

DELIBERATIVE SESSION OF SPECIAL TOWN MEETING

DECEMBER 12, 1997

1. CALL TO ORDER BY THE MODERATOR, MICHAEL KEENAN, at 7:30 p.m. at Memorial School.

Cable/Camera Operations Chairman Coleman Kelly, Steve Boucher, Michael O'Keefe and John Beike and two Alvirne Students, Robert Pellegrino and Tim Bielawa

Sound System Ken Cantara

Supervisors of the Checklist Chairman Joyce Cloutier, Marty Anderson and Kevin Riley

Election Officials Jeannette Guill and Terry McLlarky

2. PLEDGE OF ALLEGIANCE, led by Selectman Chairman E. Lorraine Madison

3. INVOCATION BY REVEREND DAVID HOWE

4. REMARKS BY THE MODERATOR

Review of 'ground rules' (See Attachment #1)

Motion by E. Lorraine Madison to accept the ground rules. seconded by Selectman Jasper. carried.

Appointment of Parliamentarian -- Moderator Keenan appointed Selectman Jasper as Parliamentarian. Ken Massey, 20 Fairway Drive, objected, saying that although he respects Mr. Jasper's skills, it would be inappropriate for him to be appointed Parliamentarian for this meeting because he has a position on the article. Moderator Keenan withdrew the appointment and subsequently appointed Howard Dilworth, Jr.

5. INTRODUCTION OF BOARD OF SELECTMEN

Chairman E. Lorraine Madison, Rhona Charbonneau, Shawn N. Jasper, Ann Seabury and Terry Stewart

6. INTRODUCTION OF BUDGET COMMITTEE MEMBERS

Chairman John Drabinowicz, Janice Johnson, John Knowles, Ben Nadeau (not present), Donna O'Hanian, Paul Parker, Phil Parker, Lisa Riley, Kevin Walsh, and Jim Sullivan, School Board Representative

7. INTRODUCTION OF HUDSON REPRESENTATIVES/SENATOR

Senator Gary Francoeur and Representatives David Alukonis, Donald B. White (present), Rudy Lessard, Lars Christiansen, Robert E. Clegg, Jr. and Stanley Searles, Sr. (present).

8. INTRODUCTION OF STAFF/OTHERS; SEATING OF NON-RESIDENTS IN HALL

Residents: Paul Sharon, Town Administrator; Cecile Nichols, Town Clerk/Tax Collector; Steve Malizia, Finance Director; Frank Carpentino, Fire Chief and Mike Reynolds, Town Planner

Non-Residents/Staff/Guests/Others: Priscilla Boisvert, Executive Assistant to Board of Selectmen--Recorder; John Ratigan, Legal Counsel for the Town of Hudson; George Sansoucy, Engineering Consultant; Phil Munck, Engineering Consultant; David Eisenthal, Financial/Bonding Consultant

Motion to allow nonresidents to stay on the floor and speak to the issues by Selectman Jasper. seconded by Selectman Stewart. carried.

Press: Fidele Bernasconi from HLN; Signe from the Telegraph; the Lowell SUN (not discernable); and Kate Munroe from the Manchester Union Leader

9. TOWN MEETING

Moderator Keenan recognized Selectman Chairman E. Lorraine Madison, who gave special thanks to Selectmen Jasper and Seabury for time and effort expended on the acquisition of the Water Company.

Warrant Articles

1. To see if the Town will vote to approve the acquisition of Consumers New Hampshire Water Company plant and property, as authorized by the New Hampshire Public Utility Commission and to raise and appropriate the sum of \$34,500,000 (gross budget) for the purchase, and to further authorize the issuance of not more than \$34,500,000 of bonds or notes, in accordance with the provisions of the Municipal Finance Act (RSA Chapter 33), with the Town of Hudson Board of Selectmen to issue and negotiate such bonds or notes and to determine the rate of interest thereon. (Recommended by the Hudson Board of Selectmen) (Recommended by the Hudson Budget Committee)

Motion to forward Article 1 to the Warrant by Selectman Jasper, seconded by Selectman Madison.

