

DW06-133

# Orr&Reno

Professional Association

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September 21, 2006

Malcolm McLane  
(Retired)

**HAND DELIVERY**

Debra Howland  
Executive Director and Secretary  
New Hampshire Public Utilities Commission  
21 South Fruit Street, Suite 10  
Concord, NH 03301



**Re: *Joint Petition of Property Owners Association at Suissevale, Inc.  
and Lakes Region Water Company, Inc.***

Dear Ms. Howland:

Enclosed are an original and eight copies of a Joint Petition of Property Owners Association at Suissevale, Inc. and Lakes Region Water Company, Inc. seeking approval pursuant to RSA 378:18 of a special contract between the parties for the provision of water service. Although this issue has been the subject of discussions in DW 05-137, Staff has recommended that it be filed and docketed separately. The parties have included with this filing faxed copies of the signatures to the Agreement; they will forward the originals to the Commission under separate cover. Please let us know if you have any questions.

Sincerely,

Douglas L. Patch

Enclosures

cc: Marcia Thunberg, Esq.  
Dom D'Ambruoso, Esq.

Ronald L. Snow  
William L. Chapman  
George W. Roussos  
Howard M. Moffett  
James E. Morris  
John A. Malmberg  
Martha Van Oot  
Douglas L. Patch  
Connie L. Rakowsky  
Jill K. Blackmer  
James P. Bassett  
Emily Gray Rice  
Steven L. Winer  
Peter F. Burger  
Lisa Snow Wade  
Jennifer A. Eber  
Connie Boyles Lane  
Jeffrey C. Spear  
Todd C. Fahey  
James F. Laboe  
John M. Zaremba  
Maria M. Proulx  
Phillip Rakhunov  
Jessica E. Storey  
Justin M. Boothby

Susan S. Geiger  
Judith A. Fairclough  
(Of Counsel)

STATE OF NEW HAMPSHIRE  
BEFORE THE  
PUBLIC UTILITIES COMMISSION

**JOINT PETITION OF PROPERTY OWNERS ASSOCIATION AT SUISSEVALE,  
INC AND LAKES REGION WATER COMPANY, INC.**

NOW COME Property Owners Association at Suissevale, Inc. (POASI) and Lakes Region Water Company, Inc. (LRW) (collectively the “parties”) and file this Joint Petition with the Commission pursuant to RSA 378:18 seeking approval of a special contract between the parties for the provision of water service and in support thereof state the following:

1. LRW is a public utility in the State of New Hampshire providing water service in several areas of the state.
2. POASI is an association of homeowners located in Moultonborough, New Hampshire, which owns, maintains and operates its own water distribution system for the sole purpose of providing water to its members. The Department of Environmental Services has determined that POASI is not a public water system within the meaning of RSA 485:1-a, XV. POASI has never been regulated as a public utility and it has submitted a Request for Exemption Pursuant to RSA 362:4 to the Commission which has been docketed as DW 06-106.
3. POASI is a long-standing customer of LRW that depends on LRW for the water needed to serve its members.
4. LRW has supplied water to POASI as a wholesale customer since 1994 through one meter point located on the edge of LRW’s franchise area in its Paradise Shores System adjacent to POASI.

5. LRW's ownership and responsibility ends at the meter.

6. LRW has never provided service to individual members of POASI and in fact POASI's distribution system, other than the LRW meter, is not located in LRW's franchise area.

7. LRW has made a capital contribution, subject to certain terms and conditions, to the construction of the water storage facility, which LRW is in the process of constructing and which will be used in part to serve POASI.

8. POASI had previously committed, subject to certain terms and conditions, to contributing capital to assist in the completion of that water storage facility. See Order No. 24,254 in DW 03-189. No other customer of LRW has made or will make a similar contribution.

9. LRW and POASI have jointly determined to enter into a legally binding Agreement to establish conditions for the future supply of water that will benefit LRW and POASI. Under the terms of that agreement POASI will be paying LRW at a volume rate that is higher than the tariffed rate charged to the individual Paradise Shores System customers who are part of LRW's service area, in an area adjacent to the POASI system, and who will be served by the water storage facility to which POASI has made a capital contribution. Under the terms of the Agreement LRW will receive the benefit of substantial annual revenue from POASI, while POASI will receive the water it needs to serve its members. Absent this agreement and the water that flows to POASI, the public health and safety of its members could be jeopardized.

