



July 18, 2013

AFFIDAVIT OF DISTRIBUTION

I, Brian G. Harding, hereby certify that the attached letter and Order of Notice was served on known and prospective Eastman Sewer Company customers, as well as the Clerk of the Town of Grantham, New Hampshire, by first class U.S. Mail, postmarked Tuesday, July 16, 2013.

RE: Eastman Sewer Company, Inc. – DW 13-171

Signed _____

A handwritten signature in black ink, appearing to read "Brian Harding", written over a horizontal line.

Brian Harding
General Manager

County of Sullivan
State of New Hampshire

Affirmed before me, this 18 day of July, 2013

Signed: Gayle A. Burns
Notary Public

Commission Expires: Dec. 9, 2014

GAYLE A. BURNS
Notary Public - New Hampshire
My Commission Expires December 9, 2014



July 15, 2013

Dear Eastman Sewer Customer,

On June 13, 2013 the Eastman Sewer Company, Village District of Eastman, and Eastman Community Association filed a joint petition with the NH Public Utilities Commission requesting approval of the sale of assets and liabilities of the sewer company to the VDE, and release from further regulatory oversight by the Commission. As part of the petition process, the PUC has issued an Order of Notice and directed that a copy be provided to all ESC current and prospective customers. A copy of the Order of Notice is enclosed, and we hope you'll take the time to read this important document.

A Brief Background

In 2008, ESC requested approval by the PUC for a rate increase to facilitate needed capital improvements for the sewer system. The year and a half of effort and thousands of dollars of cost to complete the rate case process made it clear that continued regulation by the PUC was not in the best interests of the community. After studying various options, it was determined that a transfer of the operation to the Village District of Eastman was the best course. Since the PUC does not regulate municipalities, a transfer to VDE would accomplish the dual benefit of releasing the sewer operation from state regulation and entrusting the system with an organization having experienced staff, existing infrastructure, and a track record of decades of excellent service to the Eastman community.

In February 2012, ECA and ESC began discussions with VDE regarding the possibility of having the District acquire and operate the sewer system. After many months of discussion, a community forum, approval of the leadership of the three organizations, a special Village District meeting in January, and numerous communications to Eastman owners, the voters of the VDE voted overwhelmingly in March 2013 to approve the transfer of assets and liabilities of ESC to the VDE. With its vote, the Eastman community affirmed the VDE is the ideal organization to own and operate Eastman's sewer system into the future. A Purchase & Sale Agreement between ECA, ESC & VDE was signed on May 29, 2013 and the petition for approval of the sale was filed with the PUC.

What Happens Next?

We are hopeful the PUC will agree that a transfer of the sewer system to the Village District of Eastman is in the best interests of the customers. Unfortunately, the process has been complicated by the filing of a petition by Phil Schaefer with the Town of Grantham to create a separate sewer district, with the goal of having this district take possession of and control Eastman's sewer system. Under state law, Grantham was required to act on the petition, establish boundaries for the proposed district, and schedule a meeting for a vote on the issue. In the coming weeks there are two important meetings regarding the proposed separate sewer district:

- **Wednesday, July 24 at 7:00 pm at South Cove:** Open Forum to discuss the two options for ownership and control of Eastman's sewer system – Village District of Eastman or a separate sewer district.
- **Saturday, August 17 at 9:00 am at Grantham Town Hall:** Special Meeting and vote on whether to establish a separate sewer district (note – only voters registered in the proposed sewer district will be allowed to cast ballots at this meeting).

We encourage you to attend the July 24th and August 17th meetings, and do everything you can to help protect a part of Eastman that is vital to the environmental and economic health of the community. Thank you.

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

DW 13-171

EASTMAN SEWER COMPANY, INC.

