STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITIES COMMISSION

Petition of Pennichuck Water Works, Inc. for Permission To Engage in the Business as a Public Water Utility in a Limited Area within the Town of Derry known as Harvest Estates and for Approval of Rate Schedules

NOW COMES Pennichuck Water Works, Inc., ("Pennichuck"), a New Hampshire corporation with its principal place of business at 25 Manchester Street, Merrimack, New Hampshire and respectfully represents as follows:

I. PARTIES

1. That Pennichuck Water Works, Inc., a New Hampshire Corporation with a principal address of 25 Manchester Street, Merrimack, New Hampshire (hereinafter "Pennichuck" and/or "Petitioner"), is a wholly owned subsidiary of Pennichuck Corporation of the same address. Pennichuck operates as a water utility subject to the jurisdiction of this Commission. Pennichuck provides service to the City of Nashua, Town of Amherst, areas within Bedford, Derry, Epping, Hollis, Merrimack, Milford, Newmarket, Newton, Plaistow and Salem. Pennichuck, through related entities including Pennichuck East Utilities, Inc. and Pittsfield Aqueduct Company, also serves customers within the Towns of Litchfield, Pelham, and Windham, areas in Atkinson, Barnstead, Bow, Chester, Conway, Derry, Exeter, Hooksett, Lee, Londonderry, Middleton, Plaistow, Raymond, Sandown, Tilton, and Weare, as well as the Town of Pittsfield.

2. Keystone Builders, LLC, Inc., is a New Hampshire limited liability Company, with a principal business address of 17 Bridge Street, Suite 203, Billerica, Massachusetts 01821,

with a registered agent, Robert MacCormack, 63 Oak Landing Road, Moultonborough, New Hampshire 03252 (hereinafter the "Developer").

3. Developer currently owns the sub-division known as Harvest Estates and intends to complete a residential development with thirty (30) homes;

II. REQUESTED RELIEF

4. That Developer and Pennichuck has executed an agreement in the form attached hereto as DLW-1, the form agreement being Pennichuck's standard main extension agreement, and titled Main Extension Agreement, Construction by Customer, hereinafter the "Agreement". The Developer has agreed, subject to the approval of this Commission, to transfer the water distribution system being built to serve the Harvest Estates subdivision comprised of approximately 30 residential homes built off of a new road named Harvest Road in East Derry in the area of Hampstead Road. The transfer is intended to include any relevant real property rights related thereto and all relevant equipment, engineering and rights, the distribution system otherwise being described in the Agreement and hereinafter referred to as the "Project". The purpose of the transfer is to allow Pennichuck to own the Project, to be able to obtain the related franchise rights for water service and to service the Project as a public utility.

5. The Project as designed will be comprised of a water main extension running from water mains and equipment currently owned by Pennichuck and used to operate the Drew Woods community water system. Drew Woods community water system obtains its water supply from wells permitted by the NH Department of Environmental Services and from a recently complete interconnection with the Derry Municipal Water System. These same sources of supply will also be used to supply the Harvest Estates extension.

6. The Project is partially built at this time. It was designed by Pennichuck at the request of the Developer and Pennichuck has made a number of inspections of the construction completed to date.

7. That prior to filing this Petition, Pennichuck met with, and gained the approval of the Town of Derry at an October 5, 2010 meeting and public hearing with the Derry Town Counsel to examine whether the town supported Pennichuck expanding its East Derry Drew Woods community water system franchise to include the new 30 lot residential subdivision known as Harvest Estates. The Town Council voted to support the expansion of Pennichuck's franchise right to include the Project and Proposed Franchise Area as defined herein below in Section 8. A certificate of that vote is attached hereto as DLW-2.

8. The Proposed Franchise Area is specifically described on a a Plan entitled "Subdivision Plans, Hampstead Road Subdivision, Hampstead Road, Derry, New Hampshire," Prepared for Ronald F. Mead, by Promised Land Survey, LLC, and dated March 2, 2005, and recorded in the Rockingham County Registry of Deeds at Plan D34278, sheets 1-12 (the "Subdivision Plan"). DLW-3. Pennichuck means to acquire franchise rights over lots 10015, 10024 and 10025 as shown on DLW-3. The area is further described and the detail of the water main extension is shown on a plan titled "Town of Derry, Pennichuck Water," dated and last revised on May 30, 2010, and attached as DLW-4 hereto. This plan shows the current Pennichuck Drew Woods community water system, with the Harvest Road water main extensions as proposed and built to service Harvest Estates/Harvest Village. The areas described and shown herein are referred as the "Proposed Franchise Area" in this Petition. The relevant deed, containing a legal description of the area, is a foreclosure deed by which the Developer acquired its interest in the area. The deed is recorded in the Rockingham County Registry of

Deeds at Book 5078, Page 2674, and attached hereto as DLW-5. Under the terms of Agreement, the Developer and/or builder of the Project are required to convey to Pennichuck (i) all necessary use and access easements and, (ii) all relevant and required equipment which becomes the property of Pennichuck upon acceptance by Pennichuck of the Project.

