

BOW LAKE ESTATES  
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Stanley H. Oliver  
Bow Lake Estates Water Works, Inc.  
P.O. Box 180  
Barrington, NH 03825

**Re: Bow Lake Estates Water System**

Dear Mr. Oliver,

This letter constitutes the **AGREEMENT** between **Bow Lake Estates Water Works, Inc.** (Bow Lake), a New Hampshire corporation, of P.O. Box 180, Barrington, New Hampshire 03825, and **Hampstead Area Water Company, Inc.** (HAWC), a New Hampshire corporation, of 54 Sawyer Ave, Atkinson, New Hampshire. All provisions contained herein are expressly contingent upon HAWC obtaining approval from the Public Utilities Commission (PUC).

- A. HAWC agrees to purchase and Bow Lake agrees to sell a Water System (System) to serve 41 residential homes in the Bow Lake Estates development, located in the Town of Strafford, New Hampshire. The system assets are listed on Schedule 1, attached.
- B. The Contract Price for the System is \$8,000.00 unless otherwise agreed in writing by both parties, which HAWC agrees to pay as follows:
  - a. \$2,000.00 to be paid to Bow Lake upon execution of this Agreement; and
  - b. \$6,000.00 to be paid to Bow Lake at the time of final conveyance of all assets described herein
- C. Bow Lake agrees to convey by quitclaim deed all real estate, and water rights and easements listed on Schedule 2, attached.
- D. Within ten (10) business days of Bow Lake executing this Agreement, HAWC agrees to petition the New Hampshire Public Utilities Commission (PUC) for permission and approval to purchase and acquire the System and to franchise the System. HAWC shall bear all costs associated with obtaining said permission and approval including any filing fees, transfer fees and attorney's fees.
- E. The total cost for the system for HAWC is \$8,000 and the remaining value of the water system assets will be contributed by Bow Lake to HAWC as Contribution in Aid of Construction (CIAC), subject to approval of the PUC.
- F. Upon approval by the PUC, HAWC further agrees to operate, repair, maintain, manage, and administer the System, in order to provide sufficient domestic potable water to all units within the development, in ways acceptable to the NHDES and PUC. As a condition to this purchase, Bow Lake shall provide to HAWC a detailed breakdown of all assets owned by

Stanley H. Oliver, President  
**Bow Lake Estates Water Works, Inc.**  
Letter Agreement dated March 29, 2017

Bow Lake contained in the System. Bow Lake shall execute a Bill of Sale to HAWC in the form attached as Exhibit 2, upon approval of the acquisition and franchise by the PUC. Said assets shall not include any cash on hand at the time of execution of the Bill of Sale or any accounts receivable due as of the time of said execution.

- G. Bow Lake agrees to also convey and grant to HAWC all Water Rights Deed and Easements in the form attached as Exhibit 3, which is necessary for HAWC to operate, repair, maintain, manage, and administer the System.
- H. Indemnity. Bow Lake agrees to defend, indemnify and hold HAWC harmless against any loss, damage, expense, or cost, including reasonable attorney's fees (including allocated costs for in-house legal services) arising out of any claim, demand, proceeding, or lawsuit by the State of New Hampshire, including action by the PUC or the Department of Environmental Services resulting from any act or omission of the Bow Lake (including, without limitation, its subsidiaries, affiliates, successors and assigns) relating to its operation and management of the System.
- I. All conveyances to be made as described herein shall be completed within fifteen (15) days of HAWC receiving PUC approval to purchase and acquire the System and to franchise the System. Further all conveyances and sale of assets shall be made "AS IS" and the seller expressly disclaims any and all warranties, whether express or implied.
- J. On or before 15 days prior to the date set for closing of title herein, HAWC will notify Bow Lake, in writing, of any objections to the title for the parcels listed on Schedule 2. HAWC shall, at its election, have the right to accept such title as Bow Lake is able to convey, without any claim of abatement for defects or objections; or HAWC shall have the right to rescind this contract and this contract shall be null, void, and of no force and effect.
- K. HAWC shall be responsible for any and all fees related to the transfer of parcels listed on Schedule 2, including but not limited to recording fees and transfer tax.

Agreed to this \_\_\_\_\_ day of \_\_\_\_\_, 2017.

**BOW LAKE ESTATES WATER WORKS, INC.**

By: \_\_\_\_\_  
Stanley H. Oliver, President, duly authorized

**HAMPSTEAD AREA WATER CO, INC.**

By: \_\_\_\_\_  
Harold J. Morse, its President

Stanley H. Oliver, President  
**Bow Lake Estates Water Works, Inc.**  
Letter Agreement dated March 29, 2017

Schedule 1

F-8 Utility Plant in Service as Listed in the 12/31/15 PUC Annual Report

Stanley H. Oliver, President  
**Bow Lake Estates Water Works, Inc.**  
Letter Agreement dated March 29, 2017

Schedule 2  
REAL ESTATE

1. Lots 32 and 33 as described in Deed from North Country Water Supply , Inc. to Bow Lake Estates Water Works, Inc, dated 1/16/12 and recorded in the Strafford Country Registry of Deeds on 2/1/12 at Book 3989, Page 498.
2. Water System Easement as described in Deed from I.E. Meredith Tilton, individually and as Executrix of the Estate of Richard J. Mullaney to North Country Water Supply , Inc dated and recorded on 10/3/91 at Book 1576, Page 193.
3. Water System Easement as described in Deed from I.E. Meredith Tilton, as Trustee U/D/T dated 1/9/89 and as Executrix of the Estate of Richard J. Mullaney to North Country Water Supply , Inc dated 11/19/91 and recorded on 12/17/91 at Book 1586, Page 307.

**BOW LAKE ESTATES  
BILL OF SALE OF WATER UTILITY ASSETS**

NOW COMES **Bow Lake Estates Water Works, Inc.** (Bow Lake), a New Hampshire corporation, of P.O. Box 180, Barrington, New Hampshire 03825 (hereinafter referred to as Seller), and for the consideration given by **HAMPSTEAD AREA WATER COMPANY, INC.**, of 54 Sawyer Avenue, Atkinson, New Hampshire (Buyer), by its agreement to operate the below-described water system, Seller does hereby sell, assign, transfer and convey to Buyer all of its right, title and interest in and to all of the following assets used in the production and supply and distribution of water produced from wells and related assets located off Province Road, in the Town of Strafford, Rockingham County, New Hampshire, known as the Bow Lake Estates development.

