

**STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITIES COMMISSION**

**PENNICHUCK EAST UTILITY, INC.
DOCKET NO. DW 14-**

PETITION TO EXPAND FRANCHISE IN HOOKSETT, NEW HAMPSHIRE

Pennichuck East Utility, Inc. (PEU or the Company) asks the New Hampshire Public Utilities Commission (Commission) for permission, pursuant to RSA 374: 22 and 26, to expand its franchise within the Town of Hooksett, New Hampshire to include the rest areas owned by the State of New Hampshire along the northbound and southbound lanes of I-93, which are being redeveloped by Granite State Hospitality, LLC d/b/a The Common Man Hooksett (Granite State Hospitality). See Attachment A, Franchise Map. In support of this Petition, PEU states:

PEU is engaged in business as a public utility providing water service to approximately 7,000 customers located in 18 municipalities throughout New Hampshire. Since 2000, PEU has provided service in the Town of Hooksett in the franchise area formerly served by WESCO Utilities, which abuts the State of New Hampshire's rest area on the west side, or southbound lane of I-93. See Attachment B, Order No. 23, 456 (May 2, 2000) issued in Docket Nos. DW 99-016 and 99-189.

The source of supply used by the WESCO Utilities at the time it was acquired by PEU was a single, low producing well. PEU replaced that source of supply through a wholesale purchase agreement with the Hooksett Village Water Precinct (Precinct), employing a 6" water main (beneath the rest areas and I-93) owned by the New Hampshire Department of Transportation (DOT) as the means of delivery. *Id.*

The Precinct has provided retail water service to the State of New Hampshire rest areas since their construction in 1978. Service has been provided through the 6” water main originally owned by the DOT and later transferred to PEU.

In November 1999, PEU and DOT executed a Water Supply Agreement that permitted PEU to interconnect to the water main then owned by DOT at a hydrant branch located in the rest area on the west side of I-93. See Attachment C. PEU subsequently purchased the water main in November 2005. See Attachment D. Since that time, the State of New Hampshire has continued to be a customer of the Precinct with respect to the two rest areas, except that under the new arrangement the water main has been owned by PEU.

In 2013, the DOT entered into a 35-year lease of the Hooksett rest areas with Granite State Hospitality to “redevelop both the northbound and southbound rest areas along Interstate 93 in the Town of Hooksett into full service welcome centers with concession sales, fuel sales, visitor centers, and new state liquor and wine outlet stores.” See Attachment E, Letter from DOT Commissioner Clement to Governor and Executive Council, p.2 (June 5, 2013). Commissioner Clement also pointed out that Granite State Hospitality would construct “a single structure on both the northbound and southbound sites to house both a 16,000 square foot Welcome Center and 20,000 square foot state Liquor & Wine Outlet Store...and will include a 1950’s style diner, Italian farmhouse, old-time deli, coffee and breakfast shop, country style convenience store, state Liquor and Wine Outlet Store, and an interactive and informative visitor center.” *Id.*, p.4.

Redevelopment of the rest areas required the relocation of portions of the existing 6” water main owned by PEU, and necessitated negotiations among PEU, the Precinct, Granite State Hospitality, and the DOT to determine the allocation of responsibilities among the parties

for the removal of the old main, and the installation, operation and maintenance of the replacement water main. As the developer of the rest areas under its contract with the State of New Hampshire, Granite State Hospitality took responsibility for the removal of the old water main and construction of the replacement water main. The ground lease contract between the State of New Hampshire and Granite State Hospitality, which was approved by the Governor and Executive Council at their June 19, 2013 meeting, can be found at <http://sos.nh.gov/WorkArea/DownloadAsset.aspx?id=42365>. Among other things, the contract provides that Granite State Hospitality will make all arrangements for the provision of water service, but that such service to the state liquor stores will be metered separately and paid for by the New Hampshire Liquor Commission. See section 15.3.6, at p. 44 of 109.

The parties agreed that, similar to the previous arrangement, PEU should own the replacement water main. In December 2013, the Precinct confirmed that PEU would own the replacement water main and that the Precinct would continue to supply water to PEU. See Attachment F, Minutes of December 23, 2013 Precinct Meeting.

The parties further agreed that PEU, as the owner of the water main, rather than the Precinct, should be the entity providing retail water service to the end use customers, i.e., Granite State Hospitality and the State. The Precinct confirmed its support for PEU serving the Hooksett rest areas in a December 31, 2013 letter from Superintendent Hebert, and the Precinct's counsel provided a letter supporting the arrangement. See Attachments G and H. In addition, Granite State Hospitality and the State of New Hampshire, through the Department of Transportation and the New Hampshire Liquor Commission, support, or do not oppose, the request to expand PEU's franchise. See Attachments I, J, and K.

To memorialize their understanding, PEU and Granite State Hospitality, on January 31, 2014, executed a main extension agreement pursuant to the PEU Tariff for Water Service, section 33. See Attachment L. Based on a projected daily demand of 12,000 gallons per day, or a monthly consumption of 488 CCF, the total estimated annual water charges pursuant to the Company's tariff will be approximately \$48,000. See Attachment M.

Since PEU's acquisition of the troubled WESCO franchise in 2000, the provision of water service to its customers has involved a complex transaction and changing relationships among PEU, the Precinct, and the State of New Hampshire. The redevelopment of the State rest areas, however, has provided an opportunity to simplify the relationships among the parties in a way that clarifies their respective roles. If this petition is approved:

1. the Precinct will deliver water to PEU at a meter pit on Route 3A;
2. the water will be transported through a water main owned by PEU across the State rest areas, which will be part of the PEU franchise area;
3. PEU, rather than the Precinct, will provide retail service at tariff rates to the State liquor stores and the State's tenant, Granite State Hospitality; and,
4. the water main will continue to provide water for PEU's customers in the former WESCO franchise area.

WHEREFORE, the Company respectfully requests that the Commission:

- A. Find pursuant to RSA 374:22 and 26 that it would be for the public good for PEU to expand its franchise area in order to provide service to the State of New Hampshire rest areas along I-93 in the Town of Hooksett;
- B. Grant such permission without hearing pursuant to RSA 374:26 inasmuch as all the interested parties are in agreement; and

C. Approve such other action and relief that may be just and reasonable.

Respectfully submitted,

PENNICHUCK EAST UTILITY, INC.

By Its Attorneys

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