

DW 99-016
DW 99-189

WESCO UTILITIES, INC.

Joint Petition by Riverview Land Corporation
d/b/a WESCO Utilities, and Pennichuck East Utility, Inc.
for Approval of the Transfer of the
WESCO Water Utility Business, Properties and Franchise

And

Proceeding to Show Cause Why Fines or Penalties
Should Not Be Imposed or Authority to Operate
as a Public Utility be Reconsidered,
as a Result of Deficiencies in Company Operations
and Responsiveness

Order Nisi Approving Transfer of the WESCO Water Utility
Business, Properties and Franchise to Pennichuck East Utility,
Inc. and Closing Docket DW 99-016

O R D E R N O. 23,456

May 2, 2000

APPEARANCES: James L. Sullivan, Jr., Esq. of
Sullivan & Gregg, P.A. for Pennichuck East Utility, Inc.;
Frederick J. Coolbroth, Esq. of Devine, Millimet & Branch,
P.A. for Riverview Land Corporation, d/b/a WESCO Utilities;
David W. Hess, Esq. on his own behalf as a customer; Mark
Cloutier, pro se; and Larry S. Eckhaus, Esq. for the Staff of
the New Hampshire Public Utilities Commission.

I. PROCEDURAL HISTORY

1. Docket DW 99-016

On February 1, 1999, the New Hampshire Public
Utilities Commission (Commission) issued Order No. 23,134
opening Docket DW 99-016 requiring WESCO Utilities (WESCO) to
appear before the Commission on March 5, 1999 to respond to
various alleged deficiencies, and to show cause why fines or

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other penalties should not be imposed, or why its authority to operate its water system in the Town of Hooksett should not be a matter for reconsideration.

On March 9, 1999, a hearing was held before the Commission at which the Commission heard testimony from Marcel Croteau, the owner of WESCO, Stephen St.Cyr, who provides administrative services to WESCO and Mr. Douglas Brogan, Commission Water Engineer. The Commission also heard statements from several WESCO customers.

On March 31, 1999, WESCO filed a Motion to Defer Proceedings so that a process for transferring the system to the Hooksett Village Water Precinct (HVWP) could be developed. On April 12, 1999, the Commission, by Secretarial Letter approved the deferral until June 1, 1999.

On May 20, 1999, the Commission received a late filed petition to intervene from Mark A. Cloutier. On June 11, 1999, the Commission received a late filed Motion to Intervene from David W. Hess.

Subsequently, Commission Staff informed the Commission that Pennichuck East Utility, Inc. (PEU), a wholly owned subsidiary of Pennichuck Corporation, which currently provides water service in Hooksett and other communities in New Hampshire, has been negotiating for the acquisition of the

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system and for a supply of water from HVWP with the water supply to flow through a main owned by the Department of Transportation (DOT) beneath Route 93. The Parties and Staff, therefore, requested a further deferral until further notice from Staff or any other Party, which request was granted on November 29, 1999 along with the approval of the late interventions of Messrs. Cloutier and Hess.

2. Docket DW 99-189

On December 1, 1999 Riverview Land Corporation, d/b/a WESCO and PEU, (together Joint Petitioners), filed a Joint Petition (Petition) requesting the Commission approve the transfer of the WESCO water utility business, properties and franchise to PEU.

On December 17, 1999, the Commission issued an Order of Notice establishing Docket DW 99-189, and scheduling a prehearing conference and technical session for January 6, 2000. On December 28, 1999, Mark A. Cloutier, a WESCO customer filed a Petition to Intervene. On December 29, 1999, David W. Hess, a WESCO customer, filed a Motion to Intervene. The Prehearing Conference and technical session were held on January 6, 2000 as scheduled. At the Prehearing Conference, David W. Hess was granted full intervener status, and Mark Cloutier was granted limited intervener status, as they

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requested, there being no objections. On March 21, 2000, the Joint Petitioners, after discussions with Staff and Intervenors, filed an Amended Joint Petition (Amended Petition).

The Amended Petition provides for a transfer of the WESCO water utility business, properties and franchise, *Re WESCO Utilities 74 NH PUC 155 (1989)*, to PEU, a wholly owned subsidiary of Pennichuck Corporation. WESCO will receive no compensation for this transfer, however, PEU expects to invest approximately \$39,160 in the system for improvements. WESCO's existing production well will be removed from service, and PEU will supply WESCO customers with water supply purchased from the HVWP in accordance with a ten year Water Supply Agreement which is renewable by PEU in two five-year increments, or a total of twenty years. Included in the Amended Petition is a letter dated January 14, 2000 from Harry T. Stewart, P.E. Director of the Department of Environmental Services Water Division, indicating that the proposed HVWP source of supply meets the suitability and availability requirements of RSA 374:22, III. The water supply will be transported from HVWP via a State controlled water main beneath Route 93 in accordance with a ten year Water Supply Agreement with the New

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Hampshire Department of Transportation which is renewable in four ten-year increments, or a total of fifty years. In addition, as a precaution to ensure future water supply, WESCO will convey to PEU easement rights to permit the installation of supply wells on certain WESCO property in the event such wells should become necessary.

PEU proposes to serve the WESCO customers at PEU's Rate Group GM-A rate, which PEU estimates will meet the initial standalone revenue requirement of the franchise area. Service at such rates will result in a decrease in rates of approximately 26.4% to a customer using 1,000 cubic feet of water per month.

As a condition of the Amended Standard Agreement between PEU and WESCO, WESCO's agreement to transfer the system for no monetary consideration is dependent upon the termination, prior to closing, of Docket DW 99-016 with no fines, sanctions, forfeitures or other penalties or refund, reparation or restitution obligations being imposed on WESCO or any of its directors, officers, employees, affiliates or agents.

The Amended Petition also seeks approval from the Commission pursuant to RSA 374:22 and RSA 374:26 to expand the franchise area to include the premises of David W. Hess which

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are served by the system but are outside the franchise boundaries previously approved.

II. COMMISSION ANALYSIS

Pursuant to RSA 374:30, a "public utility may transfer ... its franchise, works or system, ... when the commission finds that it will be for the public good." Thus, the Commission's permission is required under this provision if the transfer involves a surrender of control of operation. *Re Great Bay Water Company, Inc.* 83 NH PUC 575 (1998). Further, RSA 374:22, states that "No person or business entity shall commence business as a public utility within this state, or shall engage in such business, ... without first having obtained the permission and approval of the commission." This Commission may only allow an entity to engage in business as a public utility where it finds that the exercise of the right, privilege, or franchise is in the public good. See RSA 374:26. Under the public interest or public good standard to be applied by the Commission where an individual or entity seeks to acquire a jurisdictional utility, the Commission must determine that the proposed transaction will not harm ratepayers. *Id* at 577. Based on this standard we find that the acquisition of the WESCO system by

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PEU will not only not harm ratepayers, but will be beneficial to them. WESCO customers will be served by a large, competent and reliable water utility and have access to a better quality and quantity of water at lower rates. Thus, we will approve the acquisition and we will also approve the expansion of the franchise area to include the premises of David W. Hess.

PEU, and its affiliate, Pennichuck Water Works, Inc. (PWW) serve over 20,000 customers in its Nashua core system and various stand-alone systems and have a history of competent and reliable service. This Commission has repeatedly found that PWW and PEU have the operational, managerial and technical expertise to operate water utilities. See e.g. *Id* at 577; *Re Pennichuck Corporation/Pittsfield Aqueduct Company, Inc.*, 83 NH PUC 44 (1998); *Re Consumers New Hampshire Water Company*, 83 NH PUC 191 (1998).

Moreover, we find the rates to be charged customers under the proposed transfer just and reasonable for the reasons set forth in *Re Pennichuck Water Works, Inc.* 83 NH PUC 197 (1998).

Although the testimony and exhibits presented at the March 9, 1999 hearing in Docket DW 99-016 provide ample evidence to support the imposition of fines or penalties or

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the reconsideration of WESCO's authority to operate as a public utility, we find that the transfer of the WESCO system to PEU will result in safe and adequate service to WESCO customers at reduced rates. As the public interest will be served by the transfer of this system to PEU, we will close Docket DW 99-016 without a finding, on the condition that the transfer of the system to PEU proceeds expeditiously after the issuance of this Order.