Selectman Jasper said prior to the presentation by the Engineering Consultants, he wanted to give a brief overview of how they got to this point. Over two years ago, Consumers New Hampshire proposed a 44% rate increase. That was on top of several other rate increases of not quite that large a magnitude over the previous few years. The Board of Selectmen decided that someone needed to speak for the water users of the Town of Hudson. They realized that there was no other group or board that could do that effectively. The Selectmen were the ones who needed to become involved in this issue. Their first step was to become intervenors in the rate case. Engineering Consultant Skip Sansoucy was already on board, working on numerous other valuation cases for the Town, so he was the logical choice to continue with the work. As they got into the process and began to look at it more carefully, they saw the history of the company, the increases that had been going on for more than 20 years unabated and they didn't have any evidence presented to them that indicated there was going to be a leveling off of rates; nothing that would bring the rates in line with those of surrounding communities. They were successful as intervenors, and the rates were halved to 22%. At that time, they decided to investigate the feasibility of acquiring the water company. Two years ago in March, Town Meeting authorized them to begin the process--which has been long and arduous. They are as enthusiastic about acquiring the water company now as they were at the beginning, especially after everything that they have learned. If the water company is not purchased, there is nothing that will stop the rates from continuing upwards. The Selectmen can't guarantee what is going to happen in the next 30 years, but they can guarantee that any factors that will affect them will be factors that will affect Consumers. The Selectmen will be starting from a lower rate base and know the bonds will be paid off in 30 years, they know their interest rates are lower and they know they are not out to make a profit. Those are the ingredients that will make this deal work. The other thing they looked at is a doctrine of no net harm. They have water users to worry about, as well as the general taxpayer, and the Town is split approximately 50-50. They were not going to go forward with this project if it was going to negatively impact the tax rate. This is a win-win situation: lower water bills for everyone and lower costs for the general tax payer through the water rates that they pay for school and Town and fire protection. They believe this is the best possible deal. He wishes they were miracle workers and could offer a 30% rate reduction and immediately bring it on line with Pennichuck--but they can't. Not without raising the taxes, and they are not willing to do that.

Moderator Keenan turned the meeting over to George Sansoucy, Engineering Consultant, who gave a presentation by using an overhead projector. (See Attachment #2)

(Start Tape 2, Side A)

John Bednar, 106 Ferry Street, said he has watched this operation since 1949 and much of the dispute arose because Consumers was able to buy satellite water companies, which are proposed to be absorbed by Pennichuck at a loss, which will be transferred to the water users of Hudson. Nothing was done at the State level by the Legislators or the PUC to control Consumers' buying of the satellites. He said these satellites are now presumably being purchased by Pennichuck Water Works at a bargain price. He has attended the last two sessions on the proposed acquisition of the Consumers Water Company for \$34.5 million, with the sale of non-Hudson assets to Pennichuck Water Works for \$7.5 million. In addition to the \$34.5 million bond, \$500,000 will be included for extraneous expenses. He said those expenses have not been thoroughly identified.

Moderator Keenan reminded Mr. Bednar that they were going to stick to the issues; they are looking at the bond, Article 1--no acquisition costs. Mr. Bednar said he was responding to what he felt was a questionable part of the presentation just given. He read a prepared text, saying "It has been reported that the value of the assets of the Pennichuck Water Company, by its own personnel, has a potential value of \$15 million, but because of the risk involved, Pennichuck would only pay \$7.5 million since the purchase is considered a risk venture by Pennichuck." Moderator Keenan asked Mr. Bednar for backup documentation for his remarks. Mr. Bednar said it was from a Telegraph article. Mr. Keenan cautioned Mr. Bednar that he was going to enforce the rules, which are for everyone.

Ken Massey said Mr. Bednar's facts were presented by the President of Pennichuck Water Works on November 18th. They indicated the imputed value was \$15 million and the risk value was \$7.5 million. Moderator Keenan asked the Selectmen to verify this information. Selectman Jasper did not hear what Mr. Bednar had said. Moderator Keenan paraphrased it by saying that Pennichuck felt that there was a risk factor involved and, because of that, they would only agree to pay \$7.5 million. Selectman Jasper didn't think that was entirely in context or accurate. He said that Mr. Bednar's first question was that the \$500,000 wasn't explained. Moderator Keenan said he wasn't aware that Mr. Bednar had asked any questions; he was only making statements. He then reminded Mr. Bednar that, if he was going to cite facts, to do so in a manner that everyone would

understand. Mr. Bednar said he is trying to take the bond issue exactly as it is presented and that the \$500,000 is unexplainable, adding that he can't explain something he doesn't know anything about. Moderator Keenan asked if that was a question or a statement.

