

Exhibit #19

Eastman Sewer Company, Inc.

DW 13-171

Responses to Robert Logan (VDE) Set 3

ORIGINAL	
N.H.P.U.C. Case No.	DW 13-171
Exhibit No.	19
Witness	Panel 1
DO NOT REMOVE FROM FILE	

Data Request Received: 11/19/13

Date of Response: 12/03/13

Request No. Robert Logan 3-1 (VDE)

Witness: William S. Weber

REQUEST:

RESPONSE: In the original submission by Robert F. Logan, there is no Request 3-1. Therefore, no response can be provided.

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Responses to Robert Logan (VDE) Set 3

Data Request Received: 11/19/13

Date of Response: 12/03/13

Request No. Robert Logan 3-2 (VDE)

Witness: William S. Weber

REQUEST: In Mr. Weber's response to Request No. 2-2 he stated that the Village District has served the community in a cost-effective manner for many years and " Is there any quantifiable information to substantiate this opinion or is the statement simply Mr. Weber's opinion?

RESPONSE: Votes on all warrant articles of the VDE annual meetings from 2010 to 2013 were approved by district voters, many by unanimous vote. Minutes of these annual meetings are available on the VDE web site <http://www.eastmanh2o.org/> . Minutes of meetings prior to 2010 also show overwhelming approval of annual meeting warrant articles and are available in the VDE Office, 31 Draper Road, Grantham, NH.

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Responses to Robert Logan (VDE) Set 3

Data Request Received: 11/19/13

Date of Response: 12/03/13

Request No. Robert Logan 3-2a (VDE)

Witness: William S. Weber

REQUEST: In Mr. Weber's response to 2012 he stated "the primary objective is to reduce the cost and time delays associated with raising the required capital to undertake the upgrades to the system that required by the NHDES or the aging of the original equipment." Can you substantiate explicitly with comparative detail his statement or is it his opinion?

RESPONSE: Cost reductions by accelerating capital projects to negate the effect of inflation and through the opportunity to obtain lower borrowing costs than a private company. The VDE is pre-approved for a Clean Water State Revolving Fund Loan, with the condition that the VDE owns the waste water operation. The State Revolving Funds (SRF) loans are offered at less than traditional interest rates to municipalities and not private enterprises. Hence the ESC as a private company cannot be recipients of SRF loans. The VDE will also be able, subject to a 2/3 vote of the voters, to raise user fees and borrow funds prior to the construction on the capital improvement, which will lead to lower overall costs. The statement by Mr. Weber was a summary of what all of the participants to this joint petition have shown to be true and consistent with this acquisition.

Eastman Sewer Company, Inc.

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Responses to Robert Logan (VDE) Set 3

Data Request Received: 11/19/13

Date of Response: 12/03/13

Request No. Robert Logan 3-2b (VDE)

Witness: William S. Weber

REQUEST: In a September 27, 2013 notice to ECA members ECA Board President Maynard Goldman stated "clearly all capital improvements except emergency repairs will have to be put on hold until the PUC rules on the transfer of ESC to the VDE".

As VDE commissioners have you failed to require that the Eastman Sewer Board of Directors continue to operate the Eastman Sewer Company in a manner consistent with that which is in the public good? Has your collaboration with the Joint Petitioners resulted in delaying proper capital planning and implementation for the past six months?

Is your failure to speak up and demand that the Eastman Sewer Board of Directors operate The Eastman Sewer Company in a manner that is in the public good consistent with Mr. Weber's statement: "The primary objective is to reduce the cost and time delays associated with raising the required capital to undertake the upgrades to the system that are required by the NHDES or the aging of the original equipment"?

How is it that the aforementioned actions/inactions demonstrate that the acquisition of the Eastman Sewer Company by the Village District of Eastman is in the public good?

