

THE STATE OF NEW HAMPSHIRE  
BEFORE THE  
PUBLIC UTILITIES COMMISSION

ORIGINAL	
N.H.P.U.C. Case No.	DW 13-171
Exhibit No.	2
Witness	Panel 1
DO NOT REMOVE FROM FILE	

DW 13-171

IN RE EASTMAN SEWER COMPANY, INC.

Sale of Assets and Liabilities to VILLAGE DISTRICT OF EASTMAN

PRE-FILED TESTIMONY OF BRIAN HARDING,  
GENERAL MANAGER OF THE EASTMAN SEWER COMPANY, INC.

NOW COMES, the EASTMAN SEWER COMPANY, INC., and submits the following  
PRE-FILED TESTIMONY:

1 Q. What is your name and relationship to the Eastman Community.

2 A. My name is Brian Harding. I am the General Manager of the Eastman Sewer Company,  
3 Inc. and have served in that capacity since January 2007. My office mailing address is PO Box  
4 53, Grantham, NH 03753-0053. I am also Assistant General Manager of the Eastman  
5 Community Association, and have been employed by ECA since 1994.

6 Q. What are your qualifications for and responsibilities in these positions?

7 A. As General Manager of ESC, I am responsible for overseeing the operation of the  
8 company, to include working with the contract system operator, managing the company finances  
9 and budget, directing contract engineers for completion of engineering studies and related capital  
10 projects, and interfacing with appropriate New Hampshire state agencies. I received my B.S. in  
11 Business Administration from the University of New Hampshire in 1988 and M.B.A. from  
12 Boston University in 1993. My professional activities include serving as Treasurer for the  
13 Eastman Charitable Foundation. I have testified in rate proceedings before the New Hampshire

14 Public Utilities Commission and have also participated in meetings with NHPUC staff to discuss  
15 topics of specific interest to the Eastman Sewer Company. Since February 2012, I have attended  
16 numerous ECA, ESC and Village District of Eastman meetings at which the topic of the  
17 proposed sale of ESC to VDE was discussed. Based on my operational and financial experience,  
18 it is my opinion that the transfer of assets and liabilities of the Eastman Sewer Company to the  
19 Village District of Eastman is in the best interest of the Sewer Company customers and the  
20 Eastman Community as a whole.

21 Q. What is the Eastman Sewer Company and who does it serve?

22 A. The Eastman Sewer Company was formed by the developer of the Eastman Community,  
23 Controlled Environmental Corporation, in 1972, to serve the properties in the Eastman  
24 Community (mostly condominiums) that could not have a septic system. The Eastman  
25 Community Association, a 501(c) 4 non-profit corporation, purchased all of the stock of the  
26 Eastman Sewer Company from the developer in January 2001. Approximately one-third of the  
27 Association's 1,500 properties are served by the Sewer Company, but the Company is  
28 intrinsically connected with and essential to the Village District and the Eastman Community.

29 Q. What is the Village District of Eastman?

30 A. The Village District of Eastman is a duly formed Village District pursuant to RSA 52.  
31 This municipality has the authority to provide sewer services. Parts of the towns of Grantham,  
32 Springfield and Enfield are contained within the geographical boundaries of the Eastman Village  
33 District, as shown on Exhibit 1 of the Petition.

34 Q. Are all ESC customers within the Village District of Eastman?

35 A. All of the customers of the Eastman Sewer Company, Inc. are within the geographical  
36 boundaries of the Village District of Eastman, and more specifically, all are within that portion

37 of the Town of Grantham which is within the Village District of Eastman.

38 Q. Are there any plans to serve customers outside of these boundaries?

39 A. There are no plans to extend sewer services beyond the geographical boundaries of the  
40 Village District of Eastman.

41 Q. Have the Parties executed a Purchase and Sale Agreement contingent on PUC approval?

42 A. Yes, the Eastman Community Association and Village District of Eastman executed a  
43 Purchase and Sale Agreement contingent on PUC approval (Exhibit 2 of the Petition for the sale  
44 of all of the assets and liabilities of the Eastman Sewer Company, Inc. to the Village District of  
45 Eastman.

46 Q. What operational changes are anticipated and how will sewer service be funded?

47 A. The Parties intend that this transfer will be as “seamless” as possible with few, if any  
48 changes. They intend that the provision of sewer services will be funded by user fees from the  
49 customers of the Eastman Sewer Company, Inc., and that such fees will be determined in accord  
50 with appropriate municipal procedures.

