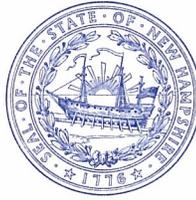


THE STATE OF NEW HAMPSHIRE

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Thomas B. Getz

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Clifton C. Below
Amy L. Ignatius

EXECUTIVE DIRECTOR
AND SECRETARY
Debra A. Howland



PUBLIC UTILITIES COMMISSION
21 S. Fruit Street, Suite 10
Concord, N.H. 03301-2429

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FAX (603) 271-3878

TDD Access: Relay NH
1-800-735-2964

Website:
www.puc.nh.gov

December 9, 2011

Debra A. Howland, Executive Director
N.H. Public Utilities Commission
21 South Fruit Street, Suite 10
Concord, NH 03301

Re: DW 11-224 Pennichuck East Utility, Inc.
Request for Transfer of Birch Hill Real Estate



Dear Ms. Howland:

The purpose of this letter is to review the petition of Pennichuck East Utility, Inc. (PEU) in the above-referenced docket and to offer Staff's recommendation. PEU seeks to transfer three land parcels associated with its Birch Hill water system in the Town of Conway to a prospective buyer. PEU asserts its request is in the public interest as it no longer has need of the parcels. Based on Staff's review as detailed below, Staff supports granting of the petition.

On October 4, 2011, PEU filed its petition along with the prefiled testimony of Donald L. Ware, President of PEU. The petition requests authority pursuant to RSA 374:30 to sell three lots totaling 55 acres in Conway. The lots are identified as 231-106, 231-147 and 231-148 and are located between West Side Road and the Saco River opposite the Birch Hill development. The lots were originally acquired by PEU's sister utility, Pittsfield Aqueduct Company (PAC) in late 2007 and early 2008 in anticipation of installing new wells to supply the Birch Hill system. PAC was ultimately able to obtain its water supply for the development from North Conway Water Precinct (NCWP) by a water main extension across two of the lots. The lots are therefore no longer needed for groundwater supply purposes. They were subsequently transferred to PEU as part of the transfer of Birch Hill and several other water systems from PAC to PEU in DW 09-051 (Order 25,051, December 11, 2009). PEU will retain a 25-foot easement along the water main extension for necessary access and maintenance. Staff posed discovery requests to PEU on October 20, 2011, and the company's responses are attached to this letter.

PEU proposes to sell the three properties to the New Hampshire Institute of Agriculture and Forestry (NHIAF), a non-profit organization located in Conway, for \$65,000. A P&S agreement between PEU and NHIAF is included in the filing as Exhibit DLW-1. NHIAF has leased the largest of the three parcels for agricultural purposes for the past two growing seasons, and

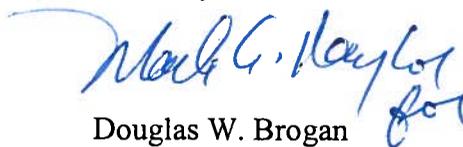
offered the highest price for the combined parcels in response to PEU's marketing efforts (response to Staff 1-7). The lands are in the Saco River floodplain and potential uses are limited by Conway zoning ordinances. If the sale is closed, NHIAF will continue to use the lands for its agricultural and educational missions as allowed by the ordinances.

Two of the lots are part of the Birch Hill Capital Recovery Surcharge approved in DW 09-051, and the third is booked as Land Held For Future Use. The proposed sale price of \$65,000 is slightly less than the \$71,248.51 paid for the properties initially, with the difference in part reflecting the value of the water main easement being retained by PEU. The accounting treatment of the lots is discussed in the filing and discovery (Ware testimony pp. 5-6; responses to Staff 1-2 through 1-5). The City of Nashua has endorsed the proposed transfer, as required under its pending merger agreement with Pennichuck Corporation for any sale of real estate over \$50,000. See Resolution provided in Exhibit DLW-5 and response to Staff 1-13.

An adequate water supply has been obtained from NCWP under a 20 year agreement extendable by agreement of both parties (response to Staff 1-6). As such, the subject lots are no longer needed for water supply purposes with the exception of the retained easements. In addition to the anticipated revenues from the sale of the lots, annual tax payments on the properties will be eliminated. In these regards transfer of the lots will benefit customers, and will have no impact on PEU's continued ability to operate the Birch Hill system. For the reasons above, Staff concurs with PEU's proposal to sell the three parcels to NHIAF, and recommends the Commission approve PEU's petition.

If you have any questions regarding this matter, please feel free to contact me.

Sincerely,

A handwritten signature in blue ink, appearing to read "Douglas W. Brogan".

Douglas W. Brogan
Utility Engineer

Attachments:

Discovery Responses

cc: Docket Related Service List (electronic only)

DW 11-224
Pennichuck East Utility Responses to
Staff Data Requests – Set 1
Petition for Approval of the Transfer of Real Estate

Date Request Received: 10/20/11
Request No. Staff 1-1

Date of Response: 10/31/11
Witness: Donald L. Ware

REQUEST: How will the reduction in rate base from the sale of the properties be reflected in the Birch Hill Capital Recovery Surcharge?

