

July 24, 2008

State of New Hampshire
Public Utilities Commission
21 S. Fruit Street, Suite 10
Concord, NH 03301-2429
ATT: Marcia A.B. Thunberg Staff Attorney

Gordon L. Brown, Jr.
P O Box 916
North Conway, NH 03860
RE: Pittsfield Aqueduct Company, Inc. DG 08-052



Dear Ms. Thunberg,

I am a resident of Birch Hill in North Conway. I attended the meeting on July 16, 2008 that was held at the offices of the Public Utilities Commission in Concord, New Hampshire, as an interested party. In other words I had no official standing as a representative of Birch Hill even though I reside at 66 Attitash Lane in Birch Hill. Therefore I am writing this letter as a resident and not an officer of the Birch Hill Water District. As a result of the meeting I received a copy of the Pittsfield Aqueduct Company, Inc.'s initial rate filing DG 08-052. It was sent to me by Ms. Sarah B. Knowlton of the McLane Association.

I have three points that I feel need clarification and justification from Pittsfield Company. Please bear in mind that we are a captive group of residents with no place to go to obtain water for our needs. Many of us do not have enough land to drill our own wells even if it was permissible. Some of us are retired and on fixed incomes which severely limit our budgeting ability. The rate sought by Pittsfield Company represents an increase of over 800 per cent above the present rate and the rates we enjoyed in the past. Now I would like to discuss the three points that I mentioned in the beginning of this paragraph.

Point One:

At the outset of Pittsfield taking over our water system, they insisted on the installation of water meters in our homes. There was not objection as it measured our water usage and set up a basis to make charges for our water. On Schedule 3, Attachment A, Exhibit 1, Page 7 there are cost factors for

new 5/8" meters which range from \$239.09 to \$509.94. Most of the meters are charged out at the lower figure with only one at the highest cost. As part of the Pre-Hearing Conference we were sent letters informing us what we could expect for future costs for our water. One rate change places the rental cost of the water meter at \$507.60 annually. Depending on which meter cost you use we will pay at least twice the cost or the original cost in one year. As a return on investment those figures would be considered gouging. If they want to factor replacement cost every few years the figure is still extremely high. By making these costs a part of our bill they make it impossible for us to self regulate our expenses for water. For my part I would be glad to purchase the meter and therefore take that figure out of the equation.

Point Two:

This deals with the costs incurred by Pittsfield during the upgrading of the Birch Hill water system. It seems that Pittsfield borrowed from themselves, one of their other entities, at an interest rate of 7.3%. I'm not an economist but in this day the average commercial rate should be much lower than what the Pittsfield Company is paying for funds. The last I heard was that many public utilities floated bonds in order to make improvements to their systems. Pittsfield water is a private company but it does serve the public and therefore has an obligation to their customer base as well as their stockholders.

Point Three:

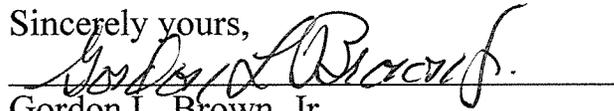
This particular point deals with the fact that we are captive consumers, we have no place to go to try and purchase at a cheaper rate. Because water is an essential utility to maintain our homes we need to purchase, but, not at a rate that exceeds the average cost of water in the state of New Hampshire by hundreds of percentage points.

At this time our homes have lost value due to two major problems; the first is the over valuation in the mortgage market that has led to bank failures and devaluation of properties in the housing market. The second major factor is the extreme rise of the cost of heating fuels; we are currently paying about four times what we paid two years ago. Add to that cost, the cost of water which will rise at least several hundred per cent according to the fact sheet supplied by Pittsfield Aqueduct Company. These water costs will be an additional depreciating factor in the home values on Birch Hill in North Conway.

I realize that Pittsfield Aqueduct Company has had to make some major and costly changes to the water supply system on Birch Hill. I have two suggestions that might ease the strain of water costs; the first is to allow us to purchase the water meters in our homes at near cost and not pay double their cost on an annual basis, that way we can regulate the cost of water by ourselves and not with a surcharge for the meter. The second thing is to extend the amortizing schedule for the upgrades to the system over a longer period of time. These two suggestions just might make it easier to bear and bring us more into line with the average costs in the state of New Hampshire.