**Joint Petition for Approval of Sale to Village District of Eastman and
Exemption from Further Regulation**

ORDER OF NOTICE

On June 13, 2013, Eastman Sewer Company, Inc. ("Eastman Sewer"), the Village District of Eastman (the "Village District"), and the Eastman Community Association (the "Association") (together, the "Joint Petitioners") filed a joint petition seeking approval of the sale of the assets and liabilities of Eastman Sewer to the Village District, and exemption from further regulation by the Commission. The Joint Petitioners filed testimony in support of the joint petition on June 21, 2013. Eastman Sewer is a regulated sewer utility pursuant to RSA 362:2 and serves approximately 537 customers in a limited area of the Town of Grantham. The Village District is a municipal district organized under State law and owns and operates a water supply and distribution system with about 1,330 connections. The Association is a not-for-profit corporation and currently owns all of the corporate stock of Eastman Sewer. The petition and subsequent docket filings, other than information for which confidential treatment is requested of or granted by the Commission, will be posted to the Commission's website at <http://www.puc.nh.gov/Regulatory/Docketbk/2013/13-171.html>.

Eastman Sewer and the Village District have entered into a purchase and sale agreement to transfer all of the assets and liabilities of Eastman Sewer to the Village District. Subsequent to the transfer, sewer service to Eastman Sewer's customers will be provided by the Village District

as a municipality serving within its municipal boundaries. Eastman Sewer would cease to exist. The current system operator, Water System Operators, Inc., an independent contractor, will continue to operate the system post-transfer. The voters of the Village District have approved the acquisition and the assumption of existing Eastman Sewer debt. The Joint Petitioners indicate that the sewer system is currently operating under a groundwater discharge permit issued April 19, 2013 by the New Hampshire Department of Environmental Services (NHDES), and that the NHDES has confirmed the transferability of this permit. The Village District and the current management of Eastman Sewer have reached agreement for the continuity of operational supervision with existing staff through a transition period.

The filing raises, inter alia, issues related to RSA 374:22 and 30 and whether the acquisition will be for the public good; RSA 374:4 and the Commission's oversight of the management of utility operations as well as the safety, adequacy, and accommodation of the utility service provided; and RSA Chapter 38 relative to the proposed transactions and purchase agreement. Each party has the right to have an attorney represent the party at the party's own expense.

Based upon the foregoing, it is hereby

ORDERED, that a Prehearing Conference, pursuant to N.H. Code Admin. Rules Puc 203.15, be held before the Commission located at 21 S. Fruit St., Suite 10, Concord, New Hampshire on August 1, 2013 at 10:00 a.m., at which each party will provide a preliminary statement of its position with regard to the petition, and any of the issues set forth in N.H. Code Admin. Rule Puc 203.15(d) shall be considered; and it is

FURTHER ORDERED, that, immediately following the Prehearing Conference, Eastman Sewer, the Staff of the Commission and any Intervenors hold a Technical Session to review the petition and discuss the development of a procedural schedule for review of the petition; and it is

FURTHER ORDERED, that pursuant to N.H. Code Admin. Rules Puc 203.12, ESC shall notify all persons desiring to be heard at this hearing by publishing a copy of this Order of Notice no later than July 11, 2013 in a newspaper with general circulation in those portions of the state in which operations are conducted, publication to be documented by affidavit filed with the Commission on or before July 29, 2013; and it is

FURTHER ORDERED, that ESC serve a copy of this Order of Notice on current and known prospective customers as well as the Clerk of the Town of Grantham, New Hampshire, by first class U.S. Mail, postmarked no later than July 18, 2013; and it is

FURTHER ORDERED, that pursuant to N.H. Code Admin. Rules Puc 203.17, any party seeking to intervene in the proceeding shall submit to the Commission an original and eight copies of a Petition to Intervene with copies sent to Eastman Sewer and the Office of the Consumer Advocate on or before July 29, 2013, such Petition stating the facts demonstrating how its rights, duties, privileges, immunities or other substantial interests may be affected by the proceeding, as required by N.H. Code Admin. Rule Puc 203.17 and RSA 541-A:32, I(b); and it is

FURTHER ORDERED, that any party objecting to a Petition to Intervene make said Objection on or before August 1, 2013.

By order of the Public Utilities Commission of New Hampshire this fifth day of July,
2013.

Debra A. Howland
Executive Director

Individuals needing assistance or auxiliary communication aids due to sensory impairment or other disability should contact the Americans with Disabilities Act Coordinator, NHPUC, 21 S. Fruit St., Suite 10, Concord, New Hampshire 03301-2429; 603-271-2431; TDD Access: Relay N.H. 1-800-735-2964. Notification of the need for assistance should be made one week prior to the scheduled event.