

HUGH W. HASTINGS II

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June 5, 2014

NH Public Utilities Commission
21 S. Fruit Street, Suite 10
Concord, NH 03301-2429

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RECEIVED JUN 12 12:01

Attention: Debra A. Howland

Re: Hale Estates Subdivision
Conway, NH

Dear Ms. Howland:

Enclosed is a map of the whole of Hale Estates with a division line between Phase I, 51 lot owners who have formed the Hale Estates Owners Association (HEOA) and the Phase I common land presently owned by the Hugh W. Hastings II Revocable Trust (Trust) and Phase II, being 54 lots owned by the Trust and the Phase II common land also owned by the Trust.

After litigation, a Settlement Agreement between the Trust and HEOA was approved by the New Hampshire Superior Court dated December 10, 2013.

As you will see from the map, the Trust presently owns all the wells, pumping station and distribution mains that serve the Trust's 54 lots. The Settlement Agreement provides that the Trust will convey all of the Phase I common property to the HEOA. When that happens, the HEOA will own the reservoir and distribution mains in Phase I serving the 51 lots already sold in the 1st Phase. Upon sale of any of its 54 lots by the Trust, HEOA will be receiving dues from the new owners of a lot sold from Phase II at the same dues rate as it receives from the 51 lot owners whether the lot owners have a

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house or not. This arrangement continues indefinitely until 27 lots have been sold when HEOA will take over all of the common property in the 2nd Phase (including the wells, pump house and distribution mains).

On July 1, 2013, I signed a letter to the PUC/DES affirming that I was owner and operator of the entire water system for the Hale Estates Subdivision, however Iron Mountain Water Service, a licensed operator, actually tended to all aspects of running the water distribution for the HEOA. As a result of the settlement, once the Trust conveys the Phase I Common Property to HEOA it appears I will be selling water as a business to an association which was originally set up as a non-profit corporation (HEOA). HEOA will in turn be furnishing water to the lot owners through dues (as I understand it all lot owners pay the same dues, whether they have a house or an empty lot, HEOA's reasoning apparently being there is water available whether a lot owner uses it or not). HEOA will then be the water utility as I see it, buying water from the Trust and then distributing to its lot owners.

My question is how do I handle this? I will have operating and maintenance expenses and I have considerable capital invested in wells, pump house, back-up generator and distribution mains with hydrants. One alternative could be for the Trust to manage the pumping, have Iron Mountain Water Service continue to monitor the pump and do State testing as it has in the past, billing the Trust for its costs and then billing the HEOA for work on distribution and their fixtures. Another alternative might be to make a Lease for the duration it takes to sell 27 lots and let HEOA pay a sum for a yearly rental based on the actual cost of the pumping facility plus added costs (taxes, insurance, etc.)

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There is a July 1st re-registration coming up. I would like to get squared around by then.

Sincerely,


Hugh W. Hastings II

Enclosures

PC: NH Department of Environmental Services