RESPONSE: Please see the response to Staff 1-2 below.

DW 11-224
Pennichuck East Utility Responses to
Staff Data Requests – Set 1
Petition for Approval of the Transfer of Real Estate

Date Request Received: 10/20/11
Request No. Staff 1-2

Date of Response: 10/31/11
Witness: Donald L. Ware

REQUEST: Re: Mr. Ware's testimony at page 5 and 6, why would the \$10,713 gain on the sale not be applied as an offset to the current balance in the Capital Recovery Surcharge applicable to Birch Hill?

RESPONSE: The gain on the sale should be applied as an offset to the current balance of the Birch Hill Capital Recover Surcharge. The plan is to apply \$10,713 gain as an offset to the current balance in the Capital Recovery Surcharge at the next PEU rate case in conjunction with any change in customer count. I have attached a spreadsheet to this data response detailing the impact of this offset based on the original customer count used to calculate the Birch Hill Capital Recovery Surcharge of 206. The result is a \$0.27 per month reduction in this Surcharge.

Pennichuck East Utility
 Birch Hill Land Sale
 Petition for Approval of the Transfer of Real Estate
 DW11-1124
 Staff Data Request 1-2
 10/27/2011

	Per Rate Case DW 08-052	Land Sale 2011	Revised Surcharge
Birch Hill Capital Recovery	\$ 1,878,504.00	10,712.96	1,867,791.04
Cost of Capital	4.68%	4.68%	4.68%
Monthly Capital Recovery	\$ 9,725.14	\$ 55.46	\$ 9,669.68
Number of Customers	206	206	206
Monthly Charge Per Customer	\$ 47.21	\$ 0.27	\$ 46.94
Annual Capital Recovery	\$ 116,701.64	\$ 665.54	\$ 116,036.10
Annual Charge Per Customer	\$ 566.51	\$ 3.23	\$ 563.28

DW 11-224
Pennichuck East Utility Responses to
Staff Data Requests – Set 1
Petition for Approval of the Transfer of Real Estate

Date Request Received: 10/20/11
Request No. Staff 1-3

Date of Response: 10/31/11
Witness: Donald L. Ware

REQUEST: Was Lot 231-106 booked to Land Held for Future Use immediately upon its acquisition?

RESPONSE: No, Lot 231-106 was originally booked to Easements in February 2008. In November 2008, the lot was reclassified to Land Held for Future Use. The value of Lot 231-106 is not reflected in the assets that make up the Birch Hill Capital Recovery Surcharge.

DW 11-224
Pennichuck East Utility Responses to
Staff Data Requests – Set 1
Petition for Approval of the Transfer of Real Estate

Date Request Received: 10/20/11
Request No. Staff 1-4

Date of Response: 10/31/11
Witness: Donald L. Ware

REQUEST: Please indicate the current and proposed accounting status of the five wells shown on Lot 231-106 on the plan in Exhibit DLW-3.

RESPONSE: The five wells indicated were test wells that were completed as part of the source of supply study that was completed for the property being sold. The cost of the source of supply study, including the 5 test wells, was \$58,550.04. The cost of the study was booked to the assets that make up the Birch Hill Capital Recovery Surcharge.

DW 11-224
Pennichuck East Utility Responses to
Staff Data Requests – Set 1
Petition for Approval of the Transfer of Real Estate

Date Request Received: 10/20/11
Request No. Staff 1-5

Date of Response: 10/31/11
Witness: Donald L. Ware

REQUEST: Please provide the journal entries that will be made immediately after the sale of the properties.

RESPONSE:

Debit: Cash	65,000.00
Debit: Easements	6,248.51
Credit: Land Held for Future Use	54,287.04
Credit: Land	16,961.47

DW 11-224
Pennichuck East Utility Responses to
Staff Data Requests – Set 1
Petition for Approval of the Transfer of Real Estate

Date Request Received: 10/20/11
Request No. Staff 1-6

Date of Response: 10/31/11
Witness: Donald L. Ware

REQUEST: Regarding Mr. Ware's testimony at page 4, line 5, is the water supply agreement with North Conway Water Precinct extendable beyond 20 years? Please explain.

RESPONSE: Yes. Please see section 404.2 Supersession of the existing agreement with the North Conway Water Precinct (attached).

NCWP-PAC Interconnection Agreement
Page 13

ARTICLE 4. ASSIGNMENT, AMENDMENT AND TERMINATION

Section 401. Amendment. The provisions, terms and conditions of this Agreement may be modified only by written amendments, executed with the same formality as this Agreement.

Section 402. Assignment. Except as provided in section 201.4, no assignment by PAC of its rights or duties under this Agreement shall be binding on NCWP, unless NCWP consents to such an assignment in writing.

