

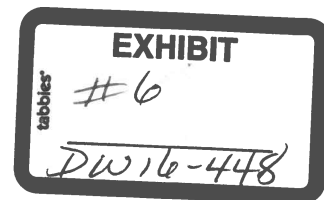
**STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITIES COMMISSION**

DW 16-448

RE: ABENAKI WATER CO., INC. AND ROSEBROOK WATER CO., INC.

Joint Petition to Transfer Utility Assets and Franchise and for Related Approvals

SETTLEMENT AGREEMENT



I. INTRODUCTION

This Settlement Agreement (“Agreement”) is entered into as of this 21st day of July 2016, between and among Abenaki Water Co, Inc. (“Abenaki”), Rosebrook Water Company, Inc. (“Rosebrook”), Office of the Consumer Advocate (“OCA”), and the Staff of the New Hampshire Public Utilities Commission (“Staff”) (collectively, the “Settling Parties”), with the intent of resolving certain issues, more fully described below, in the above-captioned proceeding.

II. THE PARTIES

Abenaki is a regulated public utility providing water service to approximately 95 customers in the Town of Bow, and water and sewer service to approximately 150 customers in the Town of Belmont. Abenaki is a wholly-owned subsidiary of New England Service Company, Inc. (“New England Service”), which in turn owns utility subsidiaries in Connecticut and Massachusetts. Rosebrook is a regulated water utility serving approximately 410 customers in the Town of Carroll.

III. PROCEDURAL BACKGROUND

On April 15, 2016 Abenaki and Rosebrook submitted a joint petition (the “Joint Petition”) for approval to: (1) transfer Rosebrook’s water utility assets and franchise to Abenaki

DW 16-448 Abenaki Water Co. Inc. & Rosebrook Water Company. Inc.
Joint Petition to Transfer Utility Assets and Franchise and Related Approvals
Settlement Agreement

as set forth in an Asset Purchase Agreement (the APA), pursuant to RSA 374:22 & 30; (2) discontinue Rosebrook's operation as a public water utility following the transfer pursuant to RSA 374:28; (3) authorize Abenaki to borrow an amount not to exceed \$400,000, pursuant to RSA 369:1 & 2, to finance the transfer of Rosebrook's utility assets and franchise and to undertake improvements to the water system; and (4) authorize Abenaki to modify Rosebrook's existing tariff to provide for monthly billing pursuant to RSA 378:3, and for other minor tariff revisions. The Joint Petition was accompanied by the prefiled testimony of Donald J.E. Vaughn, P.E., Abenaki's Board Chairman; Alex L. Crawshaw, P.E., President of Abenaki; and Deborah O. Carson, Treasurer. Pursuant to the APA, Abenaki agrees to pay the net book value of Rosebrook's assets as of the day the transaction is closed, plus a 10% premium. Further, Rosebrook and Abenaki agree to assign and direct the sale proceeds to REDUS NH Water Co., LLC ("REDUS"). REDUS is the holder of certain rights to acquire the stock of Rosebrook pursuant to an agreement approved by the Commission in Order No. 25,685 issued July 1, 2014 in Docket No. DW 12-299.

On April 19, 2016, the OCA filed a letter with the Commission, providing notice that pursuant to RSA 363:28, the OCA would be participating in this docket on behalf of residential ratepayers.

On May 11, 2016, the Commission issued an Order of Notice establishing a prehearing conference and technical session for June 1, 2016. No petitions for intervention were received. On June 3 by secretarial letter, the Commission approved a procedural schedule submitted by Staff, calling for discovery, a conference call, and a date for filing of testimony or a settlement agreement. The procedural schedule established a hearing on the merits for July 28, 2016.

DW 16-448 Abenaki Water Co. Inc. & Rosebrook Water Company. Inc.
Joint Petition to Transfer Utility Assets and Franchise and Related Approvals
Settlement Agreement

IV. TERMS OF AGREEMENT

The Settling Parties agree as follows.

A. Sale of Assets

The Settling Parties agree that such sale by Rosebrook 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 the requisite managerial, technical, and financial expertise to provide service to Rosebrook's customers within the current Rosebrook franchise area. Accordingly, the Settling Parties recommend the Commission find that Abenaki's request for approval to engage in the business of providing water service in Rosebrook's franchise area is for the public good.

C. Authority to Discontinue Service

The Settling Parties agree that Rosebrook's discontinuation of service is for the public good, and recommend the Commission grant Rosebrook's request to cease providing service as a public utility as of the date of the closing of the transaction as contemplated in the APA.

D. Authority to Issue Long Term Debt

The Settling Parties agree that the terms and conditions of the proposed financing are consistent with the public good. Abenaki should be authorized to borrow up to \$400,000 from CoBank as set forth in the Joint Petition and in the testimony of Deborah Carson and on such other terms and conditions as are not inconsistent therewith.

DW 16-448 Abenaki Water Co. Inc. & Rosebrook Water Company. Inc.
Joint Petition to Transfer Utility Assets and Franchise and Related Approvals
Settlement Agreement

Abenaki should further be authorized to grant a security interest in any or all assets acquired from Rosebrook in furtherance of its financing proposal, as well as to update its existing approved mortgage to include the newly acquired Rosebrook assets. The Settling parties recommend the Commission grant Abenaki's request for financing approval pursuant to RSA 369:1 & 2.

E. Tariff Revisions

The Settling Parties agree and recommend that the Commission approve Abenaki's request to modify its billing frequency and begin issuing bills monthly subsequent to the acquisition of the Rosebrook assets and franchise. Abenaki intends to implement the installation of radio-read meters for customers, facilitating monthly readings and the tendering of monthly bills. Abenaki also seeks approval of minor tariff amendments as detailed on Revised Exhibit H to the Joint Petition, filed July 22, 2016. The Settling Parties agree these amendments are reasonable and recommend the Commission provide its approval.

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.

DW 16-448 Abenaki Water Co. Inc. & Rosebrook Water Company. Inc.
Joint Petition to Transfer Utility Assets and Franchise and Related Approvals
Settlement Agreement

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 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.

DW 16-448 Abenaki Water Co. Inc. & Rosebrook Water Company, Inc.
Joint Petition to Transfer Utility Assets and Franchise and Related Approvals
Settlement Agreement

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

Abenaki Water Company

By Its Counsel,

UPTON & HATFIELD, LLP

Date: July 21, 2016

By:



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Rosebrook Water Company, Inc.

By Its Counsel,

DEVINE, MILLIMET & BRANCH,
PROFESSIONAL ASSOCIATION

Date: July 21, 2016

By:



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DW 16-448 Abenaki Water Co. Inc. & Rosebrook Water Company. Inc.
Joint Petition to Transfer Utility Assets and Franchise and Related Approvals
Settlement Agreement

Staff, New Hampshire Public Utilities Commission

Date: July 21, 2016

By: 

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Office of the Consumer Advocate

Date: July 21, 2016

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