January 4, 2021

Ms. Debra Howland Executive Director New Hampshire Public Utilities Commission 21 Fruit Street, Suite 10 Concord, NH 03301-7319

RE: <u>DW 20-117 Hampstead Area Water Company, Inc.</u> Request for Change in Rates

Dear Ms. Howland,

As documented by NHPR, HAWC is the only example of a water company in NH that is owned by the same family that owns a building company.

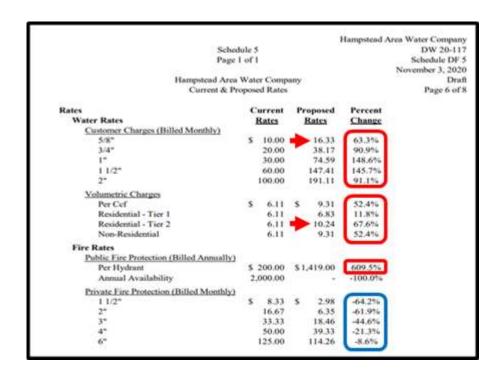
"HAWC is a privately-owned utility that sells water to people in the region who don't have their own wells. About a third of Hampstead residents rely on HAWC for water. HAWC itself is owned by another private company: Lewis Builders Development, one of the state's biggest real-estate developers. This arrangement - between a company controlling water, and another invested in real-estate - is unique in the state of New Hampshire."

## https://www.nhpr.org/post/hampstead-residents-spar-private-utility-over-town-s-water#stream/0

There are inherent conflicts of interest here that the PUC has not addressed. Lewis Builders Development Inc. (LBDI) wants to build "800 condos, a hotel and an entertainment complex" on the Atkinson Resort & Country Club (ARCC), so HAWC has incurred a lot of debt (\$3.5 million = \$892,000 for MSDC + \$1.1 million to expand water tank from 500K to 1 million gallons + \$1.5 million in CIAC Tax) to provide water to these sister organizations. HAWC, LBDI, and ARCC are all owned by the Lewis/Morse family. This debt should be paid for by ACRR & LBDI and NOT passed down to the towns of Atkinson and Hampstead (current request is a 609.5% increase on fire hydrant maintenance) nor onto their current ratepayers (current request is 65% increase).

"In Atkinson, Lewis Builders Development, Inc. (Lewis Builders), has requested gas service from Northern at the main club house of the Atkinson Country Club, as well as to the first phase of a planned development consisting of 288 condominium units in 9 buildings. According to Lewis Builders, additional condominiums are scheduled to be built over a 5-year period, from 2018 to 2022, in multiple phases of an overall development plan that ultimately will include 800 condominium units, a hotel, and an entertainment complex."

https://www.puc.nh.gov/Regulatory/Orders/2018orders/26178g.pdf



Page 40 <a href="https://www.puc.nh.gov/Regulatory/Docketbk/2020/20-117/INITIAL%20FILING%20-%20PETITION/20-117">https://www.puc.nh.gov/Regulatory/Docketbk/2020/20-117/INITIAL%20FILING%20-%20PETITION/20-117</a> 2020-11-24 HAWC INTERNAL FINANCIAL RPTS.PDF?fbclid=lwAR3mQ1ig20 S nFxRil8Fi-MUqFC4xOIPpyLqEEQDBu-wZ188Yk k06NPWk

The current 72 customers with pipes larger than 5/8" rates would increase by 90% to 149%, some of whom are town buildings like Atkinson's Kimball Library, again passing costs down to all town residents.

Also stunning is that with these massive increase requests, HAWC is recommending significantly LOWER rates for Private Fire Protection. <u>Lowering rates on their own sister-company's condos while increasing rates on residents and rate payers in an incredible conflict of interest that the PUC must address.</u>

Per HAWC's 2019 Annual Report, 19% (1,299 of 6,767) of Atkinson residents have water supplied by HAWC. The rest of us have private wells. I have read other docket documents where the PUC thinks it is acceptable to pass along massive debt to the town and thus its residents through obnoxiously large increases in fire hydrant maintenance fees. Over 609% increase is mind-blowing.

What the town pays for fire hydrant maintenance should be reasonable and customary and based on the actual cost to support the service. It should not be a means for the water company to recoup costs onto a larger entity, the town, and thus its taxpayers. There is no

reason why over 80% of Atkinson residents should be subsidizing HAWC, Lewis Builders and the Atkinson Resort & Country Club.

Annual Report of Hampsteed Area Water Co, Inc.						Year Ended December 31, 2019	
	by operating divisions the towns sar a. Give population of the area and		se in which franc	Nine is	for Smiled area by an asteric	k (*) sher	Number of
No.	Town	of Area	Customers	No.	Town	of Area	Customers
234567	Hampsteed, N. H. Sendown, N.H. Denville, N.H. Chester, N.H. Notingham, N. H. E. Kingelon Kingelon, N.H.	8,628 6,365 4,506 5,012 5,041 2,466 6,661	1,338 272 106 59 19 120	17 18 19 20 21 22	Sub Totals Forward	90,009	3,85
9 10 11 12 13	Alkingon, N.H. Salem, N.H. Plaistow, N.H. Newton, N.H. Strafford, N.H. Strafford, N.H.	6,767 28,873 7,871 4,947 4,742	1,286 75 114 150 42	24 25 28			
14	Sub Totals Forward	90,809	3.857		Total	90,600	5.85

## https://www.puc.nh.gov/Water-Sewer/Annual%20Reports/2019/2019-GasWater-AnnualReport-Hampstead-Area-Water-Company.pdf

<u>Schedule A-6 List of Towns Served</u>: Customers = 3,857

Atkinson = 1,299Hampstead = 1,336

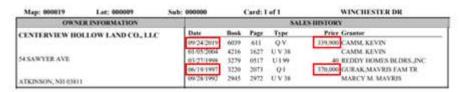
• Other = 1,222 (from 11 other towns, <u>not interconnected, therefore cannot</u>

benefit from Pipeline or all the debt incurred)

As a PUC regulated company, the <u>PUC approved the debt</u> that is not in the interest of the ratepayers or the residents of Atkinson and Hampstead (the only 2 towns with fire hydrants maintained by HAWC). PUC approved the debt for future water users, condo owners on the Atkinson Resort & Country Club.

In addition, <u>PUC has been handing out massive franchise areas</u> to HAWC, thereby creating an unfair monopoly. Other competing developers must ask HAWC for water and when HAWC says "no" the developer has no choice but to sell their land. This developer had to sell the 17.56 acre Winchester plot for \$30,100 less than was valued in 1997 (\$370,000 → \$339,900). Centerview Hollow Land Company, another Lewis company, bought it and now there is water for Lewis Builders to build the 30+ condos when other developers were told there was no water.

https://www.eagletribune.com/news/concern-over-proposed-hampstead-condo-project/article 834d3fda-771a-5acd-9c14-62cf51102a15.html



In summary, the PUC is complicit in creating several problems (giving HAWC an unfair monopoly, allowing HAWC to incur this debt, enabling the Lewis family to force the towns and residents to subsidize their developments), and thus needs to be a part of the solution. Sending massive rate increases to consumers and towns/residents (for fire hydrant maintenance) is unconscionable and not acceptable.

The rate increase request by Hampstead Area Water Company (HAWC) is outrageously high, creates an undue burden, and should be rejected by the PUC.

Regards,
Karen Steele
4 Pebble Brook Road
Atkinson, NH 03811
Karen.sue.steele@gmail.com
603-362-8850