51 Q. Will billing practices change?

52 A. Although forms might change, the substance of billing practices will not. From the  
53 customer’s perspective, things will remain the same after the sale is completed.

54 Q. Do you have a DES permit and a qualified operator?

55 A. The Parties anticipate that the sewer services will continue to be provided in accord with  
56 the DES Permit as set forth in Exhibits 5 and 6 of the Petition. That Permit states at Page 4,  
57 Section 11: “The waste water treatment facility shall be operated and maintained by qualified  
58 operators, licensed by the Department under the requirements of N.H. Code of Administrative  
59 Rules, Env-Ws 901.” Our qualified operator is Joseph P. Damour, President, Water System

60 Operators, Inc., 405 Flanders Road, PO Box 69, Henniker, NH 03242. A 2013 contract between  
61 ESC and WSO has been executed. (Exhibit 3 of the Petition)

62 Q. Is the Village District of Eastman capable of managing the provision of sewer services?

63 A. The VDE already operates the water system of the Eastman Community. I interact with  
64 the VDE on a daily basis and I have directly observed the enhanced management and operational  
65 resources that will be available to ESC if this transaction is approved. VDE has operated the  
66 water system in a reliable and safe manner for years and is well equipped to add the sewer  
67 system to its functions – a combination that will be efficient, cost effective, and beneficial to the  
68 entire community. I have an excellent, ongoing, professional relationship with our qualified  
69 operator, Joseph P. Damour, and I expect that relationship to continue.

70 Q. Will this transaction be in the best interest of the public good?

71 A. Yes, the Parties have investigated the costs related to the provision of sewer services and  
72 have determined that operational, financial and structural efficiencies are possible if the Public  
73 Utilities Commission approves this transfer which will translate into savings, better service and  
74 more local control with the availability of VDE’s hands-on personnel, equipment and expertise.  
75 We estimate that annual savings will be:

\$8,100	Real Estate Taxes to Grantham
\$4,300	Utility Property Taxes to State
\$2,600	CPA Expense
\$4,700	Extra Insurance
<u>\$19,700</u>	14% of the ESC Operating Budget

76 Q. Would you please summarize the current status of this transaction.

77 A. After much discussion, debate and negotiation:

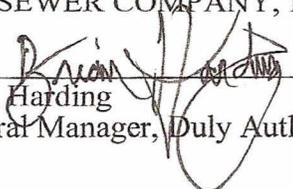
78 1. The sale concept has been approved by the voters with a “super majority” authorizing  
79 new financing.

- 80           2. Refinancing of ESC debt has been approved by the lender.
- 81           3. The actual sale, contingent on PUC approval, has been ratified by all three parties by
- 82 vote and by a signed Purchase and Sale Agreement.
- 83           4. A DES permit is currently in place. The process for approval of the transfer to the
- 84 VDE has been discussed with DES.
- 85           5. Agreement with the licensed operator has been reached and affirmed in writing.

Respectfully submitted,

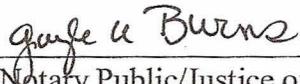
EASTMAN SEWER COMPANY, INC.

By: \_\_\_\_\_

  
Brian Harding  
General Manager, Duly Authorized

STATE OF NEW HAMPSHIRE  
COUNTY OF SULLIVAN

Subscribed and sworn to before me this <sup>18<sup>th</sup></sup> day of June 2013 by BRIAN HARDING,  
General Manager of the Eastman Sewer Company, Inc.

  
\_\_\_\_\_  
Notary Public/Justice of Peace  
My Commission Expires:

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

#### CERTIFICATE OF SERVICE

Today the foregoing document was served electronically and by depositing a copy of same in a United States Postal Service receptacle, first class postage prepaid, addressed to Office of the Consumer Advocate, 21 South Fruit Street, Suite 18, Concord, NH 03301-2429.

Dated: June 20, 2013

  
\_\_\_\_\_  
Jay C. Boynton, Esquire, NH Bar ID 79  
PO Box 395  
Andover, NH 03216-0395  
Telephone: 603-735-5554  
Facsimile: 603-735-5564  
[boyntonlawoffice@tds.net](mailto:boyntonlawoffice@tds.net)