Mr. Bednar said he was stating his position on what has been presented, adding that the Town had to take Pennichuck Water Works' offer, or there would be no deal. He said the Selectmen have been talking about a 10% rate reduction in the first year, and a stabilized rate in future years, but the 10% decrease has not been fully documented. No explanation was given as to what makes up the first year since four or six months remain in the 97-98 fiscal year and the next six or eight months would be part of the 98-99 fiscal year. Continuing, he said if the full blow of the bond interest is not reflected in the first four or five months, there will be a big surplus. But the chart shows how the surplus dwindles the following fiscal year; there is only \$28,000 surplus, if that is attainable. He said from the available evidence, monies from the excess \$500,000 will probably be used to finance a portion of the first year's water rate, thus making it impossible for a 10% reduction. There has been no detailed information provided as to the operation of the water system that he asked for in the last two meetings, and no proposal by ordinance as to the rights and liabilities of the 4,500 water users, currently designated as a tariff under the Consumers Water Company operated and policed by the PUC. As of now, the 'unidentified, so-called policy' will be subject to the whim of the Board of Selectmen because they will be operating the water system with no supervision by the PUC or some other State body, as it is with the Sewer Utility. Continuing, he said there has been no suggestion made as to sharing of the bond and interest cost, which will be borne by the 4,500 water users. Instead, the 4,500 water users will be absorbing the cost of the hydrant charges, little by little, which amount to over \$600,000 and are presently included in the water rate paid by all Hudson taxpayers. He asked what was fair about this deal. This proposal only serves to create strife between the water users who are actually serviced by Consumers and the non-water users who have their own wells but have water lines passing their property or those who have wells but no access to the water lines. The only persons who will pay for the 30-year bond issue of \$27.5 million plus interest of \$22,790,000 for a total of \$50,292,000 plus other odds and ends being tacked on, such as hydrant rental and absorption of the taxes. He said this is a financial albatross hanging around the necks of the water users for the next 30 years, doubting that he would live long enough to see this through to fruition. There is no equity between the water users and non-water users under this proposal. The water users will be paying through the nose while the non-water users will enjoy the fruits of lower property taxes. They may save some money in the long run on Consumers' water rates, but this is an emotional issue. He ended by saying, "Act in haste and repent in leisure."

Dick Sukey, 46 Quail Run Drive referred to Graph #4 and questioned the math, asking where the \$500,000 was going. Chairman Madison yielded to George Sansoucy, who said added to the bond costs are legal transfer costs and other costs associated with the actual transfer of all the property. The Town has proposed a bond budget, which includes the money that goes to Consumers, plus the cost of getting the bonds and doing the transfer. The \$500,000 is to cover the Town's fees so it doesn't come out of the tax base or General Fund. Mr. Sukey then referred to Graph #13, Sources of Revenue, regarding "Hydrants (All)." He asked if that included folks who were on wells. Mr. Sansoucy said no, it means the revenue associated with hydrants to condominiums and private fire hydrants that are currently in the streets that are not owned by the Town. There are a number of privately-owned hydrants that will pay a hydrant fee to the Town the way they currently pay it to Consumers--and those will go down 10%. Mr. Sukey said good! He said that he was at a meeting a couple years ago, which Consumers attended and had to justify their increases, one of which was expansion, such as when they plumbed in Wal-Mart. They charged the consumers \$85,000 for further expansion if someone decided, for instance, to expand behind Wal-Mart. And there were at least 50 of those types of expansion projects that Consumers had already passed on. He asked where profits will go in the future. Mr. Sansoucy said the policy that Consumers had is expected to change. Under normal municipal operation, the Planning Board will impose a fee on the developer and will require that the correct size pipe is put in. The Town won't be put in a position of spending excess money just in case there is development, waiting for the contribution to come in--which is one of the reasons why Consumers got to be the way it is today. Mr. Sukey said, since the Town will acquire all of the assets of Consumers, including the expansions they already plugged in, and wondered if the profits from that would go to reducing the bond payment or the rates. Mr. Sansoucy said that would be a policy decision, but those profits would probably go to the Town. Chairman Madison said the bond interest payments will go steadily down and the surplus will increase. It will be up to the Board of Selectmen and voters of Hudson to decide where the profits from the water company will go. The voters will decide. But first, they have to purchase the water company. Mr. Sukey said all of the assets outside of Hudson will be sold to Pennichuck and asked if those expansion profits will go to them. Mr. Sansoucy said yes.