**LAKES REGION WATER COMPANY, INC. WATER SUPPLY AGREEMENT  
WITH PROPERTY OWNERS ASSOCIATION AT SUISSEVALE, INC.**

Agreement made and entered into this \_\_\_\_ day of September 2006 (“Agreement”) by and between Lakes Region Water Company, Inc. (“Lakes Region”), a duly established public utility in the state of New Hampshire, and Property Owners Association at Suissevale, Inc. (“POASI”), a New Hampshire corporation.

Recitals

1. Lakes Region is a public utility in the state of New Hampshire which is obligated to provide safe and adequate service to its customers. POASI is a customer of Lakes Region.
2. POASI is an association of home owners located in Moultonborough, New Hampshire which owns and operates its own water distribution system for the sole purpose of providing water to its members. The New Hampshire Department of Environmental Services determined that POASI is not a public water system within the meaning of RSA 485:1-a, XV.
3. Lakes Region has supplied water to POASI since 1994 through one meter point.
4. Lakes Region and POASI have determined to enter into this legally binding agreement to establish conditions for the supply of water.
5. Special circumstances exist to justify a departure from Lakes Region’s rate schedules of general application. This Agreement will be submitted to the New Hampshire Public Utilities Commission pursuant to RSA 378:18 for and subject to its approval.
6. Lakes Region and POASI intend to enter into a separate agreement (the Capital Project Contribution Agreement) under which POASI will agree to provide a one time proportionate share financial contribution to help defray the cost to Lakes Region of constructing a water storage facility which will be used to serve POASI and other customers of Lakes Region’s Paradise Shores System. As of the date of this Agreement negotiations as to the exact amount of the POASI contribution has not yet been made due to circumstances described in section 9.7 of this Agreement. To date POASI has made contributions totaling \$86,795.

Now, therefore, in consideration of the mutual promises and covenants herein set forth, and in order to secure the services described below, the parties hereto, each binding itself, its respective representatives, successors, and assigns agree as follows:

1. Incorporation of Recitals. The Recitals listed above shall be made a part of this Agreement as if made in the Agreement itself.
2. Short Title. This Agreement may be referred to as the “POASI Water Supply Agreement”.
3. Definitions. For the purposes of this Agreement, including any amendments, the terms shall have the meanings set forth below.

- 3.1 “Lakes Region” means the Lakes Region Water Company, Inc., a public utility in the state of New Hampshire.
- 3.2 “NHPUC” means the New Hampshire Public Utilities Commission.
- 3.3 “POASI” means and the Property Owners Association at Suissevale, Inc.
4. Construction. This Agreement, except where the context clearly indicates otherwise, shall be construed as follows: definitions include both singular and plural and pronouns include both singular and plural and include both genders.
5. Governing Law. This Agreement shall be governed by the laws of the State of New Hampshire.
6. Terms of Supply.
- 6.1 Obligations of POASI. POASI agrees to the following obligations and limitations made in return for Lakes Region’s agreement to supply water to POASI:
- 6.1.1 POASI agrees to make timely payment of all charges described in this Agreement in accordance with Sections 8.1 and 8.2 below.
- 6.1.2 POASI agrees to operate its water system in accordance with customary engineering practices and with the guidelines set forth below.
- 6.1.3 POASI shall minimize wasteful use of water within its service area and if necessary shall exercise conservation measures that are consistent with those required of other Lakes Region’s Paradise Shores Systems.
- 6.1.4 POASI shall notify Lakes Region of any new service connections to POASI’s internal distribution system. POASI agrees that only POASI members within POASI’s Suissevale Development shall be connected to its internal distribution system and that POASI shall not permit any service connections to non-members outside of the Suissevale Development, other than the two non-members who were being served by POASI as of the effective date of this agreement.
- 6.2 Obligations of Lakes Region. Lakes Region agrees to the following obligations and limitations made in return for POASI’s agreement to pay the charges specified in this Agreement.

6.2.1 Lakes Region agrees to supply water meeting the drinking water quality criteria established from time to time by the United States Environmental Protection Agency and the State of New Hampshire.

6.2.2 Lakes Region shall supply water to POASI in the vicinity of Eden Lane in Balmoral Estates where there shall be a meter as described below. Additional metering points may be added by mutual agreement and subject to the provisions of this Agreement.

6.2.3 The measurement of water delivered to POASI shall be undertaken by Lakes Region. Such flow measurement shall be made by one or more metering devices.