Section 403. Waiver. Failure of either party hereto to exercise any right hereunder shall not be deemed a waiver of such party to exercise at some future time said rights or another right it may have hereunder.

Section 404. Date Effective, Term and Supersession. Subject to approval of the NCWP vote, this Agreement shall be effective following a positive vote of NCWP voters and upon the signing of this agreement by the NCWP and PAC.

404.1 Term. The term of this contract shall be 20 years with the anniversary date being the date that the agreement is signed by the NCWP.

404.2 Supersession. It is the intent of both parties that on or before the expiration of the term of this Agreement, this Agreement will be renegotiated and extended upon terms mutually agreeable to both parties. The parties agree to meet to discuss renewal at least three (3) years in advance of the termination of this Agreement. In the event that the parties cannot agree to terms of renewal, and so long as PAC remains a regulated public utility, the matter shall be submitted to the NHPUC, which may act as a mediator in an effort to have the parties reach an agreement.

Section 405. Termination. In the event of unforeseen circumstances which materially alter the circumstances upon which this Agreement is based, either party

DW 11-224
Pennichuck East Utility Responses to
Staff Data Requests – Set 1
Petition for Approval of the Transfer of Real Estate

Date Request Received: 10/20/11
Request No. Staff 1-7

Date of Response: 10/31/11
Witness: Donald L. Ware

REQUEST: Regarding Mr. Ware's testimony at page 4, line 20, please indicate how and for how long the parcels were marketed, and whether the company received any other offers.

RESPONSE: The three parcels were marketed privately over a 4-month period to avoid paying a real estate commission. Pennichuck East Utility, Inc. ("PEU") received two other competing bids. A bid for \$60,000 was submitted from a second prospective buyer for all 3 lots. A bid for \$12,000 was submitted from a neighboring land owner for parcel 231-147. Both of these bids were less than the purchase price offered by the Institute of Agriculture and Forestry ("Buyer").

The 3 parcels of land are located in the North Conway Floodplain Conservation District. As a result of the Town of Conway's zoning ordinance, no permanent structure can be built on any of the three parcels and they can only be used for agriculture, farming and/or forestry. Since the Buyer submitted the highest bid for the 3 parcels, the Buyer had leased the largest parcel (Parcel 231-106) for the past 2 years, and the Buyer is a 501(C)(3) non-profit whose primary charter is to teach farmers how to grow crops organically, PEU made the decision to sell the land to the Buyer.

DW 11-224
Pennichuck East Utility Responses to
Staff Data Requests – Set 1
Petition for Approval of the Transfer of Real Estate

Date Request Received: 10/20/11
Request No. Staff 1-8

Date of Response: 10/31/11
Witness: Donald L. Ware

REQUEST: Regarding Mr. Ware's testimony at page 5, lines 7-8, please explain the status of any existing or proposed easements on Lot 231-105, which the water main also appears to cross.

RESPONSE: The easement across Lot 231-105 is 50 feet wide for both access and utilities. The interconnection was constructed within this easement across Lot 231-105. The Meridian Survey did not locate the 50' wide easement through Lot 231-105, only the access road. The 50' wide access and utility easement through this lot as shown on the plot plan is purely illustrative.

DW 11-224
Pennichuck East Utility Responses to
Staff Data Requests – Set 1
Petition for Approval of the Transfer of Real Estate

Date Request Received: 10/20/11
Request No. Staff 1-9

Date of Response: 10/31/11
Witness: Donald L. Ware

REQUEST: In the discussion on page 5, lines 20-23 of Mr. Ware's testimony, please clarify whether there is any difference in the prices paid by PAC to the prior landowners for the three parcels, and the prices 'paid' by PEU to PAC for the same lots.

RESPONSE: There is no difference between what PAC paid the prior landowners for the three parcels versus what was transferred to PEU from PAC.

DW 11-224
Pennichuck East Utility Responses to
Staff Data Requests – Set 1
Petition for Approval of the Transfer of Real Estate

Date Request Received: 10/20/11
Request No. Staff 1-10

Date of Response: 10/31/11
Witness: Donald L. Ware

REQUEST: The P&S Agreement in Exh. DLW-1 anticipates transfer of title on or before October 1, 2011. Does the fact this date has passed present any obstacle to closure on the sale? Please explain.

RESPONSE: The Buyer has been apprised of the status of the approvals required from the NHPUC and the Buyer has indicated that a closing after October 1, 2011, and after the Commission's approval, is acceptable to the Buyer since the crop growing season for 2011 has ended.

DW 11-224
Pennichuck East Utility Responses to
Staff Data Requests – Set 1
Petition for Approval of the Transfer of Real Estate

Date Request Received: 10/20/11
Request No. Staff 1-11

Date of Response: 10/31/11
Witness: Donald L. Ware

REQUEST: Most of the filing reflects a proposed 25' water main easement (Ware testimony at page 4, line 17; P&S Addendum in Exh. DLW-1; proposed deeds in Exh. DLW-4), while both plans indicate a proposed 40' easement. Please clarify which is intended.