Based upon the foregoing, it is hereby

ORDERED NISI, that the proposed transfer of the WESCO water supply and distribution system and its appurtenant easements and franchise rights from WESCO Utilities, Inc. to Pennichuck East Utility, Inc. is in the public good and is approved; and it is

FURTHER ORDERED, that the WESCO franchise area be expanded to include the premises of David W. Hess, Lot Nos. 114, 114-1 and 114-2, which are served by the system but are outside the franchise boundaries previously approved, as provided in *Re WESCO Utilities* 74 NH PUC 155 (1989); and it is

FURTHER ORDERED, that Pennichuck East Utility, Inc. is granted authority pursuant to RSA 378 to charge its Rate Group GM-A rates in the WESCO franchise area; and it is

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FURTHER ORDERED, that WESCO Utilities, Inc. is granted permission to discontinue service in the franchise area pursuant to RSA 374:28; and it is

FURTHER ORDERED, that Docket DW 99-016 is closed without a finding, on the condition that the transfer of the WESCO system to PEU proceeds expeditiously after the issuance of this Order; and it is

FURTHER ORDERED, that pursuant to Puc 1605.03, PEU shall cause a copy of this Order *Nisi* to be published once in a statewide newspaper of general circulation or of circulation in the Hooksett area, and shall send a copy of same to the Hooksett Town Clerk and to each WESCO customer, by first class mail, such actions to be no later than May 9, 2000 and to be documented by affidavit filed with this office on or before May 18, 2000; and it is

FURTHER ORDERED, that all persons interested in responding to this petition be notified that they may submit their comments or file a written request for a hearing on this matter before the Commission no later than May 18, 2000; and it is

FURTHER ORDERED, that any party interested in responding to such comments or request for hearing shall do so

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no later than May 23, 2000; and it is

FURTHER ORDERED, that this Order *Nisi* shall be effective June 1, 2000, unless the Commission provides otherwise in a supplemental order issued prior to the effective date; and it is

FURTHER ORDERED, that PEU shall file a compliance tariff with the Commission on or before June 1, 2000, in accordance with N.H. Admin. Rules, Puc 1603.02(b).

By order of the Public Utilities Commission of New Hampshire this second day of May, 2000.

Douglas L. Patch
Chairman

Susan S. Geiger
Commissioner

Nancy Brockway
Commissioner

Attested by:

Thomas B. Getz
Executive Director and Secretary

WATER SUPPLY AGREEMENT

AGREEMENT made this 11th day of Nov, 1999, by and between Pennichuck East Utilities, Inc., a New Hampshire regulated water utility, with a principal place of business at 4 Water Street, Nashua, New Hampshire (hereafter called "PEU") and The State of New Hampshire, acting by and through the Commissioner, New Hampshire Department of Transportation (NHDOT), 1 Hazen Drive, PO Box 483, Concord, N.H., 03302-0483 (hereafter called "NHDOT").

WHEREAS PEU will be the duly authorized water utility providing service to homes in the WESCO-Hooksett project in Hooksett, New Hampshire, and whereas PEU operates under the laws of the State of New Hampshire, and the rules and regulations of the New Hampshire Public Utilities Commission; and

WHEREAS NHDOT owns, operates and maintains a water main to the New Hampshire Liquor Store westerly of Route 93 in Hooksett, said water main being supplied with water by the Hooksett Village Water Precinct (HVWP); and

WHEREAS the WESCO Utilities well has failed and PEU is desirous of purchasing water from the Hooksett Village Water Precinct (HVWP) and provide service to the WESCO - Hooksett project via the water main owned by the NHDOT; and

WHEREAS PEU has the right to install utilities necessary for its operations on the State property, westerly of Route 93; and

WHEREAS the HVWP has indicated a willingness to sell water to PEU via the existing water main which is owned and maintained by the NHDOT;

NOW THEREFORE the parties agree as follows:

1. NHDOT agrees to allow PEU to connect a 6" Class 52 ductile iron water main to the existing hydrant branch at the southwestern corner of the State property referenced above.

2. PEU will indemnify the NHDOT against any claims against itself or by itself with regards to the water quality and the water quantity available from the NHDOT water main. PEU recognizes and accepts the water pressure, water quality and water quantity that will be available from the HVWP at the location detailed in paragraph 1 above.
3. PEU will be the owner of all pipes or other water facilities leading from the hydrant branch on the State property to the 4" water service feeding the WESCO Utilities pump house. PEU will have the responsibility for maintaining and repairing said pipes and facilities, though HVWP or the NHDOT will have the right and power to make repairs and/or perform maintenance upon said pipes and facilities at PEU's cost, if HVWP or the NHDOT shall determine that such maintenance and/or repairs will be necessary or advisable for maintaining the safety and quality of water flowing through said pipes to the WESCO Utilities pump house. HVWP or the NHDOT shall provide PEU notice of the repairs and/or maintenance that it plans to undertake at least 24 hours in advance, when practicable. PEU shall have the right to make said repairs in lieu of HVWP or NHDOT if said repairs will be completed within 24 hours.
4. PEU will not take water from the water main in question at a rate in excess of 50 gallons per minute.
5. PEU will operate and maintain the fire hydrant adjacent to its tap at the southwestern corner of the State property.
6. PEU will repair or replace the broken hydrant, one time, upon the signing of this agreement, on the eastern side of I-93 at the north bound State Liquor Store site.
7. PEU shall pay for a prorated share of any repairs or replacements of the NHDOT water main that are necessary to provide water from HVWP's water mains to the location where PEU has tapped the NHDOT water mains. The costs shall be prorated based on one full year (calendar) usage (based on HVWP's actual billings) to the NHDOT for the Liquor Stores on the east and west side of I-93 and the water purchased by PEU for the WESCO Utilities.
8. This Agreement will have a term of ten (10) years from the date hereof (as first set forth above) (said term hereafter being called the "Initial Term"). During the period commencing one and one-half (1-1/2) years prior to the termination of the Initial Period and ending one (1) year prior to the termination of the Initial Term, PEU may, at its

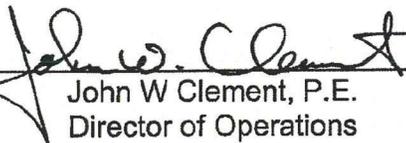
option, notify HVWP of its intention to renew this Agreement for an additional ten (10) year term. In substantially the same manner as set forth above, PEU, with approval from the NHDOT, may exercise an option to renew this Agreement for up to three additional ten (10) year renewal terms. In all events, this contract will terminate fifty (50) years from the date hereof (as first set forth above). This agreement may not be altered without the express written consent of both parties.

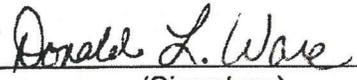
- 9. This Agreement, including all exhibits and schedules attached hereto, represents the entire understanding between the parties, and no other oral or written agreements or representations with respect to the subject of this Agreement, unless incorporated herein, shall be binding upon the parties. No provision of this Agreement shall be amended, waived, or modified except by an instrument in writing signed by the parties hereto.
- 10. This Agreement will inure to, and will be binding upon, the successors and assignees of the parties hereto.

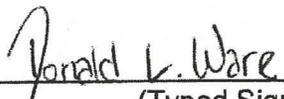
IN WITNESS WHEREOF PEU and NHDOT have caused their duly authorized officers to set their hands on the date first set forth above.

THE STATE OF NEW HAMPSHIRE
Department of Transportation

PENNICHUCK EAST UTILITIES, INC.

BY: 
John W. Clement, P.E.
Director of Operations

BY: 
(Signature)


(Typed Signature)

Vice President - Engineering
(Title)

WATERLINE PURCHASE AND SALE AGREEMENT

This AGREEMENT made this 3rd day of November, 2005, is by and between Pennichuck East Utility, Inc., a New Hampshire corporation and New Hampshire regulated water utility, with a principal place of business at 4 Water Street, Nashua, New Hampshire, (hereinafter "PEU") and the State of New Hampshire Department of Transportation (the "State").

