

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DW 07-118

ATKINSON AREA WASTE WATER RECYCLING, INC.

Petition to Transfer Stock Ownership

Order Approving Stock Transfer

ORDER NO. 24,817

January 11, 2008

I. BACKGROUND

On November 1, 2007, Atkinson Area Waste Water Recycling, Inc. (AAWW) filed a petition for approval to transfer its 100 shares of stock to Atkinson Farm, Inc. (AFI). AAWW is a regulated sewer utility and received its franchise in 1991. *Atkinson Area Waste Water Recycling, Inc.*, 76 NH PUC 681 (1991). The initial franchise was for service to a golf course and 325 residential housing units. The golf course and utility plant were not completed until 2001 and housing units have yet to be constructed. Thus, rates have never been set. However, AAWW has filed a notice of intent to file rate schedules and Docket No. DW 07-131 has been opened to consider them. AAWW intends to provide service to housing units that are expected to be completed in late 2008.

AAWW's stock is presently held as follows: Peter A. Lewis, Alice E. Lewis, Christine Lewis Morse, and Daniel P. Lewis each own 25 shares. Peter Lewis is president of both AAWW and Hampstead Area Water Company, Inc. (HAWC), a regulated water company providing service to approximately 2,700 customers in southern New Hampshire. Alice Lewis is the wife of Mr. Lewis. Christine Lewis Morse and Daniel Lewis are the adult children of Peter and Alice Lewis. The transaction would involve the transfer of 50 shares each from Peter and Alice Lewis

to Christine Morse and Daniel Lewis, who would then transfer the combined 100 shares to AFI. AFI is a corporation wholly owned by Christine Lewis Morse and Daniel P. Lewis. AFI presently owns the real property the utility assets are located upon. It also owns the country club and associated land and buildings as well as an adjacent lot which will be the site of future condominium units.

The stock transfer request is for estate planning purposes. We recently reviewed and approved another stock transfer involving Peter A. Lewis and Christine Lewis Morse. *Hampstead Area Water Company, Inc.*, Order No. 24,803 (November 2, 2007). AAWW represents that Christine Lewis Morse and Daniel P. Lewis have the requisite capabilities to operate AAWW. Ms. Morse is vice president and chief operating officer of AFI, is vice president of Lewis Builders Development, Inc. (LBDI), and is involved with other Lewis Group companies. According to the pre-filed testimony of Peter A. Lewis, Ms. Morse has been progressively succeeding him in various businesses he owns and that Ms. Morse has over 20 years of management experience in operating Lewis Group companies. Specifically, Ms. Morse is: vice president of HAWC; president of East Coast Lumber and Building Supply, Inc.; vice president of AFI; and vice president of LBDI. Mr. Lewis stated that day-to-day operations of AAWW would not change as a result of the stock transfer and that LBDI will operate AAWW under a management agreement similar to LBDI's management agreement with HAWC. Mr. Lewis stated that technical and support staff of the company will remain. Lastly, consistent with our 1991 order approving its franchise, AFI will book the original plant as contribution in aid of construction (CIAC) and will not be included in AAWW's rate base.

On January 4, 2008, Staff filed a letter recommending approval. According to Staff, it is appropriate to approve the stock transfer since AAWW has yet to commence regulated operations. Staff stated that AAWW plans to begin operations within a year and that it will provide service to a four-story, 32-unit condominium building that will be built on a lot adjacent to the country club. Units will be available for sale in late 2008. Staff stated that the instant docket will not be the only review of this transaction; AAWW's management agreement with LBDI will be the subject of a thorough review in DW 07-131 when the Commission reviews AAWW's proposed rates. In light of the estate-planning nature of the transaction and lack of impact upon AAWW's operations, Staff, therefore, recommended the Commission approve the stock transfer pursuant to RSA 369:1.

II. COMMISSION ANALYSIS

A public utility may transfer its franchise when the Commission finds that it will be for the public good. RSA 374:30. The Commission is also required to make a determination of public good in instances where a public utility proposes to sell its stock. RSA 369:1.

In performing this review, the Commission has a longstanding practice of evaluating the managerial, financial, and technical ability of the proposed transferee to operate a public utility. In this case, the transaction involves the transfer of stock from two parents to their adult children. The adult children, Christine Lewis Morse and Daniel P. Lewis, are the sole stockholders of AFI and have been involved with the family businesses. In particular, Ms. Morse has been involved as an officer or owner. The transfer will not change the day-to-day operations of AAWW. LBDI will continue to be involved in the operation of AAWW and technical and support staff will remain intact. The transfer will not adversely affect rates or customers since this utility has

not yet commenced regulated service. AAWW does not expect to begin serving customers until late 2008 and we will be reviewing AAWW's proposed rates and its management agreement with LBDI prior to that in Docket No. DW 07-131. We conclude that AFI has the requisite managerial, financial, and technical ability to operate a public utility, in particular, AAWW.

We find the succession planning on the part of Peter and Alice Lewis to be in the interest of AAWW and its future customers. Christine Lewis Morse and Daniel P. Lewis have gradually become acquainted with the various family businesses and will take on more responsibility as AAWW becomes a fully functioning utility. The proposed change in control of the stock of AAWW will not adversely affect the utility. For these reasons, we find the proposed transfer of stock to be in the public good.

Based upon the foregoing, it is hereby

ORDERED, that Atkinson Area Waste Water Recycling, Inc.'s request to transfer stock to Atkinson Farm, Inc. is hereby APPROVED.

By order of the Public Utilities Commission of New Hampshire this eleventh day of January, 2008.

Thomas B. Getz
Chairman

Graham J. Morrison
Commissioner

Clifton C. Below
Commissioner

Attested by:

Debra A. Howland
Executive Director & Secretary