Abbott Rice, 28 Sunland Drive asked about Consumers' trucks, computers, etc. Mr. Sansoucy said the rolling stock and operating assets goes with the Pennichuck portion of the sale and there is a true up mechanism in the final purchase and sale on a cash basis. The Town won't lose the money, but they don't want the trucks. They do not go back to Portland; everything stays in New Hampshire. The billing records and computer information becomes the property of the Town of Hudson and everything outside of Hudson, to Pennichuck, excluding the wells. Mr. Rice asked if there has been an inventory taken. Mr. Sansoucy said there has been significant disclosures as to the real estate owned, the piping systems and the systems owned and the general personal property (trucks and computers), but there has not been a physical inventory by the Town on the small stuff (pencils, etc.). There has been a continued record keeping of the pipe lines that have been put in the Town, the pump stations, the improvements and the tankage and tank improvements. Mr. Rice asked about personnel. Mr. Sansoucy said he could not speak for Pennichuck, but they have said they will be needing and wanting personnel familiar with the system and intend to consider Consumers' personnel, pending the consummation of the transaction and appropriate interviews.

James Wilkins, 112 Belknap Road asked if there was a number for the assessed valuation of the water company's property in Town. Mr. Sansoucy said it's currently assessed at around 17 1/2 to 18 million, depending on adding the land and those sorts of things for the Hudson assets in the community, not including the wells and everything else. Mr. Wilkins asked how many people this would be divided among. Selectman Jasper said

about 4,500. Mr. Wilkins asked how much of the total amount they can bond and what will this end up leaving them. Selectman Jasper said it doesn't affect their ability to borrow for the schools as they are separate calculations. Their total bonding ability is about \$90 million. The Town itself is currently carrying less than \$5 million and most of that is the landfill, so this doesn't impact the Town's ability to borrow and has nothing to do with the schools. Water and sewer debt is specifically exempted from the debt ceiling. Mr. Wilkins said the EPA has been requiring communities to upgrade water systems and he wondered if Hudson would be expected to put in a more expensive treatment system. Mr. Sansoucy said they have considered the effects of various EPA regulations and it has been a significant concern. But by purchasing the wells, they will have the best source of water from an EPA standpoint because it doesn't need treatment, just some chlorination and a few chemicals to get the acidity right for the pipes. There are no regulations on the horizon that will affect Hudson significantly at this time, but no one can guarantee what EPA will do 10, 20 years from now. Selectman Jasper said whether Hudson or Consumers owns the system, the impact will be the same. If something unforeseeable happens, Consumers will add a profit to the cost and pass it on to the users. The Town will do it at cost. Litchfield has deep wells with good quality water. Mr. Wilkins asked if the Town knew the age and condition of the pipes. Mr. Sansoucy said they have a good idea and have catalogued every pipe in every street.

(Start Tape 2, Second Side)

They know the condition of the pipe and where the weak spots are. In the late 80's, Consumers did a detailed engineering study on the condition of the entire system in Hudson, plus they know where all of the new pipe is, so they have a current picture of the condition of the system. As far as water systems go, for a community of this size, this one is very good. The old lead joints and the asbestos cement has been replaced and Consumers has put in iron pipe replacement throughout the system. There is still some cast iron in the ground that is expected to be replaced via capital improvement, as roads are repaired, etc. It is a good system compared to others in the state, private or public.

Howard Dilworth, 36 Old Derry Road, said every once in awhile something comes along that has the ability to impact future years. In 1924, the Town debated whether or not it should annex itself to Nashua. In 1948, they considered buying the water company. Twenty years ago, they looked at the Friary. Approximately 1/3 of a water user's monthly bill is used to subsidize the rest of the water company, which doesn't make enough money to pay for itself. That 1/3 amounts to about \$1 million annually, which is sent out of State and not kept in Hudson or for Hudson. He said, "Do you want to own your water company and set your own rates or do you want to continue to allow the Public Utilities Commission to do it for you? When is the last time you saw the Public Utilities Commission ever do anything for you? When is the last time the public won out over the utilities? Do you remember when the water company wanted that huge rate increase a few years ago? And when the Town decided to fight this at the Utilities Commission and the rate got cut back substantially less than what they wanted, what happened? The water company went to the PUC and asked permission to bill the rate payers for the legal expenses that they incurred fighting the Town because the Town didn't think they should have the rate increase. Is that working for you? I don't think so." He encouraged everyone to vote to purchase the water company.