WHEREAS PEU desires to purchase and the State desires to sell an existing waterline originating at the intersection of NH Route 3A and the Service Road to the Hooksett Northbound Rest Area and Liquor Store, as more particularly described in Exhibit A hereto and incorporated herein (the "Existing Waterline");

WHEREAS PEU has contracted with Bow Highlands, L.L.C., 8 Dunnmoore Drive, Bow, New Hampshire 03304 (the "Developer"), to purchase certain related water mains and related equipment from the Developer who is in the process of completing a forty-four residential development on Bow Bog Road in Bow, New Hampshire, to be known as Bow Highlands Development;

WHEREAS PEU has filed a Petition dated September 30, 2005 to become the franchise holder for supplying water to the proposed Bow Highlands Development in Bow, New Hampshire (collectively, the "Proposed Waterline"), under the laws of the State of New

ATTACHMENT D

Hampshire and the rules and regulations of the New Hampshire Public Utilities Commission (“PUC”);

WHEREAS PEU currently holds a franchise from the PUC to provide service to WESCO Utilities in Hooksett, New Hampshire;

WHEREAS PEU has filed an E-22 with the PUC notifying the PUC of PEU’s intent to purchase the Existing Waterline and the 30-day comment period has expired;

WHEREAS PEU currently supplies water to a portion of the Town of Hooksett, including a portion of Hooksett adjacent to WESCO Utilities;

WHEREAS Hooksett Village Water Precinct (“HVWP”) currently supplies water to the New Hampshire State Liquor Store and Rest Area westerly of Route 93 in Hooksett by means of the Existing Waterline;

WHEREAS PEU has commenced an action before the New Hampshire Department of Transportation to enter into a Use and Occupancy Agreement for a proposed water line required to connect the Existing Waterline to the Proposed Waterline; and

NOW THEREFORE the parties agree as follows:

1. PEU shall purchase the Existing Waterline from the State for \$67,000.00.

ATTACHMENT D

2. Conditions Precedent to Closing. Prior to closing the purchase and sale of the Existing Waterline, the following conditions shall be met:
 - a. PEU shall provide documentation of the final approval of the approved franchise to serve Bow Highlands from the PUC and such other regulatory approvals as may be necessary to purchase the Existing Waterline.
 - b. The representations and warranties in Section 4 shall be true.
 - c. PEU shall close its transaction with the Developer of Bow Highlands, and provide the funds referenced in Section 1 to the State in a mutually acceptable form a closing to be held in this matter according to the terms set forth in Section 3.
3. Closing. This Agreement shall close within 30 days of PEU closing with the Developer of Bow Highlands Development, closing hereunder to occur at the office of Dwyer Donovan & Pendleton, P.A., in Portsmouth, New Hampshire, or at such other time and place and location mutually agreed to by the Parties (herein sometimes referred to as the "Closing"). At such time, on payment by PEU of the purchase price then due, the State shall deliver to PEU sufficient documents of transfer as referenced herein, including a bill of sale substantially in the form attached hereto as Exhibit B and such other documents as shall be required for the proper transfer by the State to PEU of all of the above-described assets.
4. PEU Representations and Warranties. PEU represents and warrants, as of the time of execution of this Agreement, the following:

ATTACHMENT D

a. PEU is a duly organized and validly existing corporation in good standing under the laws of the State New Hampshire

b. PEU has taken all corporate actions necessary to authorize the execution, delivery, and performance of this Agreement.

c. Simultaneously with the Closing, PEU shall enter into a Use and Occupancy Agreement with the New Hampshire Department of Transportation for the Existing Waterline and the Proposed Waterline substantially in the form attached hereto as Exhibit C.

d. Prior to commencing any work on the Proposed Waterline within the State Right of Way, PEU shall obtain a Turnpike Encroachment Permit from the New Hampshire Department of Transportation for the Proposed Waterline substantially in the form attached hereto as Exhibit D.

5. State Warranty. The State represents and warrants to PEU that, as of the time of the execution of this agreement it has good and merchantable title to the Existing Waterline being transferred hereunder free and clear of any liens, security interests or encumbrances.

6. Disclaimer of Warranties. EXCEPT AS OTHERWISE SPECIFICALLY PROVIDED HEREIN, THE EXISTING WATERLINE IS BEING SOLD AND TRANSFERRED "AS IS, WHERE IS," AND, EXCEPT TO THE EXTENT SPECIFICALLY PROVIDED HEREIN, THE STATE IS NOT MAKING ANY OTHER REPRESENTATIONS OR WARRANTIES, WRITTEN OR ORAL, STATUTORY, EXPRESS OR IMPLIED, CONCERNING THE EXISTING WATERLINE, INCLUDING, WITHOUT LIMITATION, ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, ALL OF

WHICH REPRESENTATIONS, OTHER THAN THOSE HEREIN, ARE HEREBY EXPRESSLY EXCLUDED AND DISCLAIMED.

7. The New Hampshire Department of Transportation will continue to purchase its water supply directly from HVWP or such other provider as it selects from time to time and shall be under no obligation to purchase water from PEU.

8. PEU shall, at all times, operate and maintain the Existing Waterline in accord with the applicable American Water Works Association standards as they exist from time to time. PEU shall make this provision binding on all successors, assigns, and transferees who take ownership or control of the Existing Waterline.

9. This Agreement, including all exhibits and schedules attached hereto represents the entire understanding between the parties, and no other oral or written agreements or representations with respect to the subject of this Agreement, unless incorporated herein, shall be binding upon the parties. No provision of this Agreement shall be amended, waived, or modified except by an instrument in writing signed by the parties hereto.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first written above.

ATTACHMENT D

THE STATE OF NEW HAMPSHIRE

Department of Transportation

BY: _____

Its: _____

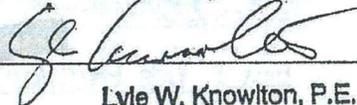
PENNICHUCK EAST UTILITIES, INC.,

BY: Donald L. Ware

Its: Sr. Vice President-Operations

THE STATE OF NEW HAMPSHIRE

Department of Transportation

BY: 

Its: Lyle W. Knowlton, P.E.
Director of Operations
NHDOT

PENNICHUCK EAST UTILITIES, INC.,

BY: _____

Its: _____

BILL OF SALE

The State of New Hampshire, by Carol Murray, Commissioner of The Department of Transportation ("Seller"), 7 Hazen Drive, PO Box 483, Concord, New Hampshire 03302-0483, does hereby unconditionally sell and convey to Pennichuck East Utility, Inc., a New Hampshire corporation, with a principal place of business at 4 Water Street, Nashua, New Hampshire, and its successors and assigns forever ("Buyer"), the following described chattels and personal property:

A waterline located in Hooksett New Hampshire and more particularly described as: Beginning at the existing eight-inch (8") water main tee, the line runs westerly for approximately one hundred and six feet (106'). The line then elbows and proceeds northerly for approximately one hundred and thirty eight feet (138') to a 8" x 6" x 6" reducer/tee. The eight-inch (8") changes to a six inch (6") main and continues as follows: The line continues northerly for approximately three hundred and thirty feet (330') to and including a fire hydrant and all branches, valves, and appurtenances thereto. The line from the 8" x 6" x 6" reducer/tee also continues westerly for approximately five hundred and twenty two feet (522') under the Central NH Turnpike to the southbound rest area. Then continuing in a southerly direction for approximately seventy-two feet (72'), then westerly for approximately one hundred and ninety-eight feet (198'). The line then goes southerly for approximately two hundred and forty-five feet (245') to and including at a fire hydrant and all branches, valves, and appurtenances thereto at the end of Springer Road in Hooksett, New Hampshire. See NH State Liquor Store Plans, Sheets 1 and 3 of 37, dated 8/22/78.

Seller represents and warrants that, as of the time of the execution of the Waterline Purchase and Sale Agreement between Buyer and Seller, dated 3 November 2006, it has good and merchantable title to the Existing Waterline being transferred hereunder free and clear of any liens, security interests or encumbrances.

THE EXISTING WATERLINE IS BEING SOLD AND TRANSFERRED "AS IS, WHERE IS," AND, EXCEPT TO THE EXTENT SPECIFICALLY PROVIDED HEREIN, THE STATE IS NOT MAKING ANY OTHER REPRESENTATIONS OR WARRANTIES, WRITTEN OR ORAL, STATUTORY, EXPRESS OR IMPLIED, CONCERNING THE EXISTING WATERLINE, INCLUDING, WITHOUT LIMITATION, ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, ALL OF WHICH REPRESENTATIONS, OTHER THAN THOSE HEREIN, ARE HEREBY EXPRESSLY EXCLUDED AND DISCLAIMED.

Executed this 30th day of November, 2006.