<b>PUC ACCOUNT</b>	<b>CONTRACTOR'S DESCRIPTION [Include machine and labor costs]</b>	<b>PRICE</b>
302	Franchise Cost	\$1,349.00
303	Easement Deed	\$13,690.00
304	Pump House and Site Work	\$6,287.00
304	Booster Pumping Station	\$0.00
307	Wells (drilling, Testing, engineering)	\$2,042.00
309	Supply Mains (mains, manholes, pipes, trenching, backfill, valves etc. from pump house to wells	\$0.00
311	Pumping Equipment (Pumps, motors, pump house, plumbing, electric,, connectors, piping, valves etc.)	\$0.00
320	Water Treatment (filters etc.)	\$0.00
330	Distribution Storage (tanks, valves, standpipes, hydro tanks)	\$8,013.00
331	Transmission and Distribution mains i. 4", 3", and 2" piping	\$1,580.00
333	Services (water lines to curb stop at each customer's property line)	\$413.00
334	Meters 41 customers x \$450 per customer	\$0.00
335	Hydrants x \$3,500.00 per hydrant (includes installation)	\$0.00
339	Miscellaneous (not otherwise included)	\$0.00
	Total	<u>\$33,374</u>

To have and to hold the same unto Buyer and its assigns and successors forever

Dated \_\_\_\_\_

Bow Lake Estates Water Works, Inc.

\_\_\_\_\_  
Witness

\_\_\_\_\_  
By: Stanley H. Oliver, President,  
duly authorized

Return to:  
Robert C. Levine  
Lewis Builders, Inc.  
54 Sawyer Avenue  
Atkinson, NH 03811

**EXHIBIT 3  
BOW LAKE ESTATES**

**WATER RIGHTS DEED AND EASEMENT**

**KNOW ALL MEN BY THESE PRESENTS**, that, between **NORTH COUNTRY WATER SUPPLY, INC.** (North Country), a New Hampshire corporation, of P.O. Box 180, Barrington, New Hampshire 03825 (Grantee) by its duly-authorized President, Stanley H. Oliver, **GRANTS TO HAMPSTEAD AREA WATER CO., INC.**, (HAWC) a New Hampshire corporation with offices at 54 Sawyer Avenue, Atkinson, Rockingham County, New Hampshire 03811 (Grantee) with **QUITCLAIM COVENANTS**

The following interest in land situated in the Town of **Strafford**, Strafford County, New Hampshire; the following water rights and easements over parcels of land situate in Strafford County, Town of **Strafford**, New Hampshire, known as Bow Lake Estates, and shown on plan of land entitled "Survey and Design, T.W. Chesley, Northwood, New Hampshire. Date: November 1965, Revised June 1966, Scale 1 inch = 100 feet. Plan No. 1948" and recorded in the Strafford Registry of Deeds as Pocket 7, Folder 1, Plan 14 (Plan).

**I. WATER RIGHTS:**

HAWC shall have the right and title to all ground and bedrock water in, on, or that may be produced from the Premises as described below the right and title to all pipes, mains, pumps, pump houses, and related machinery and equipment as may now or may subsequently be constructed on the Premises as part of the domestic water supply system.

**II. EASEMENT FOR ACCESS TO CONSTRUCT WATER SYSTEM AND FACILITIES:**

HAWC shall have the right and easement for the full right of ingress and egress over upon and across so much of the Premises as is reasonably necessary for the purpose of exploring for such and for drilling wells or producing the same and for storing and removing the same when so produced. This right of ingress and egress shall include the right to make and use of so much of the surface of the land described and shown on the

Plan, as may be reasonably incident or convenient to any exploration, development, storage, or production, including drilling of water wells and the erection of pipe lines, storage tanks, pumps, pump houses, and other surface structures incident or convenient to such production, storage, or removal of water from the Premises. All such structures, material, machinery, or equipment placed upon the property by Grantee or anyone claiming under it may be removed by Grantee or those claiming under them at any time.

**III. RIGHT TO REASONABLE ACCESS AND TO SECURE FACILITIES AND CONTROL ACCESS:**

HAWC shall have the right to reasonable access to service and repair pipe lines, storage tanks, pumps, pump houses, and other surface structures and the right to fence-off and otherwise secure all such pumping and storage facilities and to control access thereto as may be reasonably necessary to protect and preserve the quality of water so provided and stored and to prevent the interruption of supply of water.

**IV. RIGHT AND EASEMENT TO ENFORCE PROTECTIVE WELL RADIUS EASEMENTS:**

HAWC shall have the right and easement to enforce the sanitary water protective easement provisions of Schedule A attached hereto, within the sanitary easement area as is shown on the Plan in accordance with and to the extent required or allowed by the New Hampshire Department of Environmental Services or its successor.

**V. THE RIGHT AND EASEMENT TO CONSTRUCT, RECONSTRUCT, REPAIR, MAINTAIN, AND OPERATE A WATER DISTRIBUTION SYSTEM, FACILITIES AND SYSTEM:**

HAWC shall have the right and easement to lay, construct, maintain, and operate pipe lines, valves, hookups, and meters for the supply of domestic water to all lots as may be shown on the Plan or as may otherwise be or become part of Bow Lake Estates in Strafford, Strafford County, New Hampshire, (Development) as shown on the Plan, and to such adjoining or other premises as now or as may in the future constitute part of Grantee's franchise area.

The within granted right being the right to enter onto and construct, reconstruct, maintain, and operate water lines, valves, hookups, and meters in and under private and public ways and in and under strips of land

1. along and adjacent to public and private ways; and
2. across such strips of the land as shown on the Plan as may be reasonably necessary to lay, construct, and maintain water lines, pipes, and valves to serve the Premises and other premises within any franchise area licensed to

Grantee by the New Hampshire Public Utility Commission as the same may, from time to time, be constituted, and to collect such water charges as such Commission shall approve.

**VI. GRANTEES COVENANTS AND OBLIGATIONS.**

By acceptance of this grant and conveyance, Grantee hereby covenants and agrees;

1. Not to disturb or interfere, except for emergencies, with the use of any lot or residence built or to be built on the Premises;
2. To reconstruct and regrade any and all areas its disturbs in constructing and maintaining water lines; and
3. To supply domestic potable water to the Premises in quantities sufficient to meet the reasonable requirements of the Development

**NOT HOMESTEAD PROPERTY OF THE GRANTOR**

**WITNESS** its hand and seal this \_\_\_\_ day of \_\_\_\_\_ 2017

**North Country Water Supply, Inc.**

By: \_\_\_\_\_  
Stanley H. Oliver, President

STATE OF NEW HAMPSHIRE  
COUNTY OF ROCKINGHAM

On this \_\_\_\_\_ day of \_\_\_\_\_, 2017, before me, the undersigned notary public, personally appeared Stanley H. Oliver, duly authorized officer of North Country Water Supply, Inc., proved to me through satisfactory evidence of identification, which were \_\_\_\_\_, to be the person(s) whose name is signed on the preceding or attached document, and acknowledged to me that he signed it voluntarily for its stated purpose in his capacity as President.