RESPONSE: The above question(s) should be directed to the ESC and/or ECA. However, in an effort to be responsive, the VDE offers the following; bullet 1, the VDE Commissioners through the VDE manager are kept up to date as to the ongoing day to day waste water operations though the VDE is in no position to "require" the ESC to do anything more than follow the Memorandum of Agreement and the Purchase and Sales Agreement.

Bullet 2; The first part of the question assumes an action or inaction and appears to be more of an opinion. The second part of the question/statement has taken Mr. Weber's quote out of the context it was intended for and therefore is irrelevant. Bullet 3; There does not appear to be any correlation to the rest of the question, rendering it unanswerable.

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Responses to Robert Logan (VDE) Set 3

Data Request Received: 11/19/13

Date of Response: 12/03/13

Request No. Robert Logan 3-2c (VDE)

Witness: William S. Weber

REQUEST: The discipline, planning and openness of operating a utility ought to be the same whether that entity is private or a municipality. The PUC oversight adds a level of a "reasonable objective party" that does not exist in the VDE model. The improper closed VDE meetings with ECA/ESC officials in early 2013, is but one example of how extreme "collaboration" can happen when there is no regulation or oversight. Why do you think that the PUC oversight of the Eastman Sewer Company is not in the public interest?

RESPONSE: The VDE model requires approval of the district voters of all expenditures, including a 2/3 vote for capital projects that require borrowing. The VDE is not aware of any such [improper closed VDE meetings] in 2013.

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Responses to Robert Logan (VDE) Set 3

Data Request Received: 11/19/13

Date of Response: 12/03/13

Request No. Robert Logan 3-(3-5) (VDE)

Witness: William S. Weber

REQUEST:

RESPONSE: In the original submission by Robert F. Logan, there are no Requests 3-(3-5).

Therefore, no responses can be provided.

Eastman Sewer Company, Inc.

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Responses to Robert Logan (VDE) Set 3

Data Request Received: 11/19/13

Date of Response: 12/03/13

Request No. Robert Logan 3-6a (VDE)

Witness: William S. Weber

REQUEST: Why do you support relieving the ECA Board of its fiduciary responsibility to the ESC given its discriminatory allocation of ECA financial resources as it pertains to the Sewer Company versus the Golf Course/Center? Both assets, the Sewer Company and the Golf Course/Center were acquired from the same owner (CEC) with the same stipulation on the part of community members that they would stand on their own financial merit and be revenue neutral to the community. The fact that the ECA Board chose to elevate the Golf Course to a "special amenity" status (in its By-Laws) in the past 10 years does not change the fundamental understanding under which that resource was acquired and that the Sewer Company was acquired. The ECA Board has broken the trust that ECA members have been told to give to the Board by not being fully open and transparent as to the condition of purchase of these two assets.

The magnitude of this capital funding discrimination on the part of ECA Governance is demonstrated by a comparison of the Asset Values as shown in the financial statements for the two assets as they were recorded in FY2001 and subsequently in FY2013. Over that 12 year period one finds that according to the ECA FY 2001 Audited Financials "Schedule B, the golf course and improvements at that time were valued at \$670,958. Similarly, if one looks at the Sewer Company Audited Financials, the number agreed to in a 1990 finding by the PUC for the

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category labeled Distribution Reservoirs AM was \$2,335,581 (Group: SEWER PLANT Asset #54). This Sewer Asset valuation is still being shown today. On the other hand the Golf Course valuation at the end of FY2013 is stated as \$3,526,626.