THE NEW HAMPSHIRE DEPARTMENT OF TRANSPORTATION

By: 

Its: Asst Commissioner

Witness: 

DESCRIPTION OF HOOKSETT WATER LINE

The water line begins at the intersection of NH Route 3A and the Service Road to the Hooksett Northbound Rest Area and Liquor Store. Beginning at the existing eight-inch (8") water main tee, the line runs westerly for approximately one hundred and six feet (106'). The line then elbows and proceeds northerly for approximately one hundred and thirty eight feet (138') to a 8"x 6"x 6" reducer/tee. The eight inch (8") changes to a six inch (6") main and continues as follows: The line continues northerly for approximately three hundred and thirty feet (330') to a fire hydrant. The line from the 8"x 6"x 6" reducer/tee also continues westerly for approximately five hundred and twenty two feet (522') (under the Central NH Turnpike) to the southbound rest area. Then continuing in a southerly direction for approximately seventy-two feet (72'), then westerly for approximately one hundred and ninety eight feet (198'). The line then goes southerly for approximately two hundred and forty five feet (245') to the end at a fire hydrant at the end of Springer Rd.

Ref. NH State Liquor Store Plans, Sheets 1 and 3 of 37, dated 8/22/78.



THE STATE OF NEW HAMPSHIRE
DEPARTMENT OF TRANSPORTATION



CHRISTOPHER D. CLEMENT, SR.
COMMISSIONER

JEFF BRILLHART, P.E.
ASSISTANT COMMISSIONER

June 5, 2013
 Bureau of Turnpikes

Her Excellency, Governor Margaret Wood Hassan
 and The Honorable Council
 State House
 Concord, New Hampshire 03301

REQUESTED ACTION

1. Authorize the New Hampshire Department of Transportation (NHDOT), New Hampshire Liquor Commission (NHLC) and New Hampshire Department of Resources and Economic Development (DRED) to enter into a 35-year ground lease contract with Granite State Hospitality, LLC dba The Common Man Hooksett, Meredith, New Hampshire, Vendor No. 249523, in order to re-develop the northbound and southbound Rest Areas in the Town of Hooksett to full service welcome centers with concession sales, fuel sales, visitor centers, and two new state Liquor and Wine Outlet Stores for a minimum guaranteed rent of \$23,236,301 over the 35-year term with tiered rent payments based on the sale of gasoline and tiered percentage rent based on gross concession sales to be effective upon Governor and Council approval or July 1, 2013, whichever date is later, through June 30, 2048 with an option to renew for up to two 5-year options at the sole discretion of the State, subject to Governor and Council approval. Rent payments will be deposited to the Turnpike Revenue Account.

000-000017 Turnpike Fund
009-406922 Rental Income - Turnpike

2. Authorize the New Hampshire Liquor Commission (NHLC) to pay Granite State Hospitality, LLC dba The Common Man Hooksett and the Department of Administrative Services, Bureau of Public Works in the amount not to exceed \$8,400,000 for the construction of two new state liquor and wine outlet stores that will be co-joined with the new full service northbound and southbound welcome centers in the Town of Hooksett. Up to \$250,000 will be deducted from the construction fund to pay for inspection services to be performed by the Bureau of Public Works (Requested Action No. 3). 100% NHLC Funds.

Funding is available as follows:

<u>Account:</u>	<u>FY 2014</u>
030-077-09840000	
Hooksett N/S Adds	
034-500161 New Construction	\$8,400,000.00

3. The Liquor Commission will pay for inspection services payable to be conducted by the Department of Administrative Services, Bureau of Public Works (Vendor Code 177875) in an amount not to exceed \$250,000. The funds for inspection services will be deducted from the cost of construction payable to Granite State Hospitality, LLC d/b/a The Common Man Hooksett (Requested Action No. 2). Any

unused portion of the inspection services fees are to be dedicated to fund the construction of the new state liquor and wine outlet stores. 100% NHLC Funds.

4. Authorize the New Hampshire Department of Transportation (NHDOT) to pay for inspection services of the northbound and southbound welcome centers to be conducted by the Department of Administrative Services, Bureau of Public Works (Vendor Code 177875) in an amount not to exceed \$100,000. 100% Turnpike Funds.

Funding for inspection services are available as follows:

<u>Account:</u>	<u>FY 2014</u>
04-96-96-961017-7507	
Improvements to Central New Hampshire Turnpike	
400-500875	\$100,000.00
Construction Repair Materials, New Buildings - DOT	

EXPLANATION

Pursuant to State Law Chapter 144, Laws of 2009, which authorized the Commissioner of the Department of Transportation to request proposals to commercialize rest areas, welcome centers, and state liquor and wine outlet stores along the highways and turnpikes, the New Hampshire Department of Transportation, in coordination with the New Hampshire Liquor Commission (NHLC), New Hampshire Department of Resources and Economic Development (DRED) and New Hampshire Department of Administrative Services, Bureau of Public Works, issued a Request for Qualifications (RFQ) on July 17, 2012 and a Request for Proposals (RFP) on October 15, 2012.

The Long Range Capital Planning and Utilization Committee, at their May 28, 2013 meeting, approved this request to enter into a 35-year ground lease contract (the "contract"), with two 5-year options, exercised at the sole discretion of the State. Under the contract, the Developer/Operator, Granite State Hospitality, LLC dba The Common Man Hooksett ("Common Man") shall redevelop both the northbound and southbound rest areas along Interstate 93 in the Town of Hooksett into full service welcome centers with concession sales, fuel sales, visitor centers, and new state liquor and wine outlet stores for a minimum guaranteed rent paid to the State of \$23,236,301 over the 35-year term with tiered rent payments based on the fuel sales and tiered percentage rent based on gross concession sales to be paid by the Common Man, subject to the terms of the revenue sharing and conditions of the ground lease and concession agreement.

The contract requires the Common Man to design, build, finance, maintain and operate the service areas, with the exception of the new state Liquor and Wine Outlet Stores, which will be financed, owned and operated by the New Hampshire Liquor Commission.

Both the RFQ and RFP identified three specific goals for the 35-year ground lease contract that guided both the criteria used to select the Developer/Operator (D/O) and to measure the success of the venture itself. The three goals are:

- Obtain new, high quality facilities to replace the existing Rest Areas and state liquor and wine outlet stores.
- Ensure that the facility design and operation will provide a positive customer experience for the commuter, recreational traveler, and state liquor and wine outlet store patron.
- Provide a fair return to the Turnpike System and provide for the transfer of the facilities in satisfactory condition to the State at the end of the lease term.

The RFQ, which was issued on July 17, 2012, solicited interest in the re-development project and evaluated the interested Developer/Operator (D/O) teams' qualifications, experience, and financial

aptitude in order to be invited to participate in the RFP. Three D/O teams submitted qualifications packages with all three invited to submit proposals. The following D/O groups responded to and were approved for inclusion in the RFP phase:

VENDOR NAME

- First Equity Group, LLC (office based in Chicago, IL)
- The Common Man, Inc. (office based in Ashland, NH)
- Host International, Inc. (office based in Bethesda, MD)

On October 15, 2012, the Department publicly advertised the RFP. Proposals were received from the following two vendors in accordance with the requirements for submission, including the stipulated deadline of January 29, 2013 (per Addendum #1):

VENDOR NAME

- First Equity Group, LLC (office based in Chicago, IL)
- Granite State Hospitality, LLC dba The Common Man Hooksett. (an affiliated entity of the Common Man family of restaurants and real estate holdings in partnership with Edward J. McLear, a participant in Hampshire Hospitality Holdings, Inc.)

Proposals from each D/O team were reviewed by a Selection Committee, comprised of three Department of Transportation representatives, three NH Liquor Commission representatives, and one representative each from the Department of Administrative Services Bureau of Public Works and Department of Resources and Economic Development Division of Travel and Tourism, along with review and support by a Technical Committee formed for the project. On February 26, 2013, the Selection Committee held interviews with the D/O teams, where each group provided a detailed presentation describing their team, capabilities, and pertinent aspects of their proposal; provided answers to a specific set of questions targeting each proposal; and participated in an open question and answer period. Following the interviews, the Selection Committee met to discuss the interviews, develop the preliminary rating of the proposals and the necessity for requesting a "Best and Final Offer" (BAFO). The BAFO, which was sent to the D/Os, asked the D/O teams to consider enhancements to both the technical and financial aspects of the proposals. Both D/O teams responded to the BAFO request and submitted their BAFO documents on March 25th, 2013.

The Selection Committee used the table below to rate the technical aspects of each proposal taking into account the proposed technical designs and schedule, revenue proposal, the firm's qualifications, project team and capabilities. The technical aspect accounted for 65 of the total 100 maximum points, while the revenue proposal attributed to 35 of the total 100 points.