Richard Callahan, 93 Pelham Road said he heard it implied that the present plans for the water system include considerable addition to the customer base. He questioned the availability of water to serve additional customers. Selectman Jasper said the capacity of the wells is 3.1 million gallons a day and they are currently drawing 1.4 million gallons a day, so there is more than enough water available. Mr. Callahan asked where additional water would come from, if it was needed. Selectman Jasper said from Pennichuck; they would have the same contract that Consumers' has.

Joe Wozniak, 7 Sycamore Street, referred to Graph #17, and said there is an area called repayment that spans a six year period. At the last public hearing, it was requested that information be given as to the amounts of monies involved there and what those monies were for. Selectman Jasper said that amount to date, which is rising as they speak, is \$357,380 and includes the monies that was spent when they got involved in becoming intervenors in the rate case during 1995-96. Those monies have gone to Skip Sansoucy's company, Attorney Ratigan's firm, and for other experts involved in the process. Mr. Wozniak asked if they were going to try to recoup costs that had been incurred over the past four years out of the water rate during the next six years. Selectman Jasper said that was the plan, but the number is not cast in stone in terms of repayment. It was always the intent to recapture the monies spent on the project. Mr. Wozniak said Mr. Sansoucy has stated that the oldest pipes in Town date back to 1896. He asked how many linear feet was of that vintage and what the 1997 replacement cost would be. Mr. Sansoucy said there is a total of 400,000' of pipe in Hudson, of which 2,200-2,400 is pre-1900 cast iron, located in the center of Town. The cost to replace that would be around \$20/ft. or \$48,000. It would not be replaced with 4" pipe, but with a much larger pipe at about \$30/ft during road reconstruction, or about \$72,000. Most all of the hydrants attached to many of those were replaced to provide additional flow. Exact detailed information can be provided to the Selectmen. Selectman Jasper said if the pipe goes, it will go regardless of who owns it, but most of the system is fairly recent. They are not assuming any greater liability than exists now. If it was a terrible system, the water users would be paying for it anyhow. But it is a good system and most of the main lines have been replaced within the last 15 years. Mr. Wozniak read from an article from the March 1996 Telegraph. "A Selectman answered, 'The possible cost will be between \$17 million and \$20 million to buy the system.' Town officials say cost to be negotiated." He asked what went wrong and if the wells in Litchfield really were costing \$10 million. Selectman Jasper said nobody goes to the table with the full value there to start negotiations. They knew from the beginning that they could operate and substantiate a Town only system without the wells at \$26 million, but they weren't about to share that information openly.

Charlie Paquin, 7 Rena Avenue asked how much cheaper a government obligation bond is rather than a revenue bond. Selectman Jasper said RSA 38:11 requires this to be a general obligation bond. Phil Munck said revenue bonds must be fully supported by the revenues from the utilities. Because there is no contingent support for the bond, you usually have to raise 125% of the revenue you need for bond payments to make sure there

is something extra in the kitty. Looking at \$2.3 million for the bond payments in the first year means the rate would need an additional 25% to cover that. On top of that, to make sure collections come in, it's common for bonds like this to raise the whole first year's debt service as part of the bond issue. In this case, \$2.3 million of additional bonding would have to be done and that money would have to be set aside in a special fund. So, instead of a 10% rate decrease, there would be about a 25% increase to do this with revenue bonds as opposed to general obligation bonds. But it's a non-issue, because they couldn't do it anyway. Mr. Paquin asked what assurances they have that the expenses will be totally paid by the users, if there was something in writing that spells that out. Selectman Jasper said there aren't any guarantees other than Town Meeting control. The budget for the water company is going to come to Town Meeting each year and will have to be acted on by the voters. If the Selectmen were to come up with a scheme that required taxpayers to pay, the voters would have the final say and could prevent that from happening. The other guarantee is that the voters elect the Board of Selectmen; they don't elect the Board of Directors at Consumers. He suggested looking at the record of the Town running the sewer. All of the subsequent bonds and expenses have been paid by the users, as promised 20 years ago.