RESPONSE: The water main easement is 25'. The Meridian plans have been changed to reflect the correct width. A copy of the revised plan was filed with the Commission by counsel for PEU, separately from these responses on or about October 21, 2011.

DW 11-224
Pennichuck East Utility Responses to
Staff Data Requests – Set 1
Petition for Approval of the Transfer of Real Estate

Date Request Received: 10/20/11
Request No. Staff 1-12

Date of Response: 10/31/11
Witness: Donald L. Ware

REQUEST: Please confirm the need for the following corrections on the proposed deeds in Exhibit DLW-4, or explain why the corrections are unnecessary:

First deed (Lot 106)

- a) In the third paragraph on page 3 (beginning with “For title reference”), the Book number should be 493, not 4893.
- b) At top of page 4, “Grantee” in the first, third and fourth instances should be “Grantor”.

Second deed (Lots 147 and 148)

- c) In third paragraph on page 2, North 56° 22’ East in fourth and fifth lines should be North 56° 22’ West.
- d) In bottom half of page 3, “Grantee” in the first, third and fourth instances should be “Grantor”.

RESPONSE: First deed (Lot 106)

- a) Counsel for PEU, concurs that this was a typographical error and the reference should be 493, not 4893.
- b) Counsel for PEU concurs that the references should be to Grantor, as indicated. Counsel adds that the reference to “This conveyance” in the first line of the first full paragraph on page 3, shall be amended to read, “This reservation”.

Second deed (Lots 147 and 148)

- c) Counsel for PEU concurs that the reference should be “West”.
- d) Counsel for PEU concurs that the references should be to Grantor. Counsel adds that the reference to “This conveyance” in the first line of the sixth full paragraph on page 3, shall be amended to read; “This reservation”.

Amended draft easements are attached also incorporate the metes and bounds description for each easement/reservation.

Return to:
Dwyer, Donovan & Pendleton, P.A.
461 Middle Street
Portsmouth, NH 03801-5085

QUITCLAIM DEED

KNOW ALL MEN BY THESE PRESENTS that PENNICHUCK EAST UTILITY, INC., with a principal place of business located at 25 Manchester Street, Merrimack, County of Hillsborough, State of New Hampshire 03054, for consideration paid, grants to NEW HAMPSHIRE INSTITUTE OF AGRICULTURE AND FORESTRY, with a principal place of business located at 1857 White Mountain Highway, North Conway, County of Carroll, State of New Hampshire 03660, with WARRANTY COVENANTS, the following described real estate:

A certain tract or parcel of land, sometimes referred to by reference to the Conway tax maps, as Lot 231-106, located in the North Conway, County of Carroll and State of New Hampshire, herein referred to as the "Land", bounded and described as follows:

Beginning at a stone bound situated on the boundary line between land conveyed herein and land now or formerly of James; thence running South $71^{\circ} 17'$ East a distance of Two Thousand Fifteen and $69/100$ (2,015.69) feet along land of James to a stone bound; thence continuing the same course a distance of One Hundred Ninety Two and $00/100$ (192.00) feet to an iron pipe; thence continuing the same course a distance of One Hundred Eighty Eight and $00/100$ (188.00) feet to a point on the Westerly bank of the Saco River; thence turning and running in a Southerly and Southwesterly direction along the Westerly bank of the Saco River to a point set on the bank of the Saco River, which point is located approximately Six Hundred Fifty (650) feet chord distance from the first-mentioned point on the West bank of the Saco River; thence turning and running Northwesterly a distance of Eight Hundred Twenty-Five (825) feet, more or less, along other land of the Grantor, to a stone bound; thence turning and running by the following courses and distances:

- (a) South $38^{\circ} 12'$ West a distance of Two Hundred Seventy-Six and $83/100$ (276.83) feet to a stone bound;
- (b) South $75^{\circ} 53'$ West a distance of Three Hundred Twenty-Eight and $48/100$ (328.48) feet to a stone bound;
- (c) South $87^{\circ} 03'$ West a distance of Three Hundred Forty-Eight and $97/100$ (348.97) feet to a stone bound;
- (d) South $78^{\circ} 43'$ West a distance of Four Hundred Eighty and $55/100$ (480.55) feet to an iron pipe;

- (e) Thence continuing on the same course a distance of Twenty Three (23) feet, more or less, to the bank of Allard's Eddy, so-called;

Thence turning and running Northerly, Westerly, Northerly, Easterly and Northerly along the shore of Allard's Eddy, so-called, to an iron pipe, which is located Fifteen (15) feet, more or less, Northerly from the bank of Allard's Eddy, so-called, thence running North 12° 16' West a distance of Seven Hundred Two and 20/100 (702.20) feet along other land of the Grantor to a stone bound, the point of beginning.