CATEGORIES	POINTS
TECHNICAL PROPOSAL	65
<i>Approach to Design and Construction</i>	
<i>Development Concept</i>	
<i>Facilities Management Plan</i>	
<i>Operation and Maintenance Plan</i>	
<i>Project Management Plan</i>	
<i>Overall ability to meet stated Goals and Criteria</i>	
REVENUE PROPOSAL POTENTIAL MAXIMUM POINTS	35
<i>Rent</i>	
<i>Fuel Rent</i>	
TOTAL POTENTIAL MAXIMUM POINTS	100

ATTACHMENT E

Based on the above-mentioned analysis, in reviewing the RFP and BAFO submitted by each potential D/O, the Selection Committee scored as denoted in the following table:

Vendor	Technical Score (max. 65 points)	Revenue Proposal (max. 35 points)	Total Score
The Common Man	56.5	35	91.5
First Equity Group	45.4	23.4	68.8

Based on the above-mentioned analysis and the scoring denoted above, The Department of Transportation, New Hampshire Liquor Commission (NHLC) and Department of Resources and Economic Development (DRED) request approval to enter into the 35-year ground lease contract with Granite State Hospitality, LLC dba The Common Man Hooksett (aka The Common Man) to design, build, finance, maintain, and operate the Service Areas sites with the exception of the two new state liquor and wine outlet stores, which will be financed, owned, and within their interior maintained by the NHLC.

The 35-Year Ground Lease Contract includes the following:

- Construction of a single structure on both the northbound and southbound sites to house both a 16,000 square foot Welcome Center and 20,000 square foot state Liquor & Wine Outlet Store. The building will exhibit a New Hampshire "mill building architectural style" and will include a 1950's style diner, Italian farmhouse, old-time deli, coffee and breakfast shop, country style convenience store, state Liquor and Wine Outlet Store, and an interactive and informative visitor center.
- Other amenities include 20 fuel stations for passenger vehicles, ample rest rooms, bank, vending space, drive-thru window, pet walk area, and generous landscaping on each side. Within the Welcome Center there will be a DRED operated Visitor Information Center. DRED and Granite State Hospitality, LLC dba The Common Man Hooksett will also coordinate the content to be displayed in the Visitor Concourse within the Welcome Center.
- Parking will be provided for passenger vehicles, trucks, and buses. Approximately 310 parking spaces will be provided on the northbound site and 240 parking spaces will be provided on the southbound site.
- Granite State Hospitality, LLC dba The Common Man Hooksett will finance the total estimated project costs of \$32.0 million with up to \$8.4 million of the funding coming from the NHLC for the construction of and inspection services for the two state liquor and wine outlet stores.
- Granite State Hospitality, LLC dba The Common Man Hooksett estimates to expend nearly \$38 million over the 35-year term in operation, maintenance, and refurbishment costs.
- Granite State Hospitality, LLC dba The Common Man Hooksett proposes a guaranteed minimum rent of \$23.2 million over the 35-year term and a tiered percentage rent based on gross sales and gallons of fuel sold. The State may receive more than \$38.9 million in rent payments over the 35-year term based on forecasted sales.
- Granite State Hospitality, LLC dba The Common Man Hooksett brings a solid NH team, experience, and approach.
- Granite State Hospitality, LLC dba The Common Man Hooksett proposed schedule (based on June 19, 2013 G&C approval) is as follows:
 - Architectural/Engineering Design & Permit Approvals: June 2013 – January 2014
 - Northbound (NB) Site Construction: October 2013 – April 2015
 - **NB Liquor Store Completion: November 2014**
 - **NB Service Area Completion: April 2015**
 - Southbound (SB) Site Construction: January 2014 – April 2015
 - **SB Liquor Store Completion: March 2015**
 - **SB Service Area Completion: April 2015**

ATTACHMENT E

- The state liquor and wine outlet stores will be built on 20,000 square foot pad sites currently owned by the New Hampshire Liquor Commission (NHLC). Upon completion of each state liquor and wine outlet store, the NHLC will purchase each facility and ownership of the structures will be conveyed to the NHLC. During the term of the lease with Granite State Hospitality, title to all other land will remain with the State, while title to the non-liquor store structures will be held by Granite State Hospitality, LLC dba The Common Man Hooksett. At the termination of the 35-year term, title to those structures will automatically revert to the State.

The NHDOT acquired the Hooksett Rest Areas with Turnpike funds pursuant to State Law Chapter 1, Laws of 2010 Special Session, whereas the Commissioner of the New Hampshire Department of Transportation was authorized to acquire land as required for the purposes of constructing, operating, and maintaining turnpike service plazas for motorists at the existing northbound and southbound rest areas in the town of Hooksett with each turnpike service plaza intended to be a full service rest area that include a fueling station, food and beverage service, a convenience store, and a state liquor and wine outlet store.

The contract has been approved by the Attorney General as to form and execution. Funding is available for Fiscal Year 2014 for the construction of the new state liquor and wine outlet stores. Copies of the fully executed contract are on file at the Secretary of State's Office and the New Hampshire Department of Administrative Services, and subsequent to Governor and Council approval will be on file at the New Hampshire Department of Transportation, New Hampshire Liquor Commission (NHLC) and New Hampshire Department of Resources and Economic Development (DRED).

It is respectfully requested that this resolution be approved.

Sincerely,



Christopher D. Clement, Sr.
Commissioner,
Department of Transportation

Attachments: Long Range Planning and Utilization Committee Approval Letter

cc: C. Waszczuk, NHDOT- Turnpikes
J. Mollica - NHLC
J Rose, NHDRED

HOOKSETT VILLAGE WATER PRECINCT
MINUTES OF December 23, 2013

Present at the meeting were: Commissioners – Chairman- Jim Lyons, Michael Jache, Anthony Amato, Supt. Joseph Hebert, Attorney BJ Branch, Treasurer Andrew Felch, Office Manager Nancy Philibotte, Bruce Lewis Absent: Leo Hebert

Meeting opened at 7:06 p.m.

Motion made by Mike Jache seconded by Anthony Amato to approve the minutes of the Special meeting on November 11, 2013

Motion made by Mike Jache seconded by Joseph Hebert to approve November 2013 minutes with correction that Anthony Amato was not present at the November meeting. Vote taken All approved

Treasurer's Report:

Expense sheets for December 2013 handed out
Ending balance as of November 2013 \$90,672.08
Interest \$.00
11 checks outstanding \$ 8993.53
True balance \$81,678.55
Money Market balance- \$ 96,327.75
Interest \$ 11.57
Citizens Savings balance- \$21,305.37
Interest- \$0.18
Report accepted as presented.

Collector's Report:

Month opened with \$68,642.89 due; backdated items \$0.00, billing \$349.00 collections \$45,292.66 misc. \$25.00, refund \$0., return check \$189.90 adjustments \$-487.76 penalties \$3,990.00 leaving \$ 27,416.37
Report accepted as presented.

Revenue Report handed out

Superintendent's Report:

1. On going Liquor store
- 2 Pond on, still filling
3. Eight radio reads installed
4. South well motor being rewound
5. Changing alarm system to ADT
6. New precinct truck set up
7. 42K left in budget

Report accepted as presented.

ATTACHMENT F

Old Business:

Tony made motion not to take over water main that will supply the Rest stops. HVWP will continue to supply water to Pennichuck. Seconded by Joseph Hebert. Vote taken All approved

New Business:

Motion made by Mike Jache seconded by Tony Amato to approve budget figures for 2014 including the increase in water rates.

Housekeeping motion made by Tony Amato seconded by Joseph Hebert that all matters upon which a consensus was reached during tonight's meeting, but where there may not have been a separate and distinct motion, be formally approved by the Board via this motion. All approved.

Meeting adjourned at 8:30 pm. Motion by Mike Jache seconded by Tony Amato.

Respectfully submitted by: Nancy Philibotte

APPROVED



Hooksett Village Water Precinct

**7 Riverside Street
Hooksett, NH 03106
(603) 485-3392
Fax: (603)485-3540
Email: hooksettwater@comcast.net**

December 31, 2013

Donald Ware/CEO
Pennichuck Corp.
25 Manchester Street
Merrimack, NH

Re: HVWP's support of PEU's request for franchise area for the State of NH's Hooksett Rest Stops

Dear Mr. Ware,

Please be advised that the Hooksett Village Water Precinct endorses Pennichuck East Utilities request for the necessary franchise area associated with the State of NH's Hooksett Rest Stops water works improvements.

Sincerely,

A handwritten signature in blue ink that reads "Joseph Hebert".