6.2.4 Lakes Region owns and is responsible for water system facilities up to and including the so-called POASI Master Meter. Water facilities beyond the POASI Master Meter are the responsibility of POASI. Any and all connections between Lakes Region and POASI, including modifications or upgrades which may be necessary to effectuate this Agreement, including but not limited to meter vaults and metering devices, shall be designed and constructed by Lakes Region and/or any subcontractors Lakes Region shall choose to employ. The cost of all construction undertaken with regard to the connection of Lakes Region to POASI, including the purchase of metering devices and appurtenances, shall be paid by Lakes Region.

6.2.5 Any and all metering devices installed pursuant to this Agreement shall be inspected and calibrated in the manner provided by rules of the NHPUC at Lakes Region's expense. A copy of any inspection and calibration reports shall be kept at Lakes Region's offices and shall be available for examination by POASI during normal business hours. Such metering device shall meet all the requirements of state and federal law.

6.2.6 POASI may request Lakes Region to test and certify as to the accuracy of any metering device at any time in accordance with NHPUC rules.

6.2.7 In the case of missing or inaccurate flow records due to faulty metering device operation or other circumstances an estimate of flow shall be made by Lakes Region based on past records for a comparable period. The estimates shall be used to calculate the payments due from POASI.

6.2.8 Lakes Region shall maintain records of meter readings and these records shall be available for inspection by POASI at the office of Lakes Region during normal business hours.

6.2.9 Lakes Region is obligated to provide safe and adequate service to POASI as a public utility customer up to and including the said POASI Master Meter.

6.2.10 Lakes Region shall supply water to POASI with a minimum pressure of 60 psi at the said POASI Master Meter. The parties hereto acknowledge that increases from current pressures may not be available until the Emerson Path water tank and mains are completed.

7. Notices. All notices and other writings sent pursuant to this Agreement shall be addressed to the President of Lakes Region at:

Lakes Region Water Co., Inc.  
P.O. Box 389  
Moultonboro, NH 03254

And to POASI Administrator at:

Property Owners Association at Suissevale, Inc.  
P.O. Box 113  
Moultonboro, NH 03254

or such other address as is indicated by written notice to the other party.

8. Payment for Services.

8.1. Basis for Payments. Based upon the worksheet attached hereto as Appendix A, the rate for calendar year 2006 was calculated to be 4.39404. For purposes of this agreement, POASI shall pay Lakes Region monthly in arrears for each 100 cubic feet of water supplied to POASI at the location stated in section 6.2.2 the rate of \$4.20 per 100 cubic feet for calendar year 2006. In addition POASI shall pay a fixed charge of \$366.41 per calendar year 2006. The volume of water for the purpose of these payments shall be determined by means of the metering device referred to in section 6.2.3.

8.2. Adjustments in Rate. The rate for each 100 cubic feet of water and the fixed charge established in section 8.1 may be adjusted in accordance with this section. Within 10 days after Lakes Region files its annual report with the NHPUC it shall provide POASI with a copy of that annual report and a worksheet in the form attached hereto as Appendix A which calculates the actual expenses Lakes Region incurred during the prior calendar year to supply water to POASI ("Actual Expense"). Lakes Region shall also submit a copy of the worksheet to the NHPUC. POASI shall then have 30 days to review the Actual Expense worksheet. If POASI agrees with Lakes Region's Actual Expense calculations, the Actual Expense shall be used to recalculate the rate provided for under section 8.1. POASI shall begin paying the new rate with its next payment. The new rate

shall be applicable to water used during the entire calendar year during which the new rate is imposed and any difference between payments received and the amount owed based on the recalculated rate shall be calculated and resolved following the conclusion of the calendar year in accordance with section 8.3. Lakes Region shall notify the NHPUC of any changes in rates that result from this section. Any contributions in aid of construction which POASI makes to Lakes Region shall be included in the POASI only column on Appendix A and shall be counted as a benefit for the purposes of fixed rate #2 on Appendix A.

8.3 Payment. For the duration of this Agreement POASI shall pay Lakes Region monthly one twelfth of Lakes Region's estimate of what the total bill for the year shall be. The estimate will be based on the prior year's usage and the rate calculated in Sections 8.1 and 8.2. Lakes Region will bill POASI monthly in arrears. Within 30 days of the conclusion of the calendar year, the payments will be reconciled to the actual usage and the difference will either be refunded to POASI in the form of credit toward the next payment or payments due, or POASI will pay Lakes Region the difference.

9. Assignment, Amendment and Termination.

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

9.2. Assignment. No assignment by either party of its rights or duties under this Agreement shall be binding on the other party unless that party consents.