\_\_\_\_\_  
Notary Public  
My Commission expires:

## SCHEDULE A

The purpose of this Sanitary Protective Easement is to establish a protective area to prevent contamination of the water supply distribution system shown on the Plan. Hereafter, and for so long as said system located within the easement area are used for a water distribution system, the area of the above-described easements shall be kept in a natural state. No use of the area shall be permitted which could directly or indirectly degrade the quality of the aforementioned water distribution system.

Uses that are prohibited include:

1. Transportation corridors, except as shown on the Plan, and as access to booster stations and pump house for maintenance and repairs;
2. Underground utilities or structures, except those that are associated with potable water, electricity or communication;
3. The storage, handling, transporting, treating or disposal of:
  - a. domestic or industrial waste or waste water;
  - b. hazardous or regulated substances such as pesticides, gas and oil or other chemicals;
  - c. hazardous or solid wastes; or
  - d. fertilizers.
4. Any other activities or uses that the New Hampshire Department of Environmental Services (NHDES) determines would be detrimental to water quality.

No Change in the use of the area of the protective easement may be undertaken without approval from the NHDES.

The Sanitary Protective Easement as shown on the Plan is for the benefit of the public, and as such, the above provisions may be enforced by NHDES, Grantee, the Town of, and the customers of any water system.

**PROPOSED FRANCHISE AREA  
BOW LAKE ESTATES**

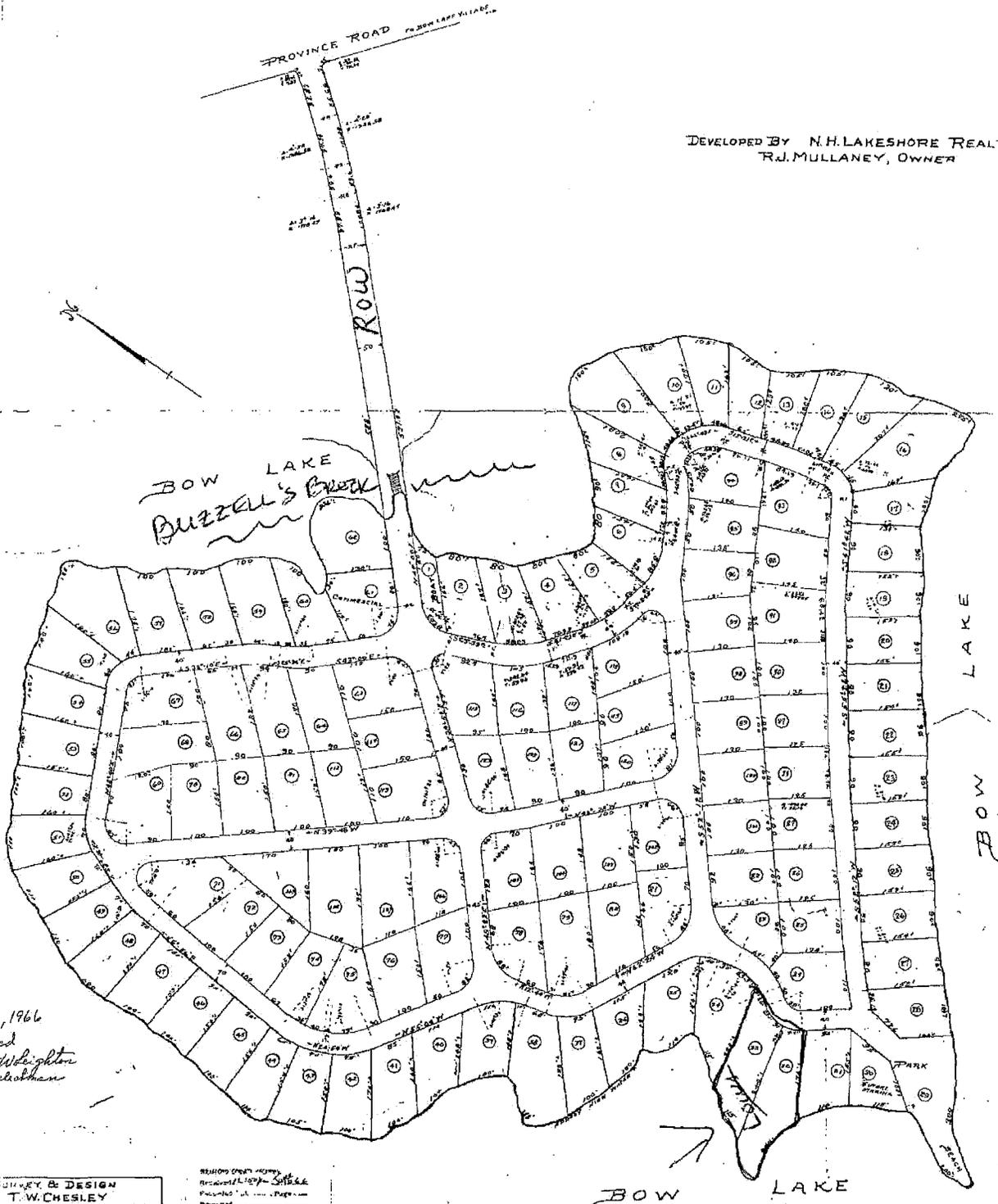
The following interest in land situated in the Town of **Strafford**, Strafford County, New Hampshire; the following water rights and easements over parcels of land situate in Strafford County, Town of **Strafford**, New Hampshire, known as Bow Lake Estates, and shown on plan of land entitled "Survey and Design, T.W. Chesley, Northwood, New Hampshire. Date: November 1965, Revised June 1966, Scale 1 inch = 100 feet. Plan No. 1948" and recorded in the Strafford Registry of Deeds as Pocket 7, Folder 1, Plan 14 (Plan).

# BOW LAKE ESTATES STRAFFORD, N.H.

Plan 7-1-14

PLAN 7 IN NUMBER 7, FOLDER 1

DEVELOPED BY N.H. LAKESHORE REALTY  
R.J. MULLANEY, OWNER



June 6, 1966  
Approved  
Albert W. Lighton  
Suburban

Survey & Design  
T. W. CHESLEY  
NORTHWOOD, N.H.

DATE NOV. 1965, REVISED, JUNE 1966  
SCALE: 1 INCH = 100 FEET  
PLAN No. 1948

RELATIONS OPEN HIGHWAY  
RESERVED 1967 - 1968  
PLANNED 1967 - 1968  
DESIGNED 1967 - 1968  
T. W. Chesley

BOW LAKE



# HAMPSTEAD AREA

## WATER COMPANY, INC

54 SAWYER AVENUE, ATKINSON, NH 03811

TEL: 603.362.4299 FAX: 603.362.4936  
www.hampsteadwater.com

### EXHIBIT 5

September 18, 2017

Board of Selectmen  
Town of Strafford  
12 Mountain View Drive  
P.O. 23  
Center Strafford, NH 03815-0023

Dear Board Members:

This letter is to advise you that the Hampstead Area Water Company, Inc. is filing a petition with the State of New Hampshire Public Utilities Commission to franchise a limited area in your town.