Joseph Hebert/Supt
Hooksett Village Water Precinct

**BACKUS, MEYER & BRANCH, LLP
ATTORNEYS AT LAW**

Robert A. Backus
Barry M. Scotch
Jon Meyer*
Earl S. Carrel
B.J. Branch
John A. Wolkowski*
George T. Campbell, III*
Megan E. Douglass

116 LOWELL STREET (03104)
P.O. BOX 516 (03105-0516)
MANCHESTER, NH
(603) 668-7272
FAX (603) 668-0730

Also Admitted

*To Massachusetts Bar

www.backusmeyer.com

May 9, 2014

Thomas B. Getz, Esquire
Devine, Millimet & Branch
111 Amherst Street
Manchester, NH 03101

Re: Liquor Store Project

Dear Attorney Getz:

I am writing regarding the question presented to me relative to the Liquor Store Project. Specifically, as I understand the question, you had concerns regarding whether the Village Water Precinct had the power to delegate some aspects of providing water service to its customers in conjunction with a third party. The answer to the question is yes.

By way of background, the Hooksett Village Water Precinct is considered a "Village District" under New Hampshire Law. In the 18th century, numerous small geographical areas were carved from existing towns where it was perceived there was a particular and separate community of interest. For example, Somersworth, Rollinsford, Durham, Madbury, Lee and Newington were carved from Dover and received separate charters in the 1700's. See Laughlin Local Government Law, §15. By the middle of the 19th century, most town boundaries were fixed as we presently know them. Id. However, there were still occasions when it was of benefit to create a smaller government unit to promote a particular purpose or to provide for a specific need such as fire fighting or road maintenance. Id. In 1849, the New Hampshire Legislature enacted RSA 52 which set forth the procedure for establishing such smaller governmental units which are identified in the Statute as Village Districts.

Pursuant to R SA 52:1, upon the petition of 10 or more voters, selectmen of a town or town shall fix by suitable boundaries a district for any of the following purposes... "the supply of water for domestic and fire purposes which may include the protection of sources of supply [and] (k) the impoundment of water." The Village Water Precinct was formed pursuant to those provisions and for that purpose, namely the supply of water.

RECEIVED MAY 12 2014

ATTACHMENT H

If the vote is approved, "The District shall thereupon be a body corporate and politic and shall have all the powers in relation to the objects for which it was established the towns have or may have in relation to like objects and that are necessary for the accomplishment of its purposes". See RSA 52:3,II. Village District Commissioners possess the same powers and perform the same duties in respect to district meetings and business affairs that the selectmen of towns possess. See generally, Laughlin Local Government Law. In terms of assessing the scope of those powers, it is important to note Board of Selectmen have a responsibility to "manage the prudential affairs of the town and perform duties by law prescribed." See RSA 41:A.

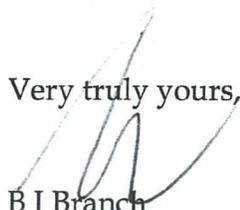
In terms of the answer to your question, specifically, based on the analogies between Boards of Selectmen powers and Village District Commissioners powers, and based on specifically RSA 52:3 which establishes that "All the powers that are "necessary for the accomplishment of its purposes", it is clear that the Precinct has the power to take all reasonable steps to accomplish its purpose of supplying water for domestic and fire purposes. As the purpose of the establishment of the Hooksett Village Water District was pursuant to RSA 52:1,I(d), the emphasis here is on supply.

In other words, the Hooksett Village water Precinct's purpose is to provide a supply of water to people in the District. Therefore, by extension and by reference to the necessary and proper clause, the District has the power to achieve its purpose of water supply to residents within the District any way the Precinct Commissioners deem necessary and proper. Clearly, the situation where the Village Water Precinct was providing water through a State pipe to the affected rest areas prior to Pennichuck water System taking ownership of the that pipe, and thereafter, makes it clear that the involvement of another water utility to facilitate the efficient and reliable supply of water to customers within the Precinct, which water is provided by the Village itself to that additional utility, is well within the necessary and proper powers to be exercised by a Village District Commission in attempting to achieve its objective.

I believe in reviewing all of this material that this would be true even if it wasn't Village water that was being provided, because the focus of the mission here is to make sure that residents within the District have a reliable supply of potable water and the Commissioners are authorized to accomplish that mission in whatever way they determine is necessary and proper, and I think this clearly fits the bill. Therefore, I do not believe the PUC should have any objection to the involvement of an additional utility, which has properties that abut the Village District and therefore is in a position to work with the Village to make sure that Village customers get Village water. I cannot see anything within the statutory framework pursuant to which villages are established which would contradict this and it all comes down to the fact that Village District Commissioners have powers parallel to the powers of Selectmen when it comes to water and even the New Hampshire Supreme Court has described that phrase as quite broad and in fact so broad that the limits on it are "nebulous". In that backdrop, I can't see how this would be a problem. See

generally, Laughlin Local Government Law.

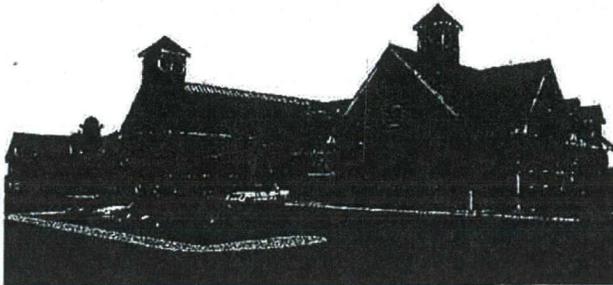
Very truly yours,



BJ Branch

BJB/acw

cc: Nancy Philibotte to distribute to the Commissioners



Granite State Hospitality, LLC

March 2, 2014

Donald L. Ware, PE
Chief Operating Officer
Pennichuck Corporation
25 Manchester Street
Merrimack, NH 03054

Dear Mr. Ware,

Granite State Hospitality has requested to be a water customer of Pennichuck East Utilities. You have agreed to provide us with water for the Hooksett project and we are in agreement with this arrangement.

Best,

Rusty McLearn



THE STATE OF NEW HAMPSHIRE
DEPARTMENT OF TRANSPORTATION



CHRISTOPHER D. CLEMENT, SR.
COMMISSIONER

JEFF BRILLHART, P.E.
ASSISTANT COMMISSIONER

Mr. Donald L. Weare, P.E.
Chief Operating Officer
Pennichuck Corporation
25 Manchester Street
Merrimack, NH 03054

RE: Water Services for the Redeveloped Hooksett Welcome Centers

Dear Mr. Weare,

Understanding that Pennichuck East Utilities (PEU) is requesting an adjustment of their franchise area to allow for the provision of water service to the redeveloped Hooksett Welcome Centers along I-93 and that the Hooksett Village Water Precinct is not objecting to the adjustment, the State of New Hampshire, through both the Department of Transportation and the New Hampshire State Liquor Commission also has no objection.

Further, it is understood that Granite State Hospitality, LLC (leasee of the Welcome Center sites) has requested water service from PEU.

Should you have any questions, please don't hesitate to contact me.

Sincerely,

A handwritten signature in black ink that reads "C. D. Clement" with a stylized flourish at the end.

Christopher D. Clement, Sr.
Commissioner

Cc: C. Waszczuk, Turnpike Administrator

S:\Turnpikes\Hooksett Rest Area Redevelopment\Letters\PEU Water Service Request-061014.doc



New Hampshire Liquor Commission

50 Storrs Street, P.O. Box 503
Concord, N.H. 03302-0503
(603) 230-7015

Joseph W. Mollica
Chairman

Michael R. Milligan
Deputy Commissioner

Margaret Wood Hassan
Governor

June 9, 2014

Commissioner Chris Clement
NH Department of Transportation
7 Hazen Drive
Concord, NH 03301

RE: Hooksett Rest Area – water service

Dear Commissioner Clement:

The New Hampshire State Liquor Commission has no objection to either Pennichuck East Utility's petition to extend its service agreement in order to provide water service to the Hooksett rest areas or Granite State Hospitality's request for service.

Sincerely,

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

Joseph W. Mollica
Chairman

JWM/aeb

Cc; P. Queenan, AG Office
A. Davis



PENNICHUCK

PENNICHUCK EAST UTILITY, INC.