As I stated at the beginning of this letter I am acting in an unofficial capacity for the Birch Hill Water District. I do plan to circulate this letter to my neighbors on Birch Hill.

Sincerely yours,


Gordon L. Brown, Jr.

**Notice of Pre-Hearing Conference
Petition for Increase in Rates**

PITTSFIELD AQUEDUCT CO., INC.

**July 16, 2008
10:00 a.m.**

Pittsfield Aqueduct Co., Inc. (PAC) has petitioned the New Hampshire Public Utilities Commission (Commission) for approval of an increase to its rates. PAC has asked for a temporary increase of 179.64% and an overall permanent increase of 311.91% which the company proposes implementing in two phases. PAC's request for this increase is based on significant increases in its capital and operating costs as well as investment in its treatment systems to ensure continued compliance with the Safe Drinking Water Act. The increase would apply to all customers. The increase for PAC residential general metered customers will be as follows:

Average Residential Annual Bill Birch Hill, Conway; Sunrise Estates, Middleton; Locke Lake Colony, Barnstead.			
	Meter Charge 5/8"	Volumetric Charge in 100 cubic feet	Total Annual
48ccf			
Current Rates	\$123.24	\$158.40	\$281.64
Proposed Temporary Rate	\$344.64	\$443.04	\$787.68
Proposed Permanent Rate	\$507.60	\$652.32	\$1,159.92

The Commission has scheduled a Pre-Hearing Conference to be held at the Commission's Offices in Concord on July 16, 2008 at 10:00 a.m. At the Pre-Hearing Conference, the Commission will hear preliminary statements from PAC and other parties, and will consider requests for formal intervenor status. The Commission will also take up the question of the schedule to govern the remainder of the case.

The Pre-Hearing Conference is open to the public. Customers and other interested parties are invited to attend the hearing and comment on the company's request. Those unable to attend the hearing may submit written comments by writing to the New Hampshire Public Utilities Commission at 21 South Fruit Street, Suite 10, Concord NH 03301 or via e-mail at puc@puc.nh.gov Tel: (603) 271-2431 Fax: (603) 271-3878

**For More Information Call:
(603) 882-5191 or 1-800-553-5191**

Dear Ms. Thunberg,

August 4, 2008

I cut this letter out of the Daily Sun today and am enclosing it for your perusal.

I have spoken to Mr. Siegler and he feels as I do that we are on the way to having the highest water costs not only in this state but in the country.

Sincerely yours,
Gordon Brown

Page 6 — THE CONWAY DAILY SUN, Monday, August 4, 2008

LETTERS

Birch Hill residents need to take a stand

To the editor:

Thank you for bringing the Birch Hill water rate hike issue to people's attention in your newspaper article on July 18. It was even an understatement to what the residents will be in store for if this preposterous price hike is approved. Since there are still many seasonal/part-time residents in Birch Hill, a full time resident will pay closer to an average of \$125 every month (with modest water usage and two people in the household) if the proposed rate increase is approved by the N.H. Public Utilities Commission. There is something very wrong about paying \$1,500 a year for water, especially with the meter rate charge alone totaling over \$507 annually. I hope that every resident of Birch Hill takes a stand now to oppose these outrageous rates because if they do not, it will soon be too

late. I certainly understand some increase to offset costs, but this is highway robbery. The temporary rate increase proposal of 179.64 percent is bad enough, but at almost 312 percent the permanent suggestion is insane. If you are a Birch Hill resident, please make your voice heard whether through letters, e-mail, telephone or in person at public hearings: to NH Public Utilities Commission, 21 South Fruit Street, suite 10, Concord, NH 03301; or call (603) 271-2431 or e-mail puc.nh.gov.

We do have a say in what happens in our community. Please make yourselves heard, as I have, to show your disapproval of this rate increase and desire for fair and reasonable water rates from Pittsfield Aqueduct Co., Inc.

Michele Siegler, Birch Hill resident
North Conway