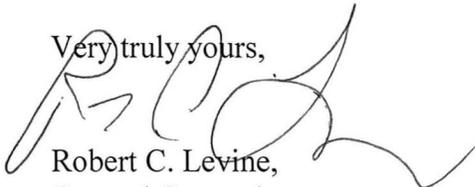
The purpose of the franchise area will be to serve the developed subdivision/site known as Bow Lake Estates, off Bow Lake Road and Province Road, in Strafford, New Hampshire. A copy of the proposed Franchise Area is attached.

We request that the Board of Selectmen acknowledge, in writing, to the Public Utilities Commission that they have been duly notified of this proposed petition to franchise this limited area. We have provided a form which you can sign and mail in the enclosed stamped envelope.

By signing this letter you are **not** waiving any right to intervene, should you so desire, nor to appear before or take part in the franchise proceedings before the PUC, should you so desire, but are only acknowledging that we have notified you of this proposed franchised petition.

If you have any questions, please do not hesitate to call me at the above number at extension 113.

Very truly yours,



Robert C. Levine,  
General Counsel

RCL/ja  
encl.

**TOWN OF SANDOWN**

Mr. Mark Naylor  
Public Utilities Commission  
21 Fruit Street, Suite 10  
Concord, New Hampshire 03301-2429

RE: Petition of Hampstead Area Water Company, Inc. to acquire and operate a water system in Strafford to service the Bow Lake Estates subdivision, in Strafford, NH.

Dear Mr. Naylor:

Please be advised that the Strafford Selectmen have been notified of the proposed petition to acquire and operate a small water system extension in Strafford to serve the Bow Lake Estates subdivision, located in Strafford, New Hampshire, and we have received a copy of the proposed franchise area and plan.

Our address is Board of Selectmen, Town of Strafford, 12 Mountain View Drive, P.O. 23, Center Strafford, NH 03815-0023, and our telephone number is 603-664-2192.

Dated: \_\_\_\_\_

Strafford Board of Selectmen

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

Title: \_\_\_\_\_

**SCHEDULE OF COSTS OF ACQUISITION**

**I. SCHEDULE OF CONVEYANCE/ASSIGNMENT OF THE SYSTEM TO HAWC  
FROM BOW LAKE ESTATES WATER WORKS, INC.**

1. Bow Lake Estates Water Works, Inc. shall execute a bill of sale of the System, completed in accordance with Exhibit 2 and within Thirty (30) days after the grant of the franchise area to HAWC, (See Bill of Sale, Exhibit 2).





9/18/2017

# HAWC

## Continuing Property Record

Classification Account Structures & Improvements Number: 304

Unit Description:

Bow Lake Estates  
Strafford, NH

Total Cost	<u>6,287.00</u>	Est. Cost of Removal	<u>                    </u>	Est. Salvage	<u>                    </u>
Net Cost	<u>                    </u>	Rate of Depreciation	<u>2.50%</u>	Est. Life in Yrs.	<u>40</u>
Date Acquired	<u>2017</u>	Yearly Depreciation	<u>157.18</u>	Est. Yr of Retire	<u>                    </u>

Date	Additions		Retirements		Units	Amounts	Remarks or Location
	Units	Amounts	Units	Amounts			
2017		6,287.00				6,287.00	
						6,287.00	
						6,287.00	
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<b>TOTALS</b>		<u><u>6,287.00</u></u>		<u><u>0.00</u></u>		<u><u>6,287.00</u></u>	











**THE STATE OF NEW HAMPSHIRE**

**PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF**

**HAMPSTEAD AREA WATER COMPANY, INC.**

**PRE-FILED TESTIMONY IN SUPPORT OF PETITION TO EXPAND FRANCHISE,  
APPROVAL OF FINANCING, APPROVAL ACQUISITION OF ASSETS AND  
APPROVAL PERMANENT RATES**

17-

**PRE-FILED TESTIMONY OF JOHN SULLIVAN**

- Q. Please state your name and business address:
- A. John Sullivan, 54 Sawyer Avenue, Atkinson, New Hampshire.
- Q. What is your present employment?
- A. I am the controller for Lewis Builders Inc., employed as are most employees, by Lewis Builders Development, Inc., a wholly-owned subsidiary of Lewis Builders, Inc.
- Q. As controller for Lewis, do your duties also include similar duties for Hampstead Area Water Company, Inc. ("HAWC")?
- A. Yes.
- Q. HAWC has submitted a "Petition to Expand Franchise, Approval of Financing, Approval Acquisition of Assets, and Approval Permanent Rates". Would you explain briefly what the purposes are for this petition?
- A. Yes. There are basically three reasons for this petition. First, to seek the approval of the Commission for the expansion of the franchise in Strafford. Secondly, to have the

Commission approve the acquisition of the system assets for its purchase. Thirdly, to seek Commission approval for the application of the existing rate to the new franchise area.

Q. What is the proposed expansion of the system?

A. The proposed expansion requested would encompass the addition of the system in the Bow Lake Estates Development. We will be acquiring that system from the Bow Lake Estates Water Work, Inc., which owns and operates the water system. The cost of the system being acquired is \$8,000. The out of pocket cost to HAWC is \$7,500, which represents the expenses incurred to file this petition and secure the easement rights.

Q. What are the system assets being acquired?

A. Those assets are listed on the Bill of Sale and the Continuing Property Report, attached as Exhibits 2 and 8 respectively.

Q. What are the rates proposed for the franchise area and how were they derived?

A. The existing tariff for the franchise area in Sandown is our system wide rate, which is a base charge of \$10.00 per month and a consumption charge of \$5.02 per 100 cubic feet. We are requesting that the existing tariff be applied to the new franchise area.

Q. Does this conclude your testimony?

A. Yes.

STATE OF NEW HAMPSHIRE  
THE NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

HAMPSTEAD AREA WATER COMPANY, INC

DW 17-

PETITION TO EXPAND FRANCHISE, OPERATE WATER SYSTEM INSIDE OF THE NEW  
FRANCHISE AREA, APPROVAL ACQUISITION OF ASSETS AND APPROVAL OF THE  
APPLICATION OF EXISTING RATES

PRE-FILED TESTIMONY OF HAROLD MORSE

Q. Please state your name, address and position with Hampstead Area Water Company, Inc.

A. My name is Harold Morse, of 54 Sawyer Avenue, Atkinson, NH and I am the President of Hampstead Area Water Company, Inc., (HAWC).

Q. Describe the overall history of HAWC?

A. HAWC is presently franchised in most areas of Hampstead and Atkinson, New Hampshire, and has franchised satellite systems in various towns in Rockingham County as per the Schedule A attached to the Petition.

