

STATE OF NEW HAMPSHIRE

PUBLIC UTILITIES COMMISSION

RE: HAMPSTEAD AREA WATER COMPANY, INC.

DW-18-

PETITION FOR APPROVAL OF DRINKING AND GROUNDWATER

TRUST FUND FINANCING AND STEP INCREASE

PRE-FILED TESTIMONY OF HAROLD MORSE

Q. Please state your name, address and position with Hampstead Area Water Company, Inc.

A. My name is Harold Morse. My business address is 54 Sawyer Avenue, Atkinson, New Hampshire. I am the President of Hampstead Area Water Company, Inc., which we refer to as HAWC.

Q. Describe the overall history of HAWC?

A. HAWC is presently franchised in most areas of Hampstead and Atkinson, New Hampshire, and has franchised satellite systems in various towns in Rockingham County (see Schedule A, attached to the Petition). HAWC is a New Hampshire corporation, authorized by this Commission to produce and distribute water within the Company's authorized franchise areas throughout southeastern New Hampshire.

Q. What are the terms of financing HAWC is proposing to borrow?

A. The State of New Hampshire Department of Environmental Services has preliminarily indicated that it would approve HAWC's request for financing (see

1 SPS-1-8) subject to various terms and conditions. Generally, the terms and  
2 conditions are as follows:

3 a) The borrowing will amount to \$969,945.00  
4 b) The loan will mature 30 years from the date of closing.  
5 c) The interest rate is currently 2.424%.

6 The payment of principal and interest based on a 30-year amortization will be due  
7 monthly beginning 30 days from the date of closing.

8 Q. Why is the Company seeking this financing?

9 A. The proposed financing would fund a one million gallon water storage tank and  
10 appurtenant infrastructure in Atkinson servicing the Atkinson and Hampstead  
11 Core System. This tank would be in the best interest for the Company in terms of  
12 system operation and resource planning and has the support of the Department of  
13 Environmental Services. The construction of the tank is part of a longer term  
14 project advocated by the Southern New Hampshire Regional Water  
15 Interconnection Project, a NHDES project, to provide safe drinking water to the  
16 Town of Plaistow.

17 Q. Can you describe this construction?

18 A. The construction of the new one million gallon tank contemplate the construction  
19 of a prestressed concrete water tank located on land in Atkinson off Main St. The  
20 parcel is controlled by existing water rights deed and easement held by HAWC.  
21 There would be construction of 740 foot 12' wide gravel access road, the  
22 installation of 835 feet of 12" PVCO water line along section of proposed access  
23 road through metering building and on to tank location, the construction of 10' x

1 20' metering and control building just outside of tank and located along side of  
2 access road, and the integration of control system to incorporate tank level and  
3 flow readings via our remote monitoring system (SCADA) back to HAWC's  
4 main office. The project also includes 2,684' of 12" PVCO main that HAWC has  
5 paid the difference to upgrade an original 6" and 8" main that was planned for an  
6 existing adjacent residential development. This distance represents the length of  
7 main between HAWC's existing main and the beginning of the proposed access  
8 road.

9 Q. Why would this project be in the public interest and consistent with the public  
10 good?

11 A. The project would enhance the Company's ability to provide safe and reliable  
12 drinking water to its customers in its franchise areas at a reasonable cost. The  
13 water storage tank will provide stability and responsiveness to the core system  
14 both as to overall water supply and emergency supply. It would allow the  
15 Company to access the water resources in the systems in time of drought. The  
16 system improvements being proposed and the estimated cost of the improvements  
17 are reasonably necessary to provide such service to the Company's customers.  
18 Lastly, the construction of the tank is part of a longer term project advocated by  
19 the Southern New Hampshire Regional Water Interconnection Project, a NHDES  
20 project, to provide safe drinking water to the Town of Plaistow.

21 Q. Does this conclude your testimony?

22 A. Yes.

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