Meaning to convey a tract of land containing 43.5 acres, more or less.

Also granting to the Grantee, his heirs and assigns, to the extent the Grantor's rights so allow the non-exclusive use of a Fifty (50) foot right-of-way in common with others, leading from the West Side Road, so-called, over other land of the Grantor and/or of the Grantee or others to and across the Land herein conveyed. The exact location of this right-of-way shall be over the present roadway leading to the Land herein conveyed or as determined by Recreama Development Trust. The use of this right-of-way by the Grantee is also limited by those restrictions of records, so as to give the Grantee the right to have access only to the Westerly boundary of the Land herein conveyed.

Saving, excepting and reserving to this Grantor, successors or assigns those rights, and such obligations of the Grantee owed thereto, relating to use and maintenance of the fifty foot right of way across the Land and or such other Land or lots Westerly of the Land owned or being acquired contemporaneously with this deed but by separate deed by the Grantee, as are of record, the right of way to be located in its current position and or as shown on the Easement Plan described below, or such other position as agreed upon by the parties with interest therein and of record, allowing Grantor to make any use of said right away across the Land as Grantor deems necessary to conduct its water service or access its easement rights across the Land or beyond the Land. This right of way is also subject to prior reservations and rights of record.

In any event, the above two rights-of-way shall meet any and all specifications of the Town of Conway Planning Board so as to enable the Town of Conway to accept the same at a later date as public roads should the Grantor, its successors or assigns, or prior Grantor's of said Land who may also have reserved such rights of record, so desire. The Grantor reserves the right, as have prior Grantors, to improve the aforesaid rights-of-way and to bring the same up to all specifications and standards of the Town of Conway as is necessary to enable the Town to accept the same as a public road.

The land conveyed herein shall be subject to the following covenants and restrictions which shall run with the land:

1. No building or structures shall be constructed or placed upon the land except for the improvement of the right-of-way as set forth above, and the fences as designated below.
2. If the land is used, it shall be used for the ordinary and natural purposes of farming and/or grazing of animals.

3. If animals are grazed upon the land, then the Grantee shall erect and maintain in good repair those fences necessary to enclose the animals for the purpose of preventing said animals from trespassing on any of the Grantor's abutting property.

For reference to the tract conveyed, see plan entitled "Plan of Land in North Conway, N.H., property of Recreama Development Trust," surveyed in October, 1971 by Thaddeus Thorne, Center Conway, New Hampshire.

For title reference, see Deed of Bayonne Construction Co., Inc. to Recreama Development Trust dated August 28, 1971 and recorded in the Carroll County Registry of Deeds Book 493, Page 326.

See also Declaration of Recreama Development Trust in Carroll Records Book 493, page 415.

SUBJECT TO all matters evidenced and disclosed on a plan entitled "Boundary Plan Land of Brian E. Hussey, II and Alyssa Leigh Hussey, Tax Map 231, Lot 106, North Conway, New Hampshire" surveyed by Meridian Land Services, Inc. dated October 19, 2007 and recorded in the Carroll County Registry of Deeds at Plan Book 220, Page 2.

Meaning and intending to describe and convey the same premises conveyed to Pennichuck East Utilities, Inc. by Quitclaim Deed of Pittsfield Aqueduct Company, dated August 11, 2011, and recorded at Carroll County Registry of Deeds at Book 2945, Page 0815.

Use and Access Easement Reservation

The Grantor further reserving for itself, successors or assigns a Use and Access Easement, and or such rights as are further described below, so as to allow Grantor, its successors or assigns the ability to operate, maintain, and upgrade a water main and water distribution system, currently located on and under a portion of the Land, as bounded and described herein below:

Beginning at a point on the South East side of said Easement North 76°18' West 33+/-' from the bank of the Saco River said point also being North 00°27'45" West 235' +/- from the South East corner of Lot 231-106, thence

1. North 76°18'07" West -86.31' to a point, and
2. North 73°09'16" West - 202.15' to a point, and
3. North 76°42'41" West - 276.34' to a point, and
4. North 89°32'27" West - 447.48' to a point, and
5. South 89°34'28" West - 457.09' to a point, and
6. South 88°42'22" West - 91.83' to a point, and

7. South 89°34'41" West – 379.71' to a point, and
8. North 89°33'31" West – 97.92' to a point, and
9. North 88°17'47" West – 47.75' to a point, and
10. South 81°34'41" West – 45.42' to a point, and
11. South 73°01'24" West – 60.09' to a point on the common lot line with Lot 231-147, thence by Lot 231-147
12. North 30°16'08" West – 25.69' to a point, thence
13. North 73°01'24" East – 67.87' to a point, and
14. North 81°34'41" East – 49.51' to a point, and
15. South 88°17'47" East – 49.69' to a point, and
16. South 89°33'31" East – 97.45' to a point, and
17. North 89°34'41" East – 379.33' to a point, and
18. North 88°42'22" East – 91.83' to a point, and
19. North 89°34'28" East – 457.48' to a point, and
20. South 89°32'27" East – 450.48' to a point, and
21. South 76°42'41" East – 279.92' to a point, and
22. South 73°09'16" East – 202.24' to a point, and
23. South 76°18'07" East – 79.31' to a point (being North 76°18' West 37'+/- from the bank of Saco River), and
24. South 00°27'45" East 25.78' to the point of beginning