ECA AUDIT REPORT	Asset Value end FY2001	Asset Value end FY2013	Source of Capital Funds
Golf Course	\$670,958	\$3,526,656	ALL ECA members <input type="checkbox"/> previous to FY2000
Vehicles & Equipment	\$704,174	\$2,827,787	
Sewer Company Balance Sheet	2001 Property Plant and Equipment	2012 Property Plant and Equipment	Capital Improvements paid by sewer users only
Sewer Distribution System	\$2,427,492	\$2,843,834	\$416,342
	Book Cost/Net Book Value CY2001	Book Cost/Net Book Value CY2012	
Group: Sewer Plant: Asset Group #54	\$2,335,581/not provided	\$2,335,581/\$95,810**	Only ECA Sewer Users

*Schedule B is used because ECA has made a conscious decision to co-mingle on its Balance

Sheet: land, building lots, and golf course

**Source 2012 ESC Book Asset Detail Report

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The above stated golf course valuation does not include golf vehicles and equipment which is shown under a separate line item entitled: Vehicles and Equipment. It represents approximately 40% of that line item valuation which in FY2001 was \$704,174 and in FY2013 is \$2,827,787. These two numbers represent the total ECA Vehicle and Equipment valuation amounts for the stated fiscal years. Using 40% of the FY2013 valuation provides Golf Vehicle and Equipment of \$1,131,000. The aggregate golf course, golf vehicle and equipment valuation is about \$4,657,626 at the end of FY2013.

RESPONSE: This is clearly an ECA matter. The VDE is in no position to respond to this request.

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Responses to Robert Logan (VDE) Set 3

Data Request Received: 11/19/13

Date of Response: 12/03/13

Request No. Robert Logan 3-6b (VDE)

Witness: William S. Weber

REQUEST: No matter who ultimately pays the bill for The Eastman Sewer Company capital improvements, the question can be raised: "Did the VDE commissioners act properly in the best interest of the VDE members and the municipality in their decision and in setting an acceptable price for the Eastman Sewer Company?"

Clearly the ECA Board has underfunded the Sewer Company's capital infrastructure as it pertains to the overall ECA capital portfolio. The ECA Board's current capital construction plans include rebuilding a 14-year-old golf club/country club center in which many of the claimed requirements are redundant with a South Cove Center built in the past five years. Cost estimates range in the \$3-\$5 million range. Would an objective party view the ECA Boards attitude during its stewardship for the Eastman Sewer Company, a public utility as in the public interest? Your collaborative partnership with the ECA Board could lead to legal action if it is determined that in acquiring the Eastman Sewer Company the ECA Board ought to have compensated the VDE municipality and its membership more than \$3 million for the Boards failure to properly upgrade Eastman Sewer Company's capital infrastructure.

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RESPONSE: The parties to the Purchase and Sales Agreement have negotiated a fair price which is further substantiated by the unanimous vote by the VDE community inclusive of the waste water users. See Warrant Article 10, VDE Annual Report requesting the \$1.00 appropriation. The 2013 Annual Meeting Minutes are posted on the VDE web site www.eastmanh2o.org.

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Responses to Robert Logan (VDE) Set 3

Data Request Received: 11/19/13

Date of Response: 12/03/13

Request No. Robert Logan 3-(7-13) (VDE)

Witness: William S. Weber

REQUEST:

RESPONSE: In the original submission by Robert F. Logan, there are no Requests 3-(7-13).

Therefore, no responses can be provided.

Eastman Sewer Company, Inc.

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Responses to Robert Logan (VDE) Set 3

Data Request Received: 11/19/13

Date of Response: 12/03/13

Request No. Robert Logan 3-14a (VDE)

Witness: William S. Weber

REQUEST: The ECA Board President has stated at Council and other meetings that the ECA financials are too complex and had too much detail for ECA members to understand or what to inspect. The Eastman community financial reports, at the direction of the Board President, have recently been reengineered to institutionalize the aforementioned complexity. This re-engineering includes a unilateral decision to no longer assign general and administrative cost on an allocated basis to operating entities within the community. The community's General and Administrative costs currently exceed \$1 million. The ECA has in excess of \$1.5 million of capital reserve monies.

The current Eastman Sewer Company general manager has indicated in emails that he does not track his time on sewer company business (this excludes the ECA Board chairperson's decision to track the time of the Interveners' action before the Public Utility Commission on this acquisition) Given the above, can you define how you determined that the current costs that ECA has claimed as what is required to run the Eastman Sewer Company is in fact accurate and totally encompasses all General and Administrative costs associated with running the sewer company?