25 Manchester St.
Merrimack, N.H. 03054
(603)882-5191

**MAIN EXTENSION AGREEMENT
CONSTRUCTION BY CUSTOMER**

By and Between:

Pennichuck East Utility, Inc. hereinafter referred to as "PENNICHUCK" with an address of 25 Manchester St Merrimack, NH. and Granite State Hospitality, LLC with an address of 312 Daniel Webster Highway in the town of Meredith, NH 03253 hereinafter referred to as the "CUSTOMER".

The CUSTOMER is present developer of the property identified as

**Hooksett Southbound & Northbound Service Areas.
at Interstate I-93**

The CUSTOMER hereby petitions PENNICHUCK for an extension of PENNICHUCK'S facilities to supply domestic service to the above mentioned property. Therefore, for valuable consideration, the parties agree as follows:

1. The Project. The CUSTOMER shall furnish and install: Approximately **2,350 feet of 8" DICL CL52 Wrapped Pipe**, and other equipment and appurtenances all as describe in, and in accordance with the plan submitted by the CUSTOMER as approved by PENNICHUCK at the **Hooksett Rest/Service Area** and as attached as Exhibit A (the "Project"). The CUSTOMER agrees to supply PENNICHUCK with a copy of said plan on diskette in AutoCad format. In accordance with the Tariff, the size and type of the materials used in the Project shall be purchased by the CUSTOMER and approved by PENNICHUCK prior to commencing construction.

1400834
70300

a. Approximately **263 feet of 8" HDPE SDR11 Pipe**, and other equipment and appurtenances all as describe in, and in accordance with the plan submitted by the CUSTOMER as approved by PENNICHUCK **Across Interstate I-93 from the Northbound Service Area to the Southbound Service area.** as attached as Exhibit A (the "Project").

1400833
\$78920

The CUSTOMER agrees to supply PENNICHUCK with a copy of said plan on CD Rom in AutoCad format. In accordance with the Tariff, the size and type of the

materials used in the Project shall be purchased by the CUSTOMER and approved by PENNICHUCK prior to commencing construction.

b. Booster & Meter Station. The CUSTOMER/DEVELOPER is responsible for constructing a meter and fire booster pump station to Pennichuck specifications and standards.

2. Project within Highway or Street. Any portion of the Project which is installed within a proposed public highway or street and within the City/Town of Hooksett, NH shall, upon acceptance by PENNICHUCK, be the property of PENNICHUCK to operate and maintain. Once completion has occurred and a permanent meter is set, Pennichuck will accept the improvements and assume responsibility for maintenance, repair and replacement of the improvements which constitute the Project, subject to the obligation of the Customer to provide the maintenance bond as is specified in Par. 6 of this agreement. It is understood and agreed that this agreement shall terminate upon such acceptance by Pennichuck, except insofar as concern any obligations of either party which, by their terms, are intended to continued beyond the date of such termination and be performed thereafter.

3. Project on Private Property. If any portion of the Project is to be constructed or installed on private property, **whether or not such private property may subsequently be accepted as a public highway**, PENNICHUCK shall require an easement from the property owner, free and clear of all encumbrances and in form satisfactory to PENNICHUCK conveying rights to operate, maintain, repair and replace the Project and rights of access thereto. **Pennichuck must be in receipt of the required easements prior to allowing service from the water main extension installed under this agreement.**

4. Engineering, Inspection and As-Built Fee. In accordance with the Tariff, the CUSTOMER shall deposit **\$7,839** for engineering, inspection and As-Building of the Project. The deposit shall be made prior to the scheduled start of construction. The deposit shall be adjusted to the final engineering and inspection costs associated with the water main installation.

5. Compliance with Specifications and Standards. The Project will comply with the plan set forth in Exhibit A and the specifications and standards set forth in the Company's "Pennichuck Water Works, Inc., Technical Specifications for Main, Hydrant and Service Installations (Nashua, Merrimack & Litchfield N.H.)," and with the specifications and standards of PUC 606.01-02. PENNICHUCK shall be the final judge as to whether or not the Project complies and is acceptable. For avoidance of doubt, if the water main installation is accomplished in accordance with the specifications for materials and installation, then it shall be deemed to be acceptable by Pennichuck, which shall not have the right to require materials or installation which differ from the plans and specifications that form the Project plans and specifications.

6. Maintenance Bond. The CUSTOMER shall, with the completion of each phase of construction, post with PENNICHUCK a Maintenance Bond in the amount of \$5,000 to cover defects in materials and workmanship for a period of one

(1) year after their installation. In the event of a perceived defect in workmanship or materials, Pennichuck shall provide reasonable notice under the circumstances to Customer to correct such defect in a reasonable time, given the nature of the perceived defect. In the event of a failure on the part of Customer to correct the defect in a manner deemed reasonably timely by Pennichuck, then Pennichuck shall be entitled to correct such defect, the reasonable cost of which shall be deducted from the maintenance bond. Any unused portion of the maintenance bond shall be returned to Customer on the first anniversary of the completion and acceptance date as is set forth in Par.2 of this agreement.

7. PENNICHUCK Investment in Project. PENNICHUCK agrees to invest in the Project, by crediting or refunding to the CUSTOMER, as follows:

a. For each customer served by the Project within five (5) years from the time that service is commenced to the CUSTOMER by PENNICHUCK'S acceptance of the water main extension, PENNICHUCK will invest an amount equal to the estimated annual revenue from each such customer.

8. Indemnification by CUSTOMER. CUSTOMER agrees that all persons employed furnished by CUSTOMER who perform services in connection with the Project shall be considered CUSTOMER'S employees or agents and that the CUSTOMER shall be responsible for payment of all unemployment, social security and other payroll taxes including contributions from them when required by law. Customer shall require that all persons furnished by any contractor engaged by Customer to perform services in connection with the Project shall be considered to be the employees of such contractor (who shall be liable for the payment of the foregoing described unemployment, social security and other payroll taxes and required contributions) or the subcontractors of such contractor, (which subcontractors shall be liable for the payment of the foregoing described unemployment, social security and other payroll taxes and required contributions.)

9. The CUSTOMER hereby agrees to protect, defend, indemnify and hold PENNICHUCK and its employees, agents, officers and directors free and harmless from any and all claims of any kind including, but not limited to, judgments, penalties, interest, court costs, legal fees and any expenses incurred by PENNICHUCK arising in favor of any party, including employees of PENNICHUCK, involving claims, liens, debts, personal injuries, death or damages to property (including property of PENNICHUCK) occurring or in any way incident to, in connection with or arising directly or indirectly out of, this Agreement or the Project.

10. The CUSTOMER agrees to investigate, handle, respond to, provide defense for and defend, any such claims, demands, or suits at CUSTOMER'S expense. The CUSTOMER also agrees to bear all other costs and expenses related thereto, even if the claim or claims alleged are groundless, false or fraudulent. This provision shall be effective without regard to whether such claims, demands, or suits are caused by or attributable, in whole or in part, to, the negligence of PENNICHUCK, its employees, agents, officers or directors.

11. Insurance Requirements. The CUSTOMER agrees to maintain in full force and effect:

a. Comprehensive General Liability insurance written on occurrence form, including completed operations coverage, personal injury liability coverage, broad form property damage liability coverage and contractual liability coverage with respect to the Project and the agreements contained herein. The minimum limits of liability carried on such insurance for personal injury and property damage liability shall be \$3,000,000 each occurrence, and, where applicable, in the aggregate annual coverage of \$3,000,000.

b. Automobile Liability insurance for owned, non-owned and hired vehicles. The minimum limit of liability carried on such insurance shall be \$1,000,000 each accident, combined single limit for bodily injury and property damage.

c. Worker's Compensation insurance providing statutory coverage and including employer's liability insurance with limits of liability of at least \$500,000 for each accidental injury and, with respect to bodily injury by disease, \$500,000 each employee and \$500,000 per policy year.

d. X, C, U, Hazards covering collapse of buildings, blasting and damage to underground property.



DOB

Insurance similar to that required of CUSTOMER shall be provided by or on behalf of all subcontractors to cover their operations performed under this agreement. CUSTOMER shall be held responsible for any modifications in these insurance requirements as they apply to subcontractors. CUSTOMER agrees to furnish certificates of the above mentioned insurance to PENNICHUCK within fourteen (14) days from the date of this Agreement and, with respect to the renewals of the current insurance policies, at least thirty (30) days in advance of each renewal date. Such certificates shall state that in the event of cancellation or material change, written notice shall be given to Pennichuck Water Works, Inc., 25 Manchester St, Merrimack, New Hampshire 03054 at least thirty (30) days in advance of such cancellation or change.

