

STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITIES COMMISSION

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

DW 08-____

Direct Testimony of Bernard J. Rousseau

January 25, 2008

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 agreement that is being submitted to the Commission in
22 this docket.

23 Q. What is the purpose of your testimony?

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

6 Q. Please describe the terms of the acquisition.

7 A. PEU has agreed to provide an investment credit of \$450.00 per meter installed, based
8 upon the agreement executed between PEU and R.J. Moreau Communities, LLC dated
9 January 4, 2008, (the "Agreement") attached hereto as BJR-2. The Agreement estimates
10 that approximately 86 residential units will eventually be serviced by the System. PEU
11 anticipates this figure to be less than one time annual revenue per connection. PEU
12 believes that the acquisition will benefit the eventual rate payers and the purchase price
13 will ensure that the proposed rates will be sufficient to satisfy the stand alone revenue
14 requirements for this system.

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

16 A. Additionally, the terms of the Agreement require that the system wells be conditionally
17 approved by the New Hampshire Department of Environmental Services prior to closing.
18 PEU has received correspondence from the New Hampshire Department of
19 Environmental Services attached hereto as BJR-3 evidencing conditional approval of the
20 wells. The terms of the Agreement also require the Developer to provide PEU with a site
21 plan of the Water System, which it has done in this case, evidencing the water mains,
22 well head locations, well head radius and easements relative to the Agreement. A copy
23 of a site plan titled "Water Distribution Plan, Winnisquam Village Condominium", by

1 Holden Engineering & Surveying, Inc., dated November 17, 2005, attached hereto as
2 BJR-1 (hereinafter the "Site Plan"). The proposed franchise area is outlined in the Site
3 Plan. PEU will require either a title insurance policy or a legal opinion letter to insure the
4 Developer can convey good title to easement area. PEU will also require a bill of sale in
5 the form described and attached to the Agreement to ensure proper transfer of the
6 equipment. See BJR-2.

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

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

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

14 A. PEU desires to continue its high quality service to its customers. PEU believes that
15 growing its base of customers through continued acquisitions, and where appropriate, the
16 interconnection of water supply and distribution systems, is consistent with that desire.
17 PEU's affiliated entity Pennichuck Water Services Corporation is currently operating this
18 System and a system known as the Lodge at Belmont, in Belmont New Hampshire, by
19 contract. PEU believes the acquisition of this System, a newly built and designed
20 community water system, is in the interest of its rate payers.

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

22 A. PEU and its affiliate entities have been doing business in New Hampshire for at least 156
23 years and serve more people in New Hampshire than any other regulated utility. The

1 company serves approximately 30,335 residential, commercial and municipal customers
2 in and throughout New Hampshire, meaning it supplies water to over 100,000 individuals
3 throughout the state each day. The company has the managerial, technical and financial
4 experience necessary to run the water system effectively and efficiently. PEU is also
5 familiar with this particular System and believes it has been built appropriately. PEU is
6 aware that there are increasing demands on water as a resource, increasing threats to
7 water quality and ever increasing legal and regulatory requirements for operation of
8 community water systems. We believe that it is in the public's best interest to have PEU
9 operate this water system utilizing PEU's highly skilled employees and management and
10 its broad technical and financial resources.

11 Q. Have you contacted the Town of Tilton relative to your Petition requesting a Franchise
12 within the Proposed Franchise Area?

13 A. We have contacted the Town of Tilton. I attach a copy of the correspondence forwarded
14 to the town as BJR-5. We have received no indication that the town has any objection to
15 our Petition.

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

17 A. Not at this time.

18 Q. Does that complete your testimony?

19 A. Yes.

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