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RESPONSE: During our due diligence our research indicated that, past ESC financial records, historical data, and what the industry norm would be to own and operate a waste water utility of this size is in fact accurate and fully encompasses all general and administrative costs.

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Responses to Robert Logan (VDE) Set 3

Data Request Received: 11/19/13

Date of Response: 12/03/13

Request No. Robert Logan 3-14b (VDE)

Witness: William S. Weber

REQUEST: Given that the Sewer company management and administrative costs have not been tracked, how is it possible to state, as you have, that there will be a cost benefit to the sewer users? It appears you are using an arbitrary number that ECA has billed to ESC, the amount of time expended and the hourly rate of the resources used are unsubstantiated. How is this Due Diligence?

RESPONSE: All of the management and administrative costs are known and available, contact the ESC office during normal business hours Monday through Friday 8-4:30 PM. With this data the VDE believes these records represent a reasonable estimate of these costs.

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Responses to Robert Logan (VDE) Set 3

Data Request Received: 11/19/13

Date of Response: 12/03/13

Request No. Robert Logan 3-15 (VDE)

Witness: William S. Weber

REQUEST: In light of the above questions about the responsibilities of the ECA Board to allocate and expend funds in a reasonable and equitable way for ECA community assets, have you evaluated the potential liability that you as an individual and as a VDE commissioner have in agreeing to acquire the Eastman Sewer Co. and it's under-funded capital state?

One could consider the possibility that within the next five years an infusion of capital approximating \$3-\$5 million may be required to bring the sewer company up to a reasonable current standard. It has been my position that the VDE ought to be paid a significant sum for future capital expenditures by the ECA to assume this responsibility and liability: at least \$3 million dollars. This amount would compensate for past ECA Board funding omissions and represent a reasonable capital amount to begin bringing the sewer company capital infrastructure up to what is appropriate now.

Have you reviewed with VDE legal counsel or personal legal counsel on the potential legal liability that the VDE and or its officers may have given that it is the seller who has determined the appropriate compensation in this purchase and sale agreement? In my experience as an officer in a corporation, failure to do appropriate due diligence would/could expose both myself and my company to lawsuits.

RESPONSE: The sale price was negotiated between seller and buyer.

Eastman Sewer Company, Inc.

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Responses to Robert Logan (VDE) Set 3

Data Request Received: 11/19/13

Date of Response: 12/03/13

Request No. Robert Logan 3-16 (VDE)

Witness: William S. Weber

REQUEST: Have the VDE commissioners complied with the public meeting requirements as expressed in the NH Atty. General's memorandum on New Hampshire's right to know law RSA Chapter 91 dated 7/15 /2009? In that document it states in the section labeled: IV

MEETINGS:

Basic meeting requirements:

g. Minutes are a permanent part of the body's records and must be written and open to public inspection not more than five business days after the meeting-- RSA 91-A:2, II. There are no exceptions to this requirement for the minutes of open meetings.

Contained in the minutes of your March 20 meeting under the topic new business is the following entry "Commissioner Sullivan recognized Mr. Logan who inquired about receiving a response to his letter dated 2/6/13. Commissioner Wood said that he understands the nature of Mr. Logan's request and that the VDE isn't is still in the process of gathering information from ESA and that any response to the request would be better served after the VDE has more information if the motion to take on the wastewater passes at the annual meeting." This is the totality of a 30 minute exchange between myself and the commissioners.

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In fact this discussion of 30 minutes was on the subject of a due diligence request that I (Mr. Logan) had submitted on 7 February. I had sent a certified letter with the same request on 25 February which the VDE Commissioners received. The Request was EXHIBIT A in my filing as an intervener in this matter before the PUC. A few of my requests in my 2/7, 2/25 submissions to the Commissioners are:

When will a thorough and open independent financial evaluation of the sewer company's current financial capital and operational health occur? This needs to be done by an outside accounting firm with no allegiance to ECA or ESC.