Also shown on a plan entitled "Proposed Water Line Utility Easement Plan – Prepared For: - Pennichuck – East Utility Inc. – Tax Map 231 Lots 147 & 106 –North Conway, New Hampshire", Scale: 1"=100' dated July 22, 2010 and last revised 10/4/11 By Meridian Land Services Recorded at the C.C.R.D. as Plan # _____.

The above-granted right and easement is more particularly described as:

The perpetual and exclusive right under, over and across the Use Easement Area to lay,

construct, install, operate, maintain, repair, replace and remove underground pipes, ducts, conduits, and such pumping equipment, pump houses and foundations and enclosures for the same, and such meters, meter horns, readout devices and other appurtenances wherever located, as the Grantor may from time to time desire, for water distribution purposes, in order to provide water service to areas beyond the Land, and to customers beyond the Land.

This reservation shall include the right of access from, to and across said Land and Use Easement Area, including the right of access over and across such other property owned by the Grantee as necessary to effectuate said access, for all purposes in connection with the exercise of the within granted rights and easement; the right to excavate, trench, and backfill by men or machines and temporarily to place excavated earth and other material on said Easement area and Land, provided that the said Land shall be restored by the Grantor to substantially the condition in which it was immediately prior to such access, excavation, trenching, and backfilling; the right to trim, cut down and remove bushes, trees and other plant growth on the Use Easement Area as and to such extent as in the judgment of the Grantor is necessary for any of the above purposes; the right to go upon the Land when working on side lines and associated equipment; and the right, to be exercised only for temporary periods when continuity of service requires, to install temporary above-ground lines over and across said Use Easement Area as may be necessary to provide water service.

The Grantee, for itself and its successors and assigns, covenants and agrees (i) that they will not erect or maintain, or permit to be erected or maintained, any permanent building or structure of any kind or nature upon the Land, or plant or permit to be planted any trees, over said underground pipes and other equipment and (ii) that they shall not alter the grade of the Use Easement Area as such grade exists at the time of the installation of the pipes and other equipment referred to above.

The Grantee further covenants and agrees, for itself and its successors and assigns, that in the event of excavation or grading by Grantee which in the good faith opinion of the Grantor might materially disturb, dislocate, damage or endanger said pipes or other equipment, the Grantee will install reasonable shoring or bear the expense of its installation at reasonable locations specified by the Grantor or its representatives, and in the event of any damage to said pipes or other equipment as a result of such excavation or grading, the Grantee will pay the cost of repair to, or replacing of, said pipes or other equipment as the case may be.

In witness whereof, Pennichuck East Utility, Inc. has caused Donald Ware, its President, to set his hand on behalf of said corporation, this ____ day of _____, 2011.

PENNICHUCK EAST UTILITY, INC.

By:

Donald Ware, President

STATE OF NEW HAMPSHIRE
COUNTY OF HILLSBOROUGH

Before me, the undersigned officer, personally appeared Donald Ware, who acknowledged himself to be the President of Pennichuck East Utility, Inc., and that he, as such President, executed the foregoing instrument for the purposes contained therein.

Witness my hand and official seal, this ____ day of _____, 2011.

Notary Public/Justice of the Peace

Return to:
Dwyer, Donovan & Pendleton, P.A.
461 Middle Street
Portsmouth, NH 03801-5085

QUITCLAIM DEED

KNOW ALL MEN BY THESE PRESENTS that PENNICHUCK EAST UTILITY, INC., with a principal place of business located at 25 Manchester Street, Merrimack, County of Hillsborough, State of New Hampshire 03054, for consideration paid, grants to NEW HAMPSHIRE INSTITUTE OF AGRICULTURE AND FORESTRY, with a principal place of business located at 1857 White Mountain Highway, North Conway, County of Carroll, State of New Hampshire 03660, with WARRANTY COVENANTS, the following described real estate:

Two certain tracts or parcels of land situated in North Conway, County of Carroll and State of New Hampshire, herein in combination referred to as the "Land", being bounded and described as follows:

PARCEL I – Lot 231-147:

Beginning at an iron pipe, said pipe being the Northeast corner of Morrell on the South line of land of James, and being the Northwest corner of land herein described, thence South $12^{\circ} 21'$ East a distance of 80.95 feet along the Easterly line of land of Morrell to an iron pipe; thence, continuing on the same course, South $12^{\circ} 21'$ East a distance of approximately 228 feet along other land of the Grantor to the Deadwater, so-called; thence, Southerly by the trend of Deadwater, a distance of approximately 550 feet along other land of the Grantor, to the edge of the 50 foot right-of-way; thence, continuing as the said Deadwater would trend, a distance of 50 feet; said Deadwater intersects the center line of said right-of-way at approximately station 5 + 90 as stationed off the West Side Road; thence, continuing along the trend of the Deadwater, a distance of 39 feet to a point; thence North $72^{\circ} 56'$ East; a distance of 128 feet to an iron pipe; thence South $16^{\circ} 51'$ East a distance of 125.64 feet to an iron pipe; thence South $72^{\circ} 17'$ West a distance of 136.62 feet to the trend of the above-mentioned Deadwater; thence Southerly along the Deadwater being along the land of Bumstead until it meets another Deadwater, called Allard's Eddy; thence, Easterly, by the trend of Allard's Eddy, along other land of the Grantee; thence North $12^{\circ} 16'$ West to an iron pipe set approximately 15 feet away from the bank of said Allard's Eddy; thence continuing on the same course, North $12^{\circ} 16'$ West a distance of 702.20 feet along other land of the Grantee to a stone bound on the South line of land of James; thence, North $71^{\circ} 17'$ West a distance of 562.17 feet along the South line of land of James to the iron pipe begun at.

PARCEL II – Lot 231-148:

Beginning at a stone bound located the following courses and distances from the center line terminus (station 20 + 65) of a 50 foot right-of-way leading from the West Side Road;

South 87° 03' East a distance of 320.21 feet and North 75° 53' East a distance of 328.48 feet;

Thence at said stone bound, the point of beginning, running South 56° 22' East a distance of 547 feet along other land of the Grantor to the Saco River; thence turning and running Northeasterly along the Saco River to a point, said point having a chord distance of 407.64 on a reference line from the previously mentioned bound; thence turning and running North 56° 22' West a distance of 825 feet along other land of the Grantee to a stone bound; thence turning and running South 38° 12' West a distance of 276.83 feet along other land of the Grantee to the first mentioned bound.

Containing 4.6 acres, more or less.

Saving, excepting and reserving to this Grantor, successors or assigns those rights, and such obligations of the Grantee owed thereto, relating to use and maintenance of the fifty foot (50') right of way leading from West Side Road across the Land, including Parcel 1 above, and or such other Land or lots Westerly of the Land, including lot 231-106 and Parcel 2 above, owned or being acquired contemporaneously with the Land by separate deed by the Grantee, as are of record, the right of way to be located in its current position and or as shown on the Easement Plan described below, or such other position as agreed upon by the parties with interest therein and of record, allowing Grantor to make any use of said right away across the Land as Grantor deems necessary to conduct its water service or access its easement rights across the Land or beyond the Land. This right of way is also subject to prior reservations and rights of record.

The land conveyed herein shall be subject to the following covenants and restrictions of record, said covenants and restrictions running with the land:

1. No building or structures shall be constructed or placed upon the land until the year 1987 except for the improvement of the right of way as set forth above and the fences as designated below.
2. If the land is used, it shall be used for the ordinary and natural purposes of farming and/or grazing of animals.
3. If animals are grazed upon the land, the Grantee shall erect and maintain in good repair those fences necessary to enclose the animals for the purpose of preventing said animals from trespassing on any of the Grantor's abutting property.

SUBJECT TO all matters evidenced and disclosed on a plan entitled "Boundary Plan Land of Brian E. Hussey, II and Alyssa Leigh Hussey, Tax Map 231, Lot 106, North Conway, New Hampshire" surveyed by Meridian Land Services, Inc. dated October 19, 2007 and recorded in the Carroll County Registry of Deeds at Plan Book 220, Page 2.

SUBJECT TO Current Use Tax classification on Parcel I. Any and all land use change tax penalty for withdrawal or reclassification of the Land shall be the responsibility of the Grantee.

Use and Access Easement Reservation

The Grantor further reserving for itself, successors or assigns a Use and Access Easement, and or such rights as are further described below, so as to allow Grantor, its successors or assigns the ability to operate, maintain, and upgrade a water main and water distribution system, currently located on and under a portion of the Land, as bounded and described herein below:

Beginning at a point on the West side of said Easement on the common line with Lot 231-105 said point being South 57°58' East 217+/-' from the North East corner of Lot 231-109, said point also being North 19°07' East 109' +/- from the South East corner of Lot 231-109, thence by lot 231-105