Ken Massey, 20 Fairway Drive, asked for a clarification regarding recouping money spent for consultants and attorneys. He asked if that has been paid yet and if it came out of taxpayer money. Selectman Jasper said money was budgeted to pay the consultants, engineers and lawyers and that comes from the tax rate. The \$500,000 is for closing costs and taxes. Mr. Massey said, regardless of who owns the water company, they are going to be paying somebody for the cost of the water. If you look at what has happened with the electric rates seven or eight years ago when PSNH went bankrupt, they guaranteed to Northeast Utilities a rate increase over the next eight years that would give their investors the return on investment that they needed in order to stay in business. Monopolies are entitled to all costs, all investments, plus a profit. If they don't show a profit, they will be back before the utility commission--and he hasn't seen any public utility commission in any state that is willing to stand up to this type of thing. If the Town doesn't buy the water company, they will still be faced with the fact that somebody wants to make a profit and the profit is going to be tacked on to the cost. Because it's an independent company, they get to set aside what they are going to spend on the costs and then the Town has to fight to reduce those costs. It will always cost more for a profit-making organization to charge for a service than for a non-profit. Relative to profits, if the Town purchases the water company, there are no profits. You decide what it will cost to run the water company for the year and the rates are set, based on that. A prudent rate would include an amount for contingency that would build up something like the sewer capital reserve fund, which says that down the road, when there is a significant capital expenditure to make, the money will have been set aside. Surplus is what they are really looking at, not profits. He quoted a previous speaker who said there have been a couple defining moments in Town. One was the Friary, which was lost by 10 votes in 1981 and then won by 10 votes two years ago--but the company that owns the land wants significantly more money for it than what the Town thought they would take for it. Now, they have the chance to take control of their own destiny. If they mess it up, the can't blame that on the water company. "I say this is great and we ought to do it. Thank you, Selectmen, for the great job."

Recess Moderator Keenan declared a brief recess at 9:20 p.m. The meeting resumed at 9:30 p.m.

Moderator Keenan announced that he will recognize people who have not spoken for the first time. He cautioned against redundancy for the people who wished to speak again.

Fred Giuffrida, 14 Pinewood Road, asked for clarification on the details of the arrangement with Pennichuck to administer the water system, the terms and conditions for raising fees and the provisions made to prevent huge raises in fees. Phil Munck said the general terms have been negotiated, but a contract hasn't been written. The proposal will be for a five year fixed amount tied to the Boston CPI, with some options to renew. Mr. Giuffrida asked if there are people who would administer this. Mr. Munck said they looked into several proposals and this one was selected as being in the best interest of the Town. There are a number of companies that do this kind of work. Mr. Giuffrida said he's heard that there is no expense in this to the Town from the General Fund. He asked who was going to administer the day to day relationship between Pennichuck and the Town. Selectman Jasper said a billing clerk will be added to answer the day to day questions people might have. Town personnel are already inspecting pipe that is going in. Mr. Giuffrida asked for the estimated cost of the billing clerk. Selectman Jasper said a high estimate was \$56,000, including salary and benefits, with some other things factored in. Mr. Giuffrida said he's heard it said that Pennichuck can give a 10% reduction to everyone who is picked up in the agreement. He asked why Hudson couldn't afford a larger decrease than 10%, if 1/3 of everything Consumers was charging went out of state.

(Start Tape 3, Side A)

Selectman Jasper said \$1 million was going out of State to subsidize Consumers' bad investments. In the 30 year bond, they are eating those mistakes. At the end of 30 years, they will be free and clear of that. If they don't do this, it doesn't end in 30 years. The investments are imbedded in their rates when they go before the PUC, and they will never go away.