- E. The CUSTOMER agrees that the CUSTOMER shall not claim that any insurance policies owned by PENNICHUCK provide excess coverage to CUSTOMER.

IN WITNESS WHEREOF, the parties hereto have set their hands on this 31 day of January, 2014

[Signature]
Witness

[Signature]
Witness

PENNICHUCK WATER WORKS, INC.

By: [Signature]
Pennichuck Water Works, Inc.
its Chief Engineer

By: [Signature]

Granite State Hospital, LLC
Company Name

its Man

NHPUC NO. 1 WATER

Original Page 35

PENNICHUCK EAST UTILITY, INC.

TERMS AND CONDITIONS, cont.

33. MAIN PIPE EXTENSIONS

- A. General Terms: Main pipe extensions will be made upon petition of prospective Customers, subject to the following general terms and conditions:
1. Generally, main pipe extensions shall be located within highways or streets which have been laid out, with lines and grades established, at least rough-graded, and approved for acceptance by, or previously accepted by, the municipality. In addition, an extension may be made on private property at the discretion of the Company if:
 - a. Access along a public highway or street is not feasible or cost effective or consistent with further development of the Company's water system as reflected in the Company's long range transmission and distribution system plans, and;
 - b. The prospective Customer provides, without expense or cost to the Company, the necessary permits, consents, and easements providing suitable legal rights for the construction, maintenance, repair, replacement and operation of pipelines, and equipment including the right to excavate whenever necessary.
 2. Main pipe extensions shall be installed by the Company or its authorized representative, and shall be the property of the Company, except that main pipe extensions on private property may be installed by the Customer at the Company's option, and, if installed by the Customer on private property, may be owned by the Customer at the discretion of the Company. For extensions installed by the Customer on private property, the Company may at its discretion require an inspection of such work, in which event it will require in advance of construction payment of an Inspection Fee as set forth in Paragraph E on Page 46, to defray the Company's costs of engineering, inspection and administration associated with the main extension.
 3. In all cases, the size and material of the pipe shall be determined by the Company in accordance with conditions surrounding the extension, including the possibility of future expansion and fire protection. Normally, main pipe extensions shall be made with ductile iron pipe of 8" inside diameter. If in the sole discretion of the Company a pipe larger or smaller than 8" in diameter and/or of different material than ductile iron is required or sufficient, the Company may install such larger or smaller pipe and/or different material pipe and the cost will be based upon the size and type of the pipe installed, provided that if a larger size is required by the Company for reasons other than the sufficiency of service to the Customer (i.e. in anticipation of future development), the Company shall pay the costs in excess of the costs of 8" pipe.

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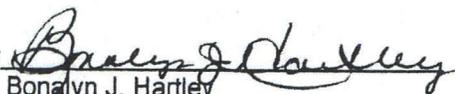
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4. Unless expressly otherwise provided below, if the Company is installing the main pipe extension the Customer shall pay in advance ("Initial Customer Advance") the estimated construction cost which shall be based on the average cost of similar pipe (generally 8" ductile iron) installed during the previous year plus 10%. Where it is anticipated that abnormal costs will be encountered, the Initial Customer Advance will be based on 150% of the previous yearly average. The Initial Customer Advance will be adjusted to the actual cost, when the actual costs are known ("Customer Advance"). The construction cost referred to above shall include mains, and related appurtenances, and such fire hydrants as may be required by the municipality or the Company. Where applicable, construction cost will also include permits, ledge removal, disinfection, pressure testing, corrections, insurance, bonds and paving.
5. Special contracts will be negotiated whenever in the opinion of the Company this regular extension tariff should not be used or is not feasible or economical. Each special contract shall be submitted to the Commission for approval.
6. All main pipe extensions will comply with the specifications and standards set forth in the Company's "Pennichuck Water Works, Inc., Pittsfield Aqueduct Company, Inc., and Pennichuck East Utility, Inc., Technical Specifications for Main, Hydrant and Service Installations," and with the specifications and standards of PUC 606.01-.02. The referenced technical specifications can be found on the Company's website, www.pennichuck.com under the engineering tab or can be obtained contacting the Company's Engineering Department at 603-882-5181. (N)
7. No interest shall be paid by the Company on any amount credited or refunded pursuant to the General Terms set forth above and the Specific Terms set forth below.

B. Specific Terms regarding Credits and Refunds

1. For each Customer served from the main pipe extension at the regular filed and published tariff rates including the Customer Advance provisions of Section 33, Paragraph A.4. above, the Company will credit or refund to the original Customer a portion of the Customer Advance (if installed by the Company) or a portion of the installation cost of the main pipe extension (if installed by the Customer) in an amount computed by capitalizing the projected net operating income from such Customer in accordance with Paragraph B.2. below. For the purpose of this Paragraph B, each service connection of a permanent nature will be considered as one Customer.
2. Projected revenue will be based on historical usage of a typical comparable Customer. The refund to the original Customer as a result of the connection of the original or any additional Customer will be in an amount equal to one (1) times the estimated annual water revenues to be realized from each such Customer served from the main pipe extension.

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3. Additionally, if the main pipe extension and hydrant(s) are accepted as part of the municipal fire system, the Company will credit or refund to the original Customer an allowance allocable to fire protection. The amount allocable to fire protection will be an amount equal to one (1) times estimated annual revenue to be realized from the fire protection charge associated with the main pipe extension.
4. The credit or refund to the original Customer shall be made when, and if, service to a Customer is commenced, provided that no such credit or refund shall be made after five (5) years from the time that service to the original Customer is commenced from the main pipe extension.

C. System Upgrade Fees

1. The Company may assess a system upgrade fee to customer(s) taking service if:
 - a. The demand created by the customer(s) connecting to the main extension(s) results in a diminution of service (pressure or volume) to the Company's existing customers; or
 - b. The demand created by the customer(s) connecting to the main extension(s) results in the need to construct new water facilities in order to provide adequate service (pressure or volume) to the new customers; or
 - c. The customer(s) requesting service could not have received service but for their ability to connect to Pennichuck's system where service was improved as described in Section 33(C)(2)(b) via a main extension that was made by the Company in the past ten years.
2. The system upgrade fee shall be calculated as follows:
 - a. The cost of the required water system improvement as described in Section 33(C)(1) shall be divided by the total number of customers who will benefit from the water system improvement. The Company shall determine the customer's pro rata share of the Fee based on the equivalent meter size as defined in the American Water Works Association Manual M-6.
 - b. If the water system improvement results in enhanced service to existing customers, the cost of the water system improvement shall be prorated between the existing customers and the new customers who will benefit from the water system improvement. The water system improvement will be considered to enhance service to existing customers when:

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- i. The fire protection to existing customers is increased from below the Insurance Services Organization (ISO) required standards to above the ISO standards.
 - ii. When the pressure to existing customers is increased from below 40 psi to over 40 psi.
 - iii. When the water supply to existing customers is enhanced such that the water quality is improved for either regulatory or aesthetic purposes (taste, odor or color) in response to documented problems.
 - iv. When the domestic water quantity available for irrigation to existing customers is improved. The domestic water quantity available for irrigation shall be considered improved if the increased quantity results in a lessening or elimination of irrigation restrictions to existing customers.
3. For the purpose of this Section 33 of the Tariff, the term "customer" shall mean the person who signs the service application requesting water service for a particular property.
 4. Notwithstanding the provisions of Section 33(C)(1), no system upgrade fee shall be assessed to the owner of an existing single family residential home that elects to connect to a water main extension for which a system upgrade fee exists.

34. WATER RESTRICTIONS

- A. The Company retains the right to establish restrictions on outside water use as required to maintain an adequate supply of potable water for domestic use. When the Company determines that restrictions on outside water use are required it will notify the affected customers through at least one of the following media:
 1. Mail or on-site notice
 2. Newspaper of local circulation
 3. Radio
 4. Television

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Attachment I

Hooksett Area Rest Stop

Projected water charges

2/27/2014

Projected PEU Annual Water Charges

Description	Quantity	Rate	Total
Monthly 5/8" meter charge	4	\$ 17.64	\$ 70.56
Monthly 2" meter charge	2	\$ 171.52	\$ 343.04
Monthly Fire Hydrant Charge	4	\$ 96.23	\$ 384.92
6" Private Fire Service line	2	\$ 136.04	\$ 272.08
Monthly consumption Charge (CCF)	488	\$ 6.00	\$ 2,927.81
Total Estimated Monthly Charge -			\$ 3,998.41
Total Estimated Annual Charge -			\$ 47,980.89