

STATE OF NEW HAMPSHIRE  
BEFORE THE  
NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

PENNICHUCK EAST UTILITIES, INC.  
Petition for award of Franchise Area in a Limited  
Area of the Town of Pelham known as Skyview Estates

DW 2011-\_\_\_\_\_

Direct Pre-filed Testimony of Donald L. Ware

June 2, 2011

1 Q. Please state your name, business address and your position with Pennichuck East  
2 Utilities, Inc.

3 A. My name is Donald L. Ware. My business address is 25 Manchester St., Merrimack,  
4 NH. I am the President at Pennichuck East Utilities, Inc. ("PEU"). I have worked for the  
5 Company since Pennichuck Corporation ("Pennichuck") acquired it from the former  
6 shareholders in December 1997. I am a licensed professional engineer in New Hampshire,  
7 Massachusetts and Maine.

8 Q. Please describe your educational background.

9 A. I have a Bachelor in Science degree in Civil Engineering from Bucknell University in  
10 Lewisburg, Pennsylvania and I completed all the required courses, with the exception of my  
11 thesis, for a Masters degree in Civil Engineering from the same institution. I have a Masters in  
12 Business Administration from the Whittemore Business School at the University of New  
13 Hampshire.

14 Q. Please describe your professional background.

15 A. Prior to joining Pennichuck, I served as the General Manager of the Augusta Water  
16 District in Augusta, Maine from 1986 to 1995. I served as the District's Engineer between 1982  
17 and 1986. Prior to my engagement with the District, I served as a Design Engineer for the State  
18 of Maine Department of Transportation for six months and before that as a Design Engineer for  
19 Buchar-Horn Consulting Engineers from 1979 to 1982.

20 Q. What are your responsibilities as President of the Company?

21 A. As President, I am responsible for the overall operations of the Company, including water  
22 quality and supply, distribution, engineering and water system capital improvements. At times  
23 my duties also involve negotiating agreements on behalf of Pennichuck or its related entities,

1 including agreements pertaining to the acquisition of new community water systems. In that  
2 capacity I served as the lead negotiator on the various agreements relative to this Petition.

3 Q. What is the purpose of your testimony?

4 A. I will be providing an overview of the Company's planned acquisition of a water  
5 distribution system to service a Proposed Franchise Area in Pelham, New Hampshire to be  
6 known as Skyview Estates. I will summarize the terms of the Acquisition Agreement and related  
7 agreements necessary to facilitate this acquisition. Finally, my testimony is offered to explain  
8 why the Company believes it is in the public good for the Commission to approve the Petition  
9 filed by PEU.

10 Q. Please describe the terms of the acquisition.

11 A. PEU has entered into an agreement with an entity named Skyview Estates, LLC, (the  
12 "Developer"), the agreement titled "Pennichuck East Utility, Inc. Standard Water Agreement"  
13 (hereinafter the "Agreement"), which incorporates two separate Water Main Extension  
14 Agreements, the first for Phase I of the proposed development and the second for Phase II (the  
15 "Main Extension Agreements"), the Agreement and its attachments being attached hereto and  
16 incorporated herein as Exhibit DLW-1. The proposed development is located within the Town  
17 of Pelham, Hillsborough County, New Hampshire. The Agreement and associated Main  
18 Extension Agreements require the Developer to complete the construction of a community water  
19 system to service the "Proposed Franchise Area" defined in the Agreement. The community  
20 water system also defined in the Agreement is referred to as the "Project" and it includes but is  
21 not limited to, two licensed and permitted community water system wells, a related pump house,  
22 pumping and monitoring equipment, atmospheric storage tanks, water mains and water services  
23 all according to the construction specifications provided for in the Agreement. The water mains

1 and all related equipment upon acceptance will become the property of PEU. PEU will receive  
2 all necessary easements allowing it to maintain and improve the current wells, pump house,  
3 pumping equipment, water mains and other related equipment within specific common areas of  
4 the development as well as within public and private roadways.

5 The Project is a residential development. PEU, under the Agreement, agrees to provide  
6 water service to residential customers within the Proposed Franchise Area at PEU's Commission  
7 approved water rates as applicable from time to time. The Agreement limits the total number of  
8 lots to be serviced to sixty-four (64) and the total number of bedrooms within the Project to one  
9 hundred and ninety-two (192). The Agreement also requires deed restrictions be included in any  
10 lots developed or sold preventing individual water wells and irrigation systems from being  
11 installed on lots developed, consistent with restrictions agreed to by the Developer in the well  
12 approval process with the New Hampshire Department of Environmental Services. See DLW-5.

13 PEU agrees to pay or credit the Developer an investment credit of one times PEU's  
14 annual revenue per connection, whatever that may be based upon its tariff, for each connection  
15 made so long as the connection is made within five years of the start up of the system, meaning  
16 when service is commenced by PEU upon acceptance of the relevant water main.

17 Q. Please describe the Proposed Franchise Area.

18 A. The Proposed Franchise Area is located in Pelham, New Hampshire off of Spaulding Hill  
19 Road. To assist the Commission in clearly defining the franchise area, I attach a Plan entitled  
20 "Skyview Estates' Phase II, Land Transfer & Subdivision Plan, Map 32, Lots 1-146, 1-146-1, 1-  
21 146-12, 1-146-13 and 1-146-17," drawn for Gargas Enterprises, LLC and Roger Montbleau by  
22 Edward N. Herbert Assoc., Inc., and dated February 8, 2011. DLW-3. A legal description of the  
23 Proposed Franchise Area is provided by combining the attached three deeds, all recorded in the

1 Hillsborough County Registry of Deeds at the following book and page references: Book 8221,  
2 Page 153, Book 5794, Page 1573, and Book 8164, Page 1573. Copies of the relevant deeds have  
3 been attached as DLW-4.

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

5 A. PEU and its affiliate entities have been doing business in New Hampshire for at least 156  
6 years and serve more people in New Hampshire than any other regulated utility. The company  
7 serves approximately 34,000 residential, commercial and municipal customers in and throughout  
8 New Hampshire, meaning it supplies water to over 100,000 individuals throughout the state each  
9 day. The company has the managerial, technical and financial experience necessary to run the  
10 water system effectively and efficiently. PEU has reviewed and approved the Community Water  
11 System Booster Station and designed the water distribution system for this particular System and  
12 will inspect the system as it is built to insure that it is built appropriately. PEU is aware that  
13 there are increasing demands on water as a resource, increasing threats to water quality and ever  
14 increasing legal and regulatory requirements for operation of community water systems. We  
15 believe that it is in the public's best interest to have PEU operate this water system utilizing  
16 PEU's highly skilled employees and management and its broad technical and financial resources.

17 Q. Have you contacted the Town of Pelham relative to your Petition requesting a Franchise  
18 within the Proposed Franchise Area?

19 A. We have contacted the Town of Pelham. I attach a copy of the correspondence received  
20 from the town indicating its support of PEU's Petition to serve Skyview Estates and for the  
21 award of franchise rights over the Proposed Franchise Area to PEU. DLW-2.

22 Q. Does PEU provide service in any other parts of Pelham?

1 A. Yes. PEU provides service to portions of Pelham through three other community water  
2 systems with a total of 361 existing customers.

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

4 A. Not at this time.

5 Q. Does that complete your testimony?

6 A. Yes.