 connection. PEU believes that the acquisition will benefit the eventual rate payers and
14 the purchase price will ensure that the proposed rates will be sufficient to satisfy the stand
15 alone revenue requirements for this system.

16 Q. What additional terms would you like to discuss?

17 A. Additionally, the terms of the Agreement require that the system wells be conditionally
18 approved by the New Hampshire Department of Environmental Services prior to closing.
19 PEU has received correspondence from the New Hampshire Department of
20 Environmental Services attached hereto as BJR-3 evidencing conditional approval of the
21 wells and is otherwise familiar with the system as Pennichuck Water Services Company
22 has been operating the water system under a service contract since 2008. The terms of
23 the Agreement also require the Developer to provide PEU with a site plan of the Water

1 System, which it has done in this case, evidencing the water mains, well head locations,
2 well head radius and easements relative to the Agreement. A copy of a site plan titled
3 “Water Distribution Plan, Winnisquam Village Condominium”, by Holden Engineering
4 & Surveying, Inc., dated November 17, 2005, attached hereto as BJR-1 (hereinafter the
5 “Site Plan”). The proposed franchise area is outlined in the Site Plan. PEU will require
6 either a title insurance policy or a legal opinion letter to insure the Developer can convey
7 good title to easement area. PEU will also require a bill of sale in the form described and
8 attached to the Agreement to ensure proper transfer of the equipment. See BJR-2.

9 Q. Please explain the significance of the work sheet attached hereto as BJR-4.

10 A. PEU offers BJR-4 to further explain PEU’s determination that its PEU tariff rate should
11 apply to this system, and that the proposed investment credit is reasonable. PEU bases
12 the figures in this exhibit upon actual data compiled from similarly sized systems, these
13 figures being used as estimates to help determine the appropriate rate to apply to the this
14 specific community water system.

15 Q. Please explain why PEU is interested in acquiring this system.

16 A. PEU desires to continue its high quality service to its customers. PEU believes that
17 growing its base of customers through continued acquisitions and particularly in this case
18 acquisitions in the lakes region of New Hampshire where it has acquired and operates
19 similar systems is consistent with that desire. PEU’s affiliated entity Pennichuck Water
20 Services Corporation is currently operating this System and a system known as the Lodge
21 at Belmont, in Belmont New Hampshire, by contract. PEU believes the acquisition of
22 this System, a newly built and designed community water system, is in the interest of its
23 rate payers. As indicated above the PEU is familiar with this System because we have

1 been operating the System under a service contract since 2007.

2 Q. Please explain why you believe this acquisition is in the public good.

3 A. PEU and its affiliated entities (the “company”) have been doing business in New
4 Hampshire for at least 157 years and serve more people in New Hampshire than any
5 other regulated utility. The company serves approximately 45,000 residential,
6 commercial and municipal customers in and throughout New Hampshire, meaning it
7 supplies water to over 100,000 individuals throughout the state each day. The company
8 has the managerial, technical and financial experience necessary to run the water system
9 effectively and efficiently. PEU is also familiar with this particular System since PEU’s
10 affiliated entity, Pennichuck Water Services Corporation, has been operating the System
11 since 2007 and believes it has been built appropriately. PEU is aware that there are
12 increasing demands on water as a resource, increasing threats to water quality and ever
13 increasing legal and regulatory requirements for operation of community water systems.
14 We believe that it is in the public’s best interest to have PEU operate this water system
15 utilizing PEU’s highly skilled employees and management and its broad technical and
16 financial resources.

17 Q. Have you contacted the current public water utility franchise holder within the town of
18 Tilton relative to your Petition requesting franchise rights over the Proposed Franchise
19 Area?

20 A. We have contacted the Tilton Northfield Water District (the “Water District”) which
21 currently holds franchise rights as a result of its prior acquisition of the Tilton &
22 Northfield Aqueduct Company, Inc. over water service in the Town of Tilton. The Water
23 District currently operates a water system in the town of Tilton and previously had not

1 taken a position regarding PEU's request to acquire limited franchise rights over the
2 Proposed Franchise Area, an area that the Water District does not currently service.
3 Since PEU's original filing in January of 2008, the Water District Commissioners have
4 voted to support PEU's acquisition of franchise rights over the Proposed Franchise Area.
5 A copy of that public vote is attached as BJR-5.

6 Q. Do you have anything else you would like to add?

7 A. Not at this time.

8 Q. Does that complete your testimony?

9 A. Yes.