

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

DW 13-236

**Re: White Rock Water Company, Inc.
Lakeland Management Company, Inc.,
and Abenaki Water Co., Inc.**

ORIGINAL	
Case No.	DW 13-236
Exhibit No.	3
Witness	D. Carson, D. Vaughan, M. Naylor
DO NOT REMOVE FROM FILE	

**Joint Petition for Approvals Related to the Sale of the Utility Assets
of White Rock Water Company, Inc. and Lakeland Management Company, Inc.
to Abenaki Water Co., Inc.**

SETTLEMENT AGREEMENT

I. INTRODUCTION

This Settlement Agreement ("Agreement") is entered into this 21st day of November 2013, between and among White Rock Water Company, Inc. ("White Rock"), Lakeland Management Company, Inc. ("Lakeland"), Abenaki Water Co, Inc. ("Abenaki") and the Staff ("Staff") of the Public Utilities Commission ("Commission") (collectively, the "Settling Parties"), with the intent of resolving certain issues, more fully described below, in the above-captioned proceeding.

II. THE PARTIES

White Rock is a New Hampshire corporation and a public utility as defined in RSA 362:2 and RSA 362:4,I, with a principal place of business in Gilford, New Hampshire and provides water service to approximately 95 customers in Bow, New Hampshire. Lakeland is a New Hampshire corporation and a public utility as defined in RSA 362:2 and RSA 362:4,I, with a principal place of business in Gilford, New Hampshire and provides water and sewer service to approximately 150 customers in Belmont, New Hampshire. Abenaki is a New Hampshire corporation. It is a wholly-owned subsidiary of New England Service Company, Inc. ("New England Service"), and was formed for the purpose of acquiring the assets of White Rock and Lakeland and providing water

service to the customers currently served by White Rock, and water and sewer service to the customers currently served by Lakeland. New England Service is registered to do business in New Hampshire as NESC Water.

III. PROCEDURAL BACKGROUND

On August 9, 2013, White Rock, Lakeland and Abenaki, filed a Joint Petition requesting the Commission to: (1) approve the sale of the water utility assets of White Rock and the water and sewer utility assets of Lakeland to Abenaki; (2) authorize Abenaki to engage in business as a public utility providing water service in the service territory currently served by White Rock, and water and sewer service in the service territory currently served by Lakeland; (3) authorize White Rock and Lakeland each to discontinue permanently their respective operations as public utilities in New Hampshire; and (4) authorize Abenaki to issue long term debt in an amount up to \$300,000 and to grant a security interest in and/or mortgage on the assets it proposes to acquire from White Rock and Lakeland. The Joint Petition included separate Asset Purchase Agreements (“APA”) pursuant to which White Rock and Lakeland each proposed to sell all of their respective utility assets to Abenaki.

On August 29, 2013, the Commission issued an Order of Notice, establishing a pre-hearing conference scheduled for October 1, 2013 and a technical session immediately following thereafter. The Commission also ordered the mailing of the Order of Notice to the Town Clerks of both Bow and Belmont and delivery of the Order of Notice to all current and known prospective customers of White Rock and Lakeland by September 10, 2013. All such mailings were completed and affidavits were filed with the Commission on or before September 26, 2013 demonstrating compliance with the Order.

A prehearing conference was held on October 1, 2013. There were no requests for intervention in the proceeding, nor were there any objections to the Joint Petition filed by any residents of Bow or

Belmont or by the Towns of Bow or Belmont. At the pre-hearing conference Staff noted the desire of the parties to proceed as expeditiously as possible. Staff agreed to a revised procedural schedule, which was approved by the Commission on October 2, 2013.

On October 15, 2013, the Staff propounded its data requests, Set 1, on White Rock, Lakeland, and Abenaki. On October 22, 2013, White Rock, Lakeland, and Abenaki provided responses to the data requests. On November 5, 2013, the Staff propounded its data requests, Set 2, on White Rock, Lakeland, and Abenaki. On November 12, 2013, Abenaki provided responses to the data requests.

On or about November 12, 2013, Village Shore Estates Association (“Association”), an association of homeowners in the territory served by White Rock, submitted, through its President Amy Hooper, a statement outlining four questions it had with respect to its water service. The Association did not formally intervene, but White Rock and Abenaki provided written responses to the issues raised by the Association.

On November 18, 2013, the Settling Parties held a Technical Session/Settlement Conference via conference call to discuss any outstanding issues and settlement terms. The Association participated in that call. This Agreement reflects the terms discussed and agreed upon by the Settling Parties.

IV. TERMS OF AGREEMENT

The Settling Parties agree as follows.