What is the acquisition criteria that would be acceptable to the VDE? I doubt the sewer company has much if any market value because of its current financial status.

When will you get an independent and respected engineering firm's comprehensive assessment of all existing ESC's capital, all known future state and federal requirements that could necessitate additional capital funding for the next five years? I would also want to see a system adequacy projection based on current and potential future users.

During the 30 minute exchange, there was considerable dialogue that and most of the public would consider to be in the public interest including the above statements which were documented and received by the VDE on two separate occasions. Furthermore this discussion was clearly on a controversial subject matter and it was not adequately recorded in the published minutes. In fact the published minutes were not even signed by the commissioners until April 24 more than one month late.

Other comments extracted during this exchange from an audio of that meeting of public interest include:

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Bob Fairweather "I believe that the first document that was submitted on February 6 via the website where you go to report a leak or something like that....."

COMMENT: It would be in the public interest to know if one wants to make a request such as I had how A VDE member makes the request . Mr. Fairweather seems to be indicating the website was not the proper place.

Mr. Weber indicated that the entry was quarantined and came in as hieroglyphics on the website.

COMMENT: Again, wouldn't this be in the public interest to report this in the VDE minutes?

Mr. Wood: "I think there a lot of mistakes that were made with the sewer company over time. I think anyone that goes through and looks at it when they have spent capital, how much they spent capital, they have been undercapitalized the past 15 years and a lot of that was that there was no rate increase for 12 years...."

Mr. Wood: "One issue in my mind is that the whole disposal issue may get pushed forward in time because I sense the deferred maintenance issues are a higher priority - protecting the assets. To me the most important thing in the whole system is the pump stations at West Cove A and B when they fail, the lake is in trouble."

Mr. Wood "I will state that we will answer as many questions as we can I'm not going to guarantee we will do everything you asked us to do ."

There are numerous other remarks and responses that would be important for the public to know. Given the above and other information exchanges, I do not think the minutes produced are in the public good.

RESPONSE: We feel that this question bears no relevance to the PUC in evaluating and acting on the application of the Joint Petitioners.

Eastman Sewer Company, Inc.

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Responses to Robert Logan (VDE) Set 3

Data Request Received: 11/19/13

Date of Response: 12/03/13

Request No. Robert Logan 3-17 (VDE)

Witness: William S. Weber

REQUEST: Assuming you are a member of the golf course and an owner of a condo:

In the matter of this acquisition you could be viewed as a member of a class benefiting from an ESC ownership change. Have you reviewed whether in participating in the VDE decision to acquire the ESC assets and liabilities you could have a conflict of interest as a decision-maker in this matter?

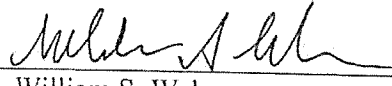
Have you reviewed with the VDE legal counsel or a personal legal advisor the potential legal liability of the VDE and/or its officers which could be incurred subsequent to the ESC acquisition?

RESPONSE: Mr. Wood is not a member of the golf course, but he is the owner and resides in a condo that is connected to the Eastman sewer system. As a Commissioner of the VDE he strives to serve the voters/customers of the VDE and the community that is associated with the VDE.

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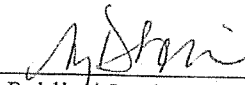
Respectfully Submitted,

VILLAGE DISTRICT of EASTMAN

By: 
William S. Weber
General Manager, Duly Authorized

STATE OF NEW HAMPSHIRE
COUNTY OF SULLIVAN

Subscribed and sworn to before me this 9th day of December 2013 by William S.
Weber, General Manager, Village District of Eastman


Notary Public / Justice of Peace
My Commission Expires:

AMY D. LEWIS, Justice of the Peace
My Commission Expires February 22, 2017