

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

PENNICHUCK WATER WORKS, INC.
Petition for award of Franchise Area in a Limited
Area of the Town of Plaistow

DW 2012-_____

Direct Pre-filed Testimony of Donald L. Ware

April 27, 2012

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

3 A. My name is Donald L. Ware. My business address is 25 Manchester St., Merrimack,
4 NH. I am the Chief Operating Officer at Pennichuck Water Works, Inc. ("PWW"). I have
5 worked for the PWW since May 1995. I am a licensed professional engineer in New Hampshire,
6 Massachusetts and Maine.

7 Q. Please describe your educational background.

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

13 Q. Please describe your professional background.

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

19 Q. What are your responsibilities as Chief Operating Officer (COO) of the PWW?

20 A. As COO, I am responsible for the overall operations PWW, including water quality and
21 supply, distribution, engineering, customer service and water system capital improvements. At
22 times my duties also involve negotiating agreements on behalf of PWW or its related entities,
23 including agreements pertaining to the acquisition of new community water systems. In that

1 capacity I have been involved in the transaction and the agreement with the Developer relative to
2 this Petition.

3 Q. What is the purpose of your testimony?

4 A. I will be providing an overview of the PWW's planned acquisition of a water distribution
5 system to provide service to a proposed expansion of the PWW Twin Ridge Franchise Area in
6 Plaistow, New Hampshire to be known as the Beede Site. I will summarize the terms of the
7 acquisition Agreement described below. My testimony will also explain why PWW believes it is
8 in the public good for the Commission to approve the Petition filed by PWW.

9 Q. Please describe the terms of the acquisition.

10 A. PWW has entered into an agreement with an entity named Beede Site Group ("Beede"),
11 an unincorporated association by and through 11 County and 42 Old County Road Properties, ,
12 LLC, (the "Developer"), of PO Box 488, 111 Concord Street, Nashua, NH 03061, which is the
13 owner of the land comprising the Beede Waste Oil Site. The agreement utilized in this
14 transaction is titled "Agreement for Design, Construction and Operation of Water Main and
15 Service Connections." (Herein the "Agreement"). The Agreement and appendices are attached
16 hereto and incorporated herein as Exhibit DLW-1. The proposed expansion will provide service
17 to approximately 22 homes located along Kelly Road, Shady Lane and Walton Road within the
18 Town of Plaistow, Hillsborough County, New Hampshire, immediately adjacent to the Twin
19 Ridge Community Water System also operated by PWW. The Agreement requires the
20 Developer to completely fund the construction of a water main extension and individual water
21 services into each home. The project will be designed, bid and constructed in accordance with
22 PWW standards of construction. The water main extension, easements, and related equipment
23 defined in the Agreement are referred to as the "Project." and it includes but is not limited to the

1 water mains, water services and equipment meeting the construction specifications provided for
2 in the Agreement. The water mains and all related equipment upon acceptance will become the
3 property of PWW. The Project will be will be located within public right of way with the
4 exception of the services into each home which will be located on private property. The services
5 from the curb stop into each home will be owned by each homeowner in accordance with
6 PWW's tariff.

7 The Project is designed to provide water service to homes whose private wells were
8 contaminated by the Beede Waste Oil site. PWW, under the Agreement, agrees to provide water
9 service to residential customers within the Proposed Franchise Area at PWW's Commission
10 approved water rates as applicable from time to time. The Project will include approximately
11 twenty-two (22) residential homes.

12 PWW agrees to pay or credit the Developer an investment credit of one times PWW's
13 annual revenue per connection, based upon its current tariff, for each connection made so long as
14 the connection is made within five (5) years of the startup of the system, meaning when service
15 is commenced by PWW upon acceptance of the relevant water main. No fire protection will be
16 provided to this project.

17 Q. Please describe the Proposed Franchise Area.

18 A. The Proposed Franchise Area is located in Plaistow, New Hampshire to the east of Main
19 Street the lots being served primarily abutting portions of Kelly Road, Shady Lane and Walton
20 Road. To assist the Commission in clearly defining the franchise area, I have attached a Plan
21 entitled "Beede Area Water Main Extension, Plaistow, New Hampshire," prepared by
22 Pennichuck Staff dated and last revised on January 6, 2012, and attached as DLW-2 hereto. This
23 plan shows the current PWW owned community water systems, the Twin Ridge and Rolling

1 Hills community water systems with the water main extensions as proposed to service the Beede
2 project.

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

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

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

20 A. We have contacted the Town of Plaistow. We submitted our desire to obtain the
21 franchise to the Board of Selectman for Plaistow. A public meeting is being scheduled in May
22 to seek the support of the Town regarding PWW's request for a franchise expansion to allow
23 PWW to service the area contaminated by the Beede waste oil site.

1 Q. Does PWW provide service in any other parts of Plaistow?

2 A. Yes. PWW provides service to other portions of Plaistow; in addition to the previously
3 mentioned Twin Ridge Community Water System it also provided service to the Valleyfield and
4 Sweet Hill Community Water Systems. Specifically relevant to this question, PWW owns and
5 operates the Twin Ridge Community Water System and related franchise rights (hereinafter
6 “Twin Ridge CWS”). The Project as designed will be comprised of a water main extension
7 running from water mains and equipment used to operate the Twin Ridge CWS. The Twin
8 Ridge CWS obtains its water supply from wells permitted by the NH Department of
9 Environmental Services. PWW just recently completed the construction and permitting of an
10 additional well in the Twin Ridge CWS which was developed to provide additional capacity to
11 meet the demands of the Twin Ridge and Rolling Hills CWS. The newly developed well was
12 permitted for 39.9 gpm (See attached approval letter from the NHDES. Attached as Exhibit
13 DLW-3) which is sufficient to meet the shortfall in water supply capacity in the Twin Ridge and
14 Rolling Hills CWS’ as well as allowing for the expansion of the Twin Ridge system to provide
15 service to Beede project.

16 Q. The referenced Agreement contains a System Upgrade Fee in the amount of \$933 per
17 connection. Please explain the reason for this fee.

18 A. The proposed Beede project could not have connected to the Twin Ridge CWS if the
19 recently approved well in the Twin Ridge CWS had not been completed. The existing Twin
20 Ridge CWS, absent the supply made available by the newly approved well, did not have the
21 supply capacity to service any new customers. In accordance with its tariff the Company may
22 assess a system upgrade fee to customers(s) taking service if the customer(s) requesting service
23 could not have received service but for their ability to connect to Pennichuck’s system where

1 service was improved as described in Section 33(C)(2)(b) via a main extension that was made by
2 the Company in the past ten years. The Twin Ridge well was completed within the past ten
3 years and enhanced service to existing customers in accordance with and as described in Section
4 (C)(2)(b)(v) of the Company's tariff.

5 Q. Please provide the calculation supporting the System Upgrade Fee in the amount of \$933
6 per connection.

7 A. I have attached a spreadsheet detailing the calculation of the Drew Woods system
8 upgrade fee as Exhibit DLW-4.

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

10 A. Not at this time.

11 Q. Does that complete your testimony?

12 A. Yes.