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

9.4. Date Effective, Supersession and Duration. Subject to approval of the NHPUC this Agreement shall be effective October 1, 2006. Upon receipt of NHPUC approval, this Agreement shall supersede and replace all prior agreements between the parties with respect to the subject matter hereof. This Agreement shall be in full force and effect and shall be exclusive and binding on the parties for 30 years from the effective date. POASI shall have the right to extend the Agreement for an additional five years provided that it notifies Lakes Region at least two years prior to the expiration of the Agreement, and to extend the Agreement in a similar manner for three more five year periods, provided it gives notice at least two years prior to the expiration of the Agreement under each or any of such five year extensions.

9.5. Termination. The parties may terminate by mutual agreement or as otherwise provided in this Agreement.

9.6 Breach. Either party may terminate this Agreement prior to the time specified in section 9.4 if the other party has violated any of the covenants undertaken herein, or any of the duties imposed upon it by this Agreement; provided that the party seeking to terminate for such cause shall give the offending party sixty days written notice specifying the particulars of the violation claimed and if at the end of such time the party so notified has not removed the cause of complaint, or remedied the purported violation, then the termination of this Agreement shall be deemed complete.

9.7 Supply of Water. POASI is aware and acknowledges that Lakes Region had constructed water storage tanks that were needed to meet current demand for water supply and that due to design and or construction defects, the storage tanks are unusable. POASI is aware and acknowledges that Lakes Region has claims pending against the engineering firm that designed the tanks and against the contractor that constructed them and that that litigation could take some time to resolve and that the process of that litigation is only partially within Lakes Region's control and is subject to Court schedules and to the actions of the other parties to the litigation. POASI is also aware that it is unlikely that Lakes Region will be in a position to rebuild those tanks to obtain the needed storage while that litigation is pending. In the event that Lakes Region has insufficient water due to the lack of storage or for other reasons such as drought or water supply issues beyond Lakes Region's clear control, Lakes Region shall use all reasonable efforts to meet the needs of all of its customers, including POASI. If, however, Lakes Region is unable to meet the needs of all of its customers and has to impose conservation measures or to curtail water supply, Lakes Region will follow the procedures contained in PUC 604.07, Shortage of Supply. Reasonable efforts do not require Lakes Region to attempt to build alternative storage tanks while the above-referenced litigation is pending. POASI agrees not to assert claims, in court or otherwise against Lakes Region (or its officers, directors and employees) for damages, injunctive or other relief provided that Lakes Region follows the procedures outlined in this section, the statutes and the rules of the Commission.

#### 10. Miscellaneous Provisions.

10.1 Severability. If any clause or provision of this Agreement or application thereof shall be held invalid or unlawful, no other clause or provision or its application shall be affected, and this Agreement shall be construed and enforced as if such unlawful or invalid clause or provision had not been contained herein.

10.2 Dispute Resolution. The parties shall first attempt to resolve any dispute with regard to the terms of this Agreement between themselves informally by negotiation between themselves or by non-binding mediation as described herein. Either party may initiate non-binding mediation of a dispute arising between the parties, by giving the other party written notice to mediate setting forth a list of no more than 3 names and qualifications of neutrals who the initiating party believes would be qualified as a mediator for the dispute. Within 15 calendar days after the

delivery of the mediation notice, the receiving party shall provide notice to the initiating party designating a person to serve as the mediator from among the 3 persons listed by the initiating party. If no response is received, the initiating party may select the neutral from among the list of 3. The mediator shall schedule the mediation session within 2 weeks of being contacted. The parties shall make themselves available to attend the mediation session as scheduled by the mediator. The mediation shall be conducted according to the procedures determined by the mediator selected. All disclosures, discussions and any determinations or proposals by the mediator made pursuant to this mediation clause are confidential and shall be treated as compromise and settlement negotiations and both parties hereby stipulate and agree shall not be offered or be admissible as evidence in any other proceeding. The expenses of the mediation shall be shared by the parties equally. In the event that the mediation session is unsuccessful, the parties to this Agreement shall ask the NHPUC to resolve the dispute.

10.3 POASI not a Public Water System. Nothing in this Agreement is intended to make POASI a public water system under New Hampshire RSA 485:1-a, XV.

In Witness Whereof, this Agreement is executed in multiple counterparts each of which shall be deemed an original this \_\_\_\_\_ day of September 2006.

In the presence of

Lakes Region Water Company, Inc.

\_\_\_\_\_  
Witness

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

In the presence of

Property Owners Association at Suissevale, Inc.

\_\_\_\_\_  
Witness

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

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In Witness Whereof, this Agreement is executed in multiple counterparts each of which shall be deemed an original this \_\_\_\_\_ day of September 2006.

In the presence of