Q. Why are you requesting a franchise expansion in Strafford, New Hampshire?

A. We have been requested by the owner of the system, Bow Lake Estates Water Works, Inc. to buy the system.

Q. Could you describe the system that is being proposed and where it would be located?

A. The system in Bow Lake Estates would serve forty one (41) homes and is located off of Bow Lake Estates Road in Strafford, New Hampshire. This is an established water system that has been in operated by Bow Lake Estates Water Works, Inc. since 1994.

Q. Would this system be part of the core system for the Company?

A. No, it would be a satellite or stand alone system. HAWC will acquire the system and operate it. HAWC will pay to Bow Lake Water Works, Inc. \$8,000 for the water system. This includes the real estate that the pumphouse is located on Lot 32 (merger of former Lots 32 and 33).

Q. Do you believe that HAWC has the managerial, financial, and technical ability to own, operate and maintain the system?

A. Yes, HAWC has successfully done so in the past with similarly sized systems.

Q. Do you believe that it is in the best interest of HAWC and its customers to acquire this system.

A. Yes, I do.

Q. What is the present tariff charged by the Company?

A. The tariff for HAWC is a consolidated rate of \$10.00 base charge per month with a consumption charge of \$5.02 per 100 cubic feet of water consumed.

Q. Are you requesting that the consolidated rate be extended to the new proposed area should the Commission grant the proposed Franchise?

A. Yes.

Q. Where does the consolidated rate for HAWC come from?

A. The rate was established under DW-12-170 by Order number 25,519.

Q. Does this conclude your testimony?

A. Yes.

**STATE OF NEW HAMPSHIRE  
PUBLIC UTILITIES COMMISSION  
HAMPSTEAD AREA WATER COMPANY**

**DW 17-**

**PETITION TO EXPAND FRANCHISE, OPERATE WATER SYSTEM INSIDE  
OF THE NEW FRANCHISE AREA, ACQUISITION OF ASSETS AND  
APPROVAL OF THE APPLICATION OF EXISTING RATES**

**PREFILED DIRECT TESTIMONY OF STEPHEN P. ST. CYR**

- Q. What is your name and business address?
- A. My name is Stephen P. St. Cyr and my business address is 17 Sky Oaks Drive, Biddeford, ME.
- Q. Who is your employer?
- A. My employer is Stephen P. St. Cyr & Associates.
- Q. What are your responsibilities in this case?
- A. My responsibilities are to support Hampstead Area Water Company's (Company or HAWC) acquisition of assets and to determine the impact of such acquisition of assets on the financial statements, to prepare the financial schedules and prefiled direct testimony which describes the acquisition and the financial schedules. In addition, I am prepared to testify in support of acquisition.
- Q. Have you prepared testimony before this Commission?
- A. Yes, I have prepared and presented testimony in numerous cases before the Public Utilities Commission, including requests for new and expanded franchises,

requests for approval of State Revolving Fund (“SRF”), commercial bank and owner financings and requests for rate increases.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to support the Company’s effort to acquire the assets of Bow Lake Estates Water Works, Inc. (“Bow Lake”) for \$8,000 as per the Agreement between Bow Lake and HAWC.

Q. Please describe the assets being purchased.

A. According to Bow Lake’s 2016 PUC Annual Report, such assets include Total Net Utility Plant of \$22,807 less \$15,803 of related CIAC, result in net value of \$7,004. The difference between the purchase price of \$8,000 and the net value of \$7,004 of \$996 will be treated as an acquisition adjustment.

Q. Will HAWC make any improvements to the water system? If so, please describe the improvements and the related costs.

A. HAWC plans to purchase and install meters. The total costs will be \$20,500, \$500 per meter for 41 customers. The Company will pay for the meters with available cash.

Q. What rates will HAWC charge?

A. With the installation of meters, the Company will be able to charge its consolidated rate to Bow Lake customers.

Q. Is there anything else that you would like to discuss before you describe the financial schedules?

A. No.

- Q. Has the Company determined the impact of the acquisition on the Company's financial statements?
- A. Yes. I have prepared proforma financial statements identified as SPS 1 – SPS 8. Overall, the impact is minimal.
- Q. Would you please explain Schedule SPS 1-1, entitled Balance Sheet – Assets and Other Debits?
- A. Yes. Generally, column (b) identifies the account title and PUC account number. Column (c) reflects the actual December 31, 2016 balances. Column (d) identifies the adjustments for the acquisition to the December 31, 2016 account balances. Column (e) is the sum of columns (c) and (d).
- Q. Please explain the adjustments reflected on SPS 1-1.
- A. Schedule SPS 1-1 contains 5 adjustments, 2 of which are significant.
- The first significant adjustment of \$53,874 reflects the addition of Bow Lake's utility plant of \$33,374 and the 41 new meters of \$20,500.
- The second significant adjustment of (\$40,393) reflects the net decrease in cash. The decrease in cash is largely due the purchase price of \$8,000, the costs of the meters of \$20,500 and the costs to pursue PUC approval of \$7,500. Even with the decrease in cash, the Company's cash position remains strong.
- Q. Please explain Schedule SPS 1-2, entitled Balance Sheet – Equity Capital and Liabilities.
- A. The description of the columns is the same as SPS 1-1.
- Q. Please explain the adjustments on reflected on SPS 1–2.
- A. Schedule SPS 1-2 contains 2 adjustments.

The first adjustment reflects the impact on net income. It reflects the 2016 revenue and expenses per Bow Lake's 2016 PUC Annual Report plus additional expenses associated with the depreciation of the new meters and the amortization of the acquisition costs.

The second adjustment reflects the addition of Bow Lake's CIAC and the related amortization of CIAC.

Q. Would you please explain Schedule SPS-2, entitled Statement of Income?

A. The description of the columns is the same as SPS 1-1.

Q. Please explain the adjustments reflected on SPS-2.

A. As indicated earlier, the adjustments are based on the 2016 revenue and expenses per Bow Lake's 2016 PUC Annual Report plus additional expenses associated with the depreciation of the new meters and the amortization of the acquisition costs.

Q. Would you please explain Schedule SPS 3, entitled Capital Structure?

A. The Current Year Balance is the balance at 12/31/16 and is also reflected on the Balance Sheet (see SPS 1-2). The adjustment is the change in retained earnings due to the net loss. The related capitalization ratios are shown on the bottom half of the schedule. The Company's 12/31/16 debt to equity position is weighted toward debt due in part to its negative retained earnings. The acquisition does not substantially change the debt to equity position.

Q. Please explain Schedule SPS-4, entitled Journal Entries.

A. Schedule SPS-4 identifies the specific journal entries used to develop the proforma financial statements. The significant journal entries are JE#2, which

shows the acquisition of the assets and CIAC and the related purchase price, JE#3, which shows the purchase and installation of the meters and JEs 9 & 10, which shows the Bow Lake 2016 revenue and expenses.