A. Sale of Assets

The Settling Parties agree that such sale by Lakeland and White Rock as set forth in the APA is for the public good pursuant to RSA 374:30 and, therefore, recommend the Commission approve the sale.

B. Authority to Operate

The Settling parties agree that Abenaki has demonstrated that it has the requisite managerial, technical, and financial expertise to provide service to White Rock and Lakeland's customers within their respective franchise territories. Accordingly, the Settling Parties recommend the Commission find that Abenaki's request for approval to engage in the business of providing water service in the White Rock service area and water and sewer service in the Lakeland service area is for the public good. The Settling Parties request the Commission grant White Rock, Lakeland, and Abenaki Joint Petition pursuant to RSA 374:22 and 26.

C. Authority to Discontinue Service

The Settling Parties agree that White Rock's and Lakeland's discontinuation of service in their service territories is for the public good. Accordingly, the Settling Parties recommend the Commission grant White Rock's and Lakeland's request to discontinue service as public utilities in their respective service territories upon the authorization of Abenaki to provide service in such territories and the commencement by Abenaki of such service.

D. Authority to Issue Long-term Debt

The Settling Parties agree that the terms and conditions of the proposed financing as set forth in the testimony of Deborah Carson are consistent with the public interest. Abenaki should be authorized to borrow up to \$300,000 from CoBank on a secured basis as set forth in such testimony and on such other terms and conditions as are not inconsistent therewith. Abenaki agrees to file final, signed copies of the promissory note for such loan and the related security agreement and mortgage to the Commission within thirty (30) days of consummating such transaction. The Settling Parties recommend the Commission grant Abenaki's request for financing approval pursuant to RSA Chapter 369.

E. Tariff for Sewer Service

Within sixty (60) days of the Commission's final Order approving this Agreement, Abenaki agrees to file with the Commission a revised tariff setting forth the terms and conditions relating to the provision of sewer service to its customers in Belmont. Abenaki also agrees to enter into discussions with the City of Laconia ("City") to attempt to formalize its agreement with the City for the treatment of sewage collected by Abenaki.

V. CONDITIONS

This Agreement is expressly conditioned upon the Commission's acceptance of all of its provisions, without change or condition, and if the Commission does not accept said provisions in their entirety, without change or condition, the Agreement shall at any of the Settling Parties' option exercised within ten (10) days of such Commission order, be deemed to be null and void and without effect and shall not constitute any part of the record in this proceeding nor be used for any other purpose.

The Commission's acceptance of this Agreement does not constitute continuing approval of, or precedent regarding, any particular principle or issue in this proceeding, but such acceptance does constitute a determination that, as the Settling Parties believe, the provisions set forth herein in their totality are just and reasonable and in the public good.

The information and testimony previously provided in this proceeding are not expected to be subject to cross-examination by the Settling Parties, which would normally occur in a fully litigated case. The Settling Parties agree that all of their pre-filed exhibits should be admitted as full exhibits for the purpose of consideration of this Agreement. Agreement to admit all pre-filed and rebuttal testimony without challenge does not constitute agreement by the Settling Parties that the content of the pre-filed testimony filed on behalf of the other is accurate or what weight, if any, should be given to the views of any witness.

The discussions which have produced this Agreement have been conducted on the explicit understanding that all offers of settlement relating thereto are and shall be confidential, shall be without prejudice to the position of any party or participant representing any such offer or participating in any such discussion, and are not to be used in connection with any future proceeding or otherwise.

This Agreement may be executed in multiple counterparts, which together shall constitute one Agreement.

The Settling Parties agree that the proposed Agreement is lawful and consistent with the public good, and therefore recommend its approval.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed in their respective names by their authorized agents.

White Rock Water Company, Inc. and
Lakeland Management Company, Inc.

By Their Attorney,

Dated: November 21, 2013

By:


David William Jordan
P.O. Box 4224
Concord, NH 03302-4224
(603) 228-1151

Abenaki Water Co., Inc.

By Its Attorneys,

MCLANE, GRAF, RAULERSON &
MIDDLETON, PROFESSIONAL ASSOCIATION

Dated: _____, 2013

By:

Steven V. Camerino, Esq.
Carol J. Holahan, Esq.
McLane, Graf, Raulerson & Middleton, P.A.
11 South Main Street, Suite 500
Concord, NH 03301
603-226-0400

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McLane, Graf, Raulerson & Middleton, P.A.
11 South Main Street, Suite 500
Concord, NH 03301
603-226-0400

Dated: November 21, 2013

Staff, New Hampshire Public Utilities Commission

By: Marcia A. Brown

Marcia A. Brown, Esq.
Staff Attorney/Hearings Examiner
21 South Fruit Street
Concord, NH 03301
603-271-2431