Leonard Smith, 3 Leslie Street, said he's worked as an intervenor against the company for at least 25 years. He served over 22 years as a Representative and, part of that time, he organized a Utility Consumer Council and they appointed a consumer advocate to represent the people. He served over six years on that and they try to put in legislation to help the PUC make rulings. The Hudson rate payers paid for a pipe in Pelham and for running a pipe down to Massabesic Lake, so Derry could have water that they could sell to Londonderry. This is where the water users' money has been going, and it's time to put an end to that. In the last rate case, he worked as an intervenor representing himself and working with the Town. During the Council days, he was on the Planning Board, and they hired Camp Dresser and McKee to do a study, which showed that when the big rate increase went through, there should have been getting a tax reduction in the water bill, but it went up 22% instead. The PUC couldn't pass legislation because of the pressure of the lobbyists who working with certain legislators who couldn't see the consumers' point of

view. The Town can buy the water company if they can show public good. He said net value doesn't mean the guy is going to sell it for that. It's a willing buyer and willing seller, and the value is just about what Pennichuck is paying for it. Regarding replacement of old pipe, if the Town owns the company, they will pay just for the cost of fixing it. But if Consumers fixes it, the water users will pay for the cost of fixing it, plus extra high overhead, plus 12% guaranteed to them. For every \$1 they spend, they are going to get 12% interest back on their money. That's one of the reasons why the water rates keep going up. If the Town buys it, they won't have to pay State or Federal income tax, they won't have stock holders to pay off, and if they do anything, it will be 100% value on the dollar, not 112%. He said, "If we don't buy it, what's the alternative? Down the line, we are going to get a rate increase. Consumers has already put in to the PUC for a rate increase to pay off their lawyers. We're not only going to pay our lawyers, we're going to pay their lawyers, if we don't buy it. Let's buy the thing." He praised Mr. Sansoucy and the Selectmen for doing a good job. He said he'd like to see the consumers in Town get a decent break, and the only way to do it is to buy the company.

Stanley Searles, Sr., 129 Dracut Road, said the Selectmen and the Budget Committee have done a great job in researching the pros and cons of this transaction and the future effect on the residents, adding that it wasn't like buying a coffee and donut. He's not directly affected because he has an artesian well, but he is interested for the people of Hudson. Water is a vital necessity. He thinks this is a win-win situation and he strongly supports the entire transaction.

James Wilkins, 112 Belknap, asked about the value of the wells. Mr. Sansoucy said Litchfield assesses the wells at \$4 million and they save the Town approximately a little under \$300,000 a year. The interest rates equate to about \$6 million in total capital value to the Town. He said there are three components for the \$27 million: Hudson has assessed the value of the in-Town property at about \$18 million; \$6 million on the wells in cash value; and there is an exchange of money that wipes out approximately \$3 million in capital gain taxes.

Joe Wozniak, 7 Sycamore Street said he wanted to offer an amendment.

The Moderator said he announced earlier that the people who have not had a chance to speak for the first time would be allowed to do so.

Terry McLlarky, 2 Charbonneau Street moved the question.

Moderator Keenan stated that if a motion to move the question was made while there were still people waiting to speak, it would require a 2/3rds majority. He asked if there was a second to the motion. Mr. Searles seconded the motion. Mr. Keenan called for a show of hands and stated that the motion passed and they were in a voting mode. Ken Massey called for a Point of Order and requested a hand count. Moderator Keenan asked Mrs. Guill to assist him. Following the re-vote, he announced that there were 55 in favor and 18 opposed. He stated that the motion had passed by the 2/3rds vote and they were in a voting mode on Article 1.

Vote on the motion to forward Article 1 to the Ballot by Selectman Jasper, seconded by Selectman Madison, carried by a show of hands.

Moderator Keenan announced Article 1 is moved to the ballot. He then brought Article 2 to the floor.

. 2. Shall the Town of Hudson authorize the Board of Selectmen to sell portions of the property acquired from Consumers New Hampshire Water Company to Pennichuck Corporation and to others? (Such a sale will be in the approximate amount of \$7,500,000 which will offset the total cost of the \$34,500,000 Consumers New Hampshire Water Company property acquisition.)

Motion by Selectman Jasper, seconded by Selectman Stewart, to forward Article 2 to the Ballot carried by a show of hands.

10. ADJOURNMENT

The meeting was adjourned at 10:00 p.m. The Moderator thanked everyone for their patience, courtesy and cooperation and he encouraged everyone to come out and vote on the issue on January 13, 1998.

Recorded and Transcribed by Priscilla Boisvert

Executive Assistant to the Board of Selectmen

Cecile Nichols

Town Clerk/Tax Collector



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