Q. Would you like to explain SPS-5?

A. Once meters are installed, the Company plans to apply its consolidated rates to Bow Lake customers.

Q. Would you please explain SPS-6?

A. SPS-6 shows the costs of the meters and the related accumulated depreciation and depreciation expense.

Q. Please explain SPS-7, Source and Use of Funds.

A. The Company plan to use available cash to fund the purchase, to pay for pursuit of PUC approval and to pay for the meters.

Q. Would you explain the SPS-8, Estimated Acquisition Costs.

SPS-8 shows the estimated costs to pursue PUC approval of the acquisition. It is a relatively minor acquisition, which presumably will result in a relatively limited review and relatively short timetable to obtain PUC approval.

Q. Why should the Commission approve the acquisition?

A. The Commission should approve the acquisition because it is in the best interest of the Company, its customers and the customers of Bow Lake. The Company will be better able to manage, operate and maintain the water system.

Q. When should the Commission approve the acquisition?

A. The Company respectfully requests that the Commission approve the acquisition ASAP so that it can began to install meters and apply the consolidated rates.

Q. Is there anything else that the Company would like to bring to the Commission's attention?

A. No.

Q. Please summarize the approvals that the Company is requesting.

A. The Company respectfully requests that the PUC approve the acquisition of Bow Lake assets, the transfer of the franchise area, the operation within the franchise area and the application of consolidated rates to Bow Lake customers.

Q. Does this conclude your testimony?

A. Yes.

F:\Legal\HAWC\DW-17-000 Bow Lake Estates\Pleadings\Exhibit 11 Testimony of Stephen P St. Cyr 07-06-17.doc

**F-1 BALANCE SHEET**  
**Assets and Other Debits**

Line No. (a)	Account Title (Number) (b)	Current Year End Balance (c)	Adjustments (d)	Adjusted Year End Balance (e)
<b>UTILITY PLANT</b>				
1	Utility Plant (101-106)	\$ 16,622,778	\$ 53,874	\$ 16,676,652
2	Less: Accumulated Depr. and Amort. (108-110)	6,083,178	12,003	6,095,181
3	Net Plant	\$ 10,539,600	\$ 41,871	\$ 10,581,471
4	Utility Plant Acquisition Adj. (Net) (114-115)		797	797
5	Total Net Utility Plant	\$ 10,539,600	\$ 42,668	\$ 10,582,268
<b>OTHER PROPERTY AND INVESTMENTS</b>				
6	Nonutility Property (121)			
7	Less: Accumulated Depr. and Amort. (122)			
8	Net Nonutility Property			
9	Investment in Associated Companies (123)			
11	Utility Investments (124)			
12	Other Investments			
13	Special Funds(126-128)			
14	Total Other Property & Investments			
<b>CURRENT AND ACCRUED ASSETS</b>				
16	Cash (131)	\$ 619,179	\$ (40,393)	\$ 578,786
17	Special Deposits (132)			
18	Other Special Deposits (133)			
19	Working Funds (134)			
20	Temporary Cash Investments (135)			
21	Accounts and Notes Receivable-Net (141-144)	232,970		232,970
22	Accounts Receivable from Assoc. Co. (145)			
23	Notes Receivable from Assoc. Co. (146)			
24	Materials and Supplies (151-153)	43,721		43,721
25	Stores Expense (161)			
26	Prepayments-Other (162)	18,175		18,175
27	Prepaid Taxes (163)	62,110		62,110
28	Interest and Dividends Receivable (171)			
29	Rents Receivable (172)			
30	Accrued Utility Revenues (173)	119,239		119,239
31	Misc. Current and Accrued Assets (174)			
32	Total Current and Accrued Assets	\$ 1,095,394	\$ (40,393)	\$ 1,055,001
<b>DEFERRED DEBITS</b>				
32	Unamortized Debt Discount & Expense (181)	\$ 39,118		\$ 39,118
33	Extraordinary Property Losses (182)			
34	Prelim. Survey & Investigation Charges (183)			
35	Clearing Accounts (184)			
36	Temporary Facilities (185)			
37	Miscellaneous Deferred Debits (186)	82,652	6,000	88,652
38	Research & Development Expenditures (187)			
39	Accumulated Deferred Income Taxes (190)	14,590		14,590
40	Total Deferred Debits	\$ 136,360	\$ 6,000	\$ 142,360
<b>TOTAL ASSETS AND OTHER DEBITS</b>				
		\$ 11,771,354	\$ 8,275	\$ 11,779,629

**F-1 BALANCE SHEET**  
**Equity Capital and Liabilities**

Line No. (a)	Account Title (Number) (b)	Current Year End Balance (c)	Adjustments (d)	Adjusted Year End Balance (e)
<b>EQUITY CAPITAL</b>				
1	Common Stock Issued (201)	\$ 16,767		\$ 16,767
2	Preferred Stock Issued (204)			
3	Capital Stock Subscribed (202,205)			
4	Stock Liability for Conversion (203, 206)			
5	Premium on Capital Stock (207)			
6	Installments Received On Capital Stock (208)			
7	Other Paid-In Capital (209,211)	2,754,354		2,754,354
8	Discount on Capital Stock (212)			
9	Capital Stock Expense(213)			
10	Retained Earnings (214-215)	(779,242)	(7,429)	(786,671)
11	Reacquired Capital Stock (216)			
12	Total Equity Capital	\$ 1,991,879	\$ (7,429)	\$ 1,984,450
<b>LONG TERM DEBT</b>				
13	Bonds (221)			
14	Reacquired Bonds (222)			
15	Advances from Associated Companies (223)			
16	Other Long-Term Debt (224)	4,190,886		4,190,886
17	Total Long-Term Debt	\$ 4,190,886	\$ -	\$ 4,190,886
<b>CURRENT AND ACCRUED LIABILITIES</b>				
18	Accounts Payable (231)	\$ 5,087		\$ 5,087
19	Notes Payable (232)			
20	Accounts Payable to Associated Co. (233)	15,093		15,093
21	Notes Payable to Associated Co. (234)			
22	Customer Deposits (235)	8,540		8,540
23	Accrued Taxes (236)	8,504		8,504
24	Accrued Interest (237)			
25	Accrued Dividends (238)			
26	Matured Long-Term Debt (239)			
27	Matured Interest (240)			
28	Misc. Current and Accrued Liabilities (241)	26,800		26,800
29	Total Current and Accrued Liabilities	\$ 64,024	\$ -	\$ 64,024
<b>DEFERRED CREDITS</b>				
30	Unamortized Premium on Debt (251)			
31	Advances for Construction (252)			
32	Other Deferred Credits (253)			
33	Accumulated Deferred Investment Tax Credits (255)			
34	<b>Accumulated Deferred Income Taxes:</b>			
35	Accelerated Amortization (281)			
36	Liberalized Depreciation (282)	41,422		41,422
37	Other (283)			
38	Total Deferred Credits	\$ 41,422		\$ 41,422
<b>OPERATING RESERVES</b>				
39	Property Insurance Reserve (261)			
40	Injuries and Damages Reserve (262)			
41	Pensions and Benefits Reserves (263)	5,226		5,226
42	Miscellaneous Operating Reserves (265)			
43	Total Operating Reserves	\$ 5,226	\$ -	\$ 5,226
<b>CONTRIBUTIONS IN AID OF CONSTRUCTION</b>				
44	Contributions In Aid of Construction (271)	\$ 8,762,709	\$ 17,983	\$ 8,780,692
45	Accumulated Amortization of C.I.A.C. (272)	3,284,792	2,279	3,287,071
46	Total Net C.I.A.C.	\$ 5,477,917	\$ 15,704	\$ 5,493,621
46	<b>TOTAL EQUITY CAPITAL AND LIABILITIES</b>	\$ 11,771,354	\$ 8,275	\$ 11,779,629