1. North 62°08' East – 103' to a point, and
2. North 45°01'04" East – 113.55' to a point, and
3. North 45°22'59" East – 104.18' to a point, and
4. North 56°51'36" East – 75.24' to a point, and
5. North 45°19'37" East – 91.44' to a point, and
6. North 46°14'22" East – 102.84' to a point, and
7. North 68°42'34" East – 52.42' to a point, and
8. North 73°01'24" East – 0.39' to a point on the common line with Lot 231-106, thence by Lot 231-106
9. South 30°16'08" East – 25.69' to a point, thence turning and running within Lot 231-147
- 10.
11. South 73°01'41" West – 5.35' to a point, and
12. South 68°42'34" West – 46.51' to a point , and
13. South 46°14'22" West – 97.67' to a point, and
14. South 45°19'37" West – 93.76' to a point, and
15. South 56°51'36" West – 75.25' to a point, and
16. South 45°22'59" West – 101.59' to a point, and

17. South 45°01'04" West – 117.24' to a point, and
18. South 62°08' West – 112'+/- to a point, on the common line with Lot 231-105, thence
19. North 16°00' West - 26'+/- on the common line with Lot 231-105 to the point of beginning

Also shown on a plan entitled "Proposed Water Line Utility Easement Plan – Prepared For: - Pennichuck – East Utility Inc. – Tax Map 231 Lots 147 & 106 –North Conway, New Hampshire", Scale: 1"=100' dated July 22, 2010 and last revised 10/4/11 By Meridian Land Services Recorded at the C.C.R.D. as Plan # _____.

The above-granted right and easement is more particularly described as:

The perpetual and exclusive right under, over and across the Use Easement Area to lay, construct, install, operate, maintain, repair, replace and remove underground pipes, ducts, conduits, and such pumping equipment, pump houses and foundations and enclosures for the same, and such meters, meter horns, readout devices and other appurtenances wherever located, as the Grantor may from time to time desire, for water distribution purposes, in order to provide water service to areas beyond the Land, and to customers beyond the Land.

This reservation shall include the right of access from, to and across said Land and Use Easement Area, including the right of access over and across such other property owned by the Grantee as necessary to effectuate said access, for all purposes in connection with the exercise of the within granted rights and easement; the right to excavate, trench, and backfill by men or machines and temporarily to place excavated earth and other material on said Easement area and Land, provided that the said Land shall be restored by the Grantor to substantially the condition in which it was immediately prior to such access, excavation, trenching, and backfilling; the right to trim, cut down and remove bushes, trees and other plant growth on the Use Easement Area as and to such extent as in the judgment of the Grantor is necessary for any of the above purposes; the right to go upon the Land when working on side lines and associated equipment; and the right, to be exercised only for temporary periods when continuity of service requires, to install temporary above-ground lines over and across said Use Easement Area as may be necessary to provide water service.

The Grantee, for itself and its successors and assigns, covenants and agrees (i) that they will not erect or maintain, or permit to be erected or maintained, any permanent building or structure of any kind or nature upon the Land, or plant or permit to be planted any trees, over said underground pipes and other equipment and (ii) that they shall not alter the grade of the Use Easement Area as such grade exists at the time of the installation of the pipes and other equipment referred to above.

The Grantee further covenants and agrees, for itself and its successors and assigns, that in the event of excavation or grading by Grantor which in the good faith opinion of the Grantor might materially disturb, dislocate, damage or endanger said pipes or other equipment, the Grantee will

install reasonable shoring or bear the expense of its installation at reasonable locations specified by the Grantor or its representatives, and in the event of any damage to said pipes or other equipment as a result of such excavation or grading, the Grantee will pay the cost of repair to, or replacing of, said pipes or other equipment as the case may be.

In witness whereof, Pennichuck East Utility, Inc. has caused Donald Ware, its President, to set his hand on behalf of said corporation, this ____ day of _____, 2011.

Pennichuck East Utility, Inc.

By: _____
Donald Ware, President

STATE OF NEW HAMPSHIRE
COUNTY OF HILLSBOROUGH

Before me, the undersigned officer, personally appeared Donald Ware, who acknowledged himself to be the President of Pennichuck East Utility, Inc., and that he, as such President, executed the foregoing instrument for the purposes contained therein.

Witness my hand and official seal, this ____ day of _____, 2011.

Notary Public/Justice of the Peace

DW 11-224
Pennichuck East Utility Responses to
Staff Data Requests – Set 1
Petition for Approval of the Transfer of Real Estate

Date Request Received: 10/20/11
Request No. Staff 1-13

Date of Response: 10/31/11
Witness: Donald L. Ware

REQUEST: The City of Nashua resolution in Exhibit DLW-5 authorizes a sale of the parcels by PAC for \$75,000, whereas the sale as proposed is by PEU for \$65,000. Does this have any impact on the proposed sale or requested approvals? Please explain.

RESPONSE: No. Although the \$75,000 purchase price mentioned in the whereas clauses and the analysis of the resolution was in error, a copy of the proposed Purchase and Sales Agreement with the Buyer, showing the correct purchase price of \$65,000, was attached to the resolution. In addition, the enabling legislation authorizing the mayor to give the City of Nashua's prior written consent to the sale, which was approved by the Board of Aldermen, does not mention a specific selling price.