9. Petitioner desires to supply water service to customers in the Proposed Franchise Area. Pennichuck intends to supply water to the Proposed Franchise Area as indicated through its Drew Woods community water system, including the interconnection with the Derry Municipal System, the source of water for Drew Woods, having previously been approved by NH DES complying with NH RSA 374:22 III.

10. Petitioner's Agreement indicates that it will invest a one time amount equal to the estimated annual revenue from each customer connected to and served by the Project within five (5) years of Pennichuck's acceptance of the Project and will invest an additional onetime amount equal to the estimated annual fire protection revenue associated with the main extension if the main pipe extension and hydrant(s) in the Project are accepted as a part of the municipal fire system within five (5) years of Pennichuck accepting the Project.

11. By this Petition, Petitioner seeks authority (i) pursuant to RSA 374:22, et. seq, for Petitioner to extend its water utility business to serve the customers or potential customers of Harvest Estates; (ii) the establishment of a franchise in favor of the Petitioner over the Proposed Franchise Area; and (iii) pursuant to RSA Chapter 378, for Petitioner to provide service to the customers in the Proposed Franchise Area utilizing Petitioner's PWW tariff rate as it may be set from time to time by the Commission. Pennichuck intends this request to be conditioned upon completion of the Project by Developer in compliance with the terms of the Agreement, and further upon acceptance of the Project by Pennichuck.

12. The Petitioner has the requisite technical, managerial and financial resources to own and operate the Project and to provide water service in the Proposed Franchise Area. The Petitioner renders water service via community water systems throughout the State of New Hampshire. Petitioner has established a reputation for reliable and efficient service to the public. The Commission has previously granted to Petitioner numerous franchises to operate community water systems in the State of New Hampshire. The Petitioner is actively involved in acquiring and operating community water systems such as the community water system discussed herein, and in this situation operates the community water system directly next to the Proposed Franchise Area. The Petitioner recognizes that regulatory and environmental challenges are increasing for small community water systems. Petitioner believes that due to its experience in the industry, skilled employees, skilled management and base of financial and technical resources, granting the relief requested herein will benefit customers to be served by Petitioner within the Proposed Franchise Area. As such, Petitioner believes that it will be in the public good for it to render water services as a water public Utility in the Proposed Franchise Area of the Town of Derry.

13. Finally, Petitioner notes that it is uniquely situated to operate the Harvest Estates community water system and service the Proposed Franchise Area because the source of water servicing the proposed Harvest Estate subdivision will be coming from and through the Drew Woods community water system which is currently owned and operated by Pennichuck under franchise rights previously granted by the Public Utilities Commission.

WHEREFORE, the Petitioner requests that the Commission:

A. Find that it will be for the public good for the Petitioner to own and operate the community water system servicing Harvest Road and/or Harvest Estates as a public water utility within the Proposed Franchise Area; and

B. Enter an ORDER NISI, or, in the alternative, schedule a hearing, if the Commission deems one necessary, and enter an order (i) pursuant to the NH RSA 374:22 and 26, granting permission and approval for the Petitioner to engage in business as a water public Utility in the Proposed Franchise Area, and (ii) pursuant to NH RSA 378, granting permission and approval to provide such service to the Proposed Franchise Area pursuant to the existent PWW tariff now in affect.

Respectfully submitted,
PENNICHUCK WATER WORKS, INC.
By Its Attorneys,
DWYER, DONOVAN & PENDLETON, P.A.

Date: August 30, 2011 By: _____

John T. Pendleton, Esquire
461 Middle Street
Portsmouth, NH 03801
(603) 433-7040

Certificate of Service

I hereby certify that a copy of this Petition, including the pre-filed testimony referred to in the Petition, have on the above date, been sent by first class mail to Meredith A. Hatfield, Esq., Consumer Advocate.

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John T. Pendleton, Esq.