## F-2 STATEMENT OF INCOME

Line No. (a)	Account Title (Number) (b)	Current Year End Balance (c)	Adjustments (d)	Adjusted Year End Balance (e)
<b>UTILITY OPERATING INCOME</b>				
1	Operating Revenues(400)	\$ 1,790,467	\$ 16,692	\$ 1,807,159
2	Operating Expenses:			
3	Operating and Maintenance Expense (401)	1,122,571	18,423	1,140,994
4	Depreciation Expense (403)	497,371	1,436	498,807
5	Amortization of Contribution in Aid of Construction (405)	(212,659)	(99)	(212,758)
6	Amortization of Utility Plant Acquisition Adjustment (406)		199	199
7	Amortization Expense-Other (407)	2,715		2,715
8	Taxes Other Than Income (408.1-408.13)	176,391	4,162	180,553
9	Income Taxes (409.1, 410.1, 411.1, 412.1)	14,181		14,181
10	<b>Total Operating Expenses</b>	\$ 1,600,570	\$ 24,121	\$ 1,624,691
11	Net Operating Income (Loss)	\$ 189,897	\$ (7,429)	\$ 182,468
12	Income From Utility Plant Leased to Others (413)			
13	Gains(Losses) From Disposition of Utility Property (414)			
14	<b>Net Water Utility Operating Income</b>	\$ 189,897	\$ (7,429)	\$ 182,468
<b>OTHER INCOME AND DEDUCTIONS</b>				
15	Revenues From Merchandising, Jobbing and Contract Work (415)			
16	Costs and Expenses of Merchandising, Jobbing and Contract Work (416)			
17	Equity in Earnings of Subsidiary Companies (418)			
18	Interest and Dividend Income (419)			
19	Allow. for funds Used During Construction (420)			
20	Nonutility Income (421)			
21	Gains (Losses) Form Disposition Nonutility Property (422)			
22	Miscellaneous Nonutility Expenses (426)			
23	<b>Total Other Income and Deductions</b>	\$ -	\$ -	\$ -
<b>TAXES APPLICABLE TO OTHER INCOME</b>				
24	Taxes Other Than Income (408.2)			
25	Income Taxes (409.2, 410.2, 411.2, 412.2, 412.3)			
26	<b>Total Taxes Applicable To Other Income</b>			
<b>INTEREST EXPENSE</b>				
27	Interest Expense (427)	\$ 142,571		\$ 142,571
28	Amortization of Debt Discount & Expense (428)	12,326		12,326
29	Amortization of Premium on Debt (429)			
30	<b>Total Interest Expense</b>	\$ 154,897	\$ -	\$ 154,897
31	<b>Income Before Extraordinary Items</b>	\$ 35,000	\$ (7,429)	\$ 27,571
<b>EXTRAORDINARY ITEMS</b>				
32	Extraordinary Income (433)			
33	Extraordinary Deductions (434)			
34	Income Taxes, Extraordinary Items (409.3)			
35	<b>Net Extraordinary Items</b>			
<b>NET INCOME (LOSS)</b>				
		\$ 35,000	\$ (7,429)	\$ 27,571

**F-1 BALANCE SHEET**  
**Capital Structure**

Line No. (a)	Account Title (Number) (b)	Current Year End Balance (c)	Adjustments (d)	Adjusted Year End Balance (e)
<b>EQUITY CAPITAL</b>				
1	Common Stock Issued (201)	\$ 16,767		\$ 16,767
2	Other Paid-In Capital (209,211)	2,754,354		2,754,354
3	Retained Earnings (214-215)	(779,242)	(7,429)	(786,671)
4	Total Equity Capital	\$ 1,991,879	\$ (7,429)	\$ 1,984,450
<b>LONG TERM DEBT</b>				
5	Other Long-Term Debt (224)	\$ 4,190,886	\$ -	\$ 4,190,886
6	Total Long-Term Debt	\$ 4,190,886	\$ -	\$ 4,190,886
7	Total Capital Structure	\$ 6,182,765	\$ (7,429)	\$ 6,175,336

Line No. (a)	Account Title (Number) (b)	Current Year End Balance (c)	Adjustments (d)	Adjusted Year End Balance (e)
<b>EQUITY CAPITAL</b>				
1	Common Stock Issued (201)	0.27%	0.00%	0.27%
2	Other Paid-In Capital (209,211)	44.55%	0.00%	44.60%
3	Retained Earnings (214-215)	-12.60%	100.00%	-12.74%
4	Total Equity Capital	32.22%	100.00%	32.14%
<b>LONG TERM DEBT</b>				
5	Other Long-Term Debt (224)	67.78%	0.00%	67.86%
6	Total Long-Term Debt	67.78%	0.00%	67.86%
7	Total Capital Structure	100.00%	100.00%	100.00%

SPSt. Cyr  
7/6/2017

Hampstead Area Water Company  
Journal Entries

SPS-4

					Impact on <u>Net Income</u>
1	Dr.	186	Miscellaneous Deferred Debits - Bow Lake	7,500	
	Cr.	131	Cash		7,500
To record estimated acquisition costs associated with obtaining PUC approval of of the purchase of Bow Lake's plant assets					
2	Dr.	101	Plant in Service	33,374	
	Cr.	108	Accumualted Depreciation		10,567
	Cr.	271	CIAC		17,983
	Dr.	272	Accum. Amort. of CIAC	2,180	
	Dr.	114	Acquisition Adjustment	996	
	Cr.	131	Cash		8,000
To record acquisition of Bow Lake's plant assets					36,550
3	Dr.	101	Plant in Service	20,500	
	Cr.	131	Cash		20,500
To record purchase and installation of meters					
4	Dr.	403	Depreciation Expense	411	
	Cr.	108	Accumulated Depreciation		411
To record annual depr and related A/D on acquired assets for year 1					(411)
5	Dr.	403	Depreciation Expense	1,025	
	Cr.	108	Accumulated Depreciation		1,025
To record annual depr and related A/D on meters for year 1					(1,025)
6	Dr.	928	Regulatory Commission Expenses (\$7,500 / 5 yrs)	1,500	
	Cr.	186	Miscellaneous Deferred Debits - Bow Lake		1,500
To amortize acquisition costs					(1,500)
7	Dr.	272	Accum. Amort. of CIAC	99	
	Cr.	405	Amortization of CIAC		99
To record annual amort of CIAC and related A/A of CIAC on acquired assets for year 1					99
8	Dr.	406	Amortization of Util Plant Acq Adj (\$996 / 5 yrs.)	199	
	Cr.	115	Accumm Amort of Util Plant Acq Adj		199
To record annual amortization of acquisition costs					(199)
9	Dr.	131	Cash	16,692	
	Cr.	400	Operating Revenue		16,692
To record 2016 annual revenues as reported in 2016 PUC Annual Report					16,692
10	Dr.	624	Power Purchased for Pumping	2,512	
	Dr.	642	Treatment Operation labor and Expenses	1,852	
	Dr.	671	Maintenance of T&D Structure	5,850	
	Dr.	902	Meter Reading Expenses	1,609	
	Dr.	923	Outside Services	4,800	
	Dr.	928	Regulatory Commission Expenses	300	
	Cr.	131	Cash		16,923
	Dr.	408	Taxes other than Income	4,162	
	Cr.	131	Cash		4,162
To record 2016 operating expenses as reported in 2016 PUC Annual Report					(16,923)
					(4,162)
Net Impact on Cash				16,692	57,085
Adjusted Net Income					(40,393)
					<u>(7,429)</u>

**Revenue Requirement**

The Company plans to apply consolidated rates.

SPSt. Cyr  
7/6/2017

Hampstead Area Water Company

SPS-6

Plant / Depreciation Expense / Accumulated Depreciation

		<u>Costs</u>	<u>Depr Rate</u>	<u>Annual Costs</u>	<u>Accum Depr</u>
334	Meters	<u>20,500</u>	5.00%	<u>1,025</u>	<u>513</u>
Total		<u>\$ 20,500</u>		<u>\$ 1,025</u>	<u>\$ 513</u>

SPSt. Cyr  
7/6/2017

**Hampstead Area Water Company  
Source and Use of Funds**

**SPS-7**

Source of Funds

2016

Internal Cash	\$ 35,050
Total Source of Funds	<u>\$ 35,050</u>

Use of Funds

Purchase of Bow Lake Estates Water Works, Inc.'s plant assets	\$ 8,000
Acquisition costs	7,500
Purchase and installation of meters (\$500 / meter x 41 customers)	<u>20,050</u>
Total Use of Funds	<u>\$ 35,550</u>

SPSt. Cyr  
7/6/2017

**Hampstead Area Water Company  
Estimated Acquisition Costs**

**SPS-8**

2016 / 2017 Acquisition Costs

St. Cyr & Associates	\$ 2,500
Lewis Builders Development	<u>5,000</u>
Total Estimated Acquisition Costs	<u>\$ 7,500</u>

SPSt. Cyr  
7/6/2017

**PERMIT TO OPERATE  
PUBLIC WATER SYSTEM  
FISCAL YEAR 2018  
July 1, 2017 - June 30, 2018**

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Date Issued: September 14, 2017

**STANLEY OLIVER  
BOW LAKE ESTATES WATER WORKS INC  
PO BOX 180  
BARRINGTON NH 03825**

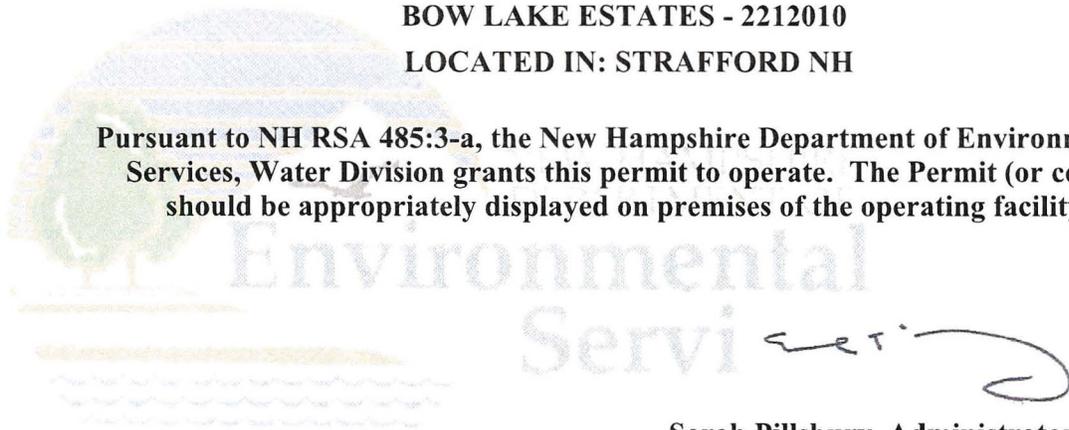
**The New Hampshire Department of Environmental Services  
DRINKING AND GROUNDWATER BUREAU  
hereby issues  
a Permit to Operate a Public Water System**

**PERMIT NO: 18-2212010 DATE VALID: July 1, 2017 - June 30, 2018**

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**BOW LAKE ESTATES - 2212010  
LOCATED IN: STRAFFORD NH**

**Pursuant to NH RSA 485:3-a, the New Hampshire Department of Environmental Services, Water Division grants this permit to operate. The Permit (or copy) should be appropriately displayed on premises of the operating facility.**



**Sarah Pillsbury, Administrator  
Drinking Water and Groundwater  
Bureau**

Well Id (WRB#):	223.0270	Date Completed:	11/20/1991
Name and Location:	NORTH COUNTRY WATER SUPPLY BOW LAKE RD STRAFFORD	Total Depth:	234 ft
<u>Mapit</u>		Depth to Bedrock:	71 ft
Tax Map No:		Casing:	140 ft
Lot No:	LOT 31	Tested Yield:	40 gal/min
Type:	DRILLED IN BEDROCK	Static Water Level:	2.98 ft
Use:	SMALL COMMUNITY WATER SUPPLY;	Measured Yield After Development:	

**Well Driller**

Driller License No:	158	Driller Well Id:	232
Name and Address:	ROBERT CARR WATER WELLS 222 DUDLEY RD ALTON NH 03809	Current License Status:	Active
Email:		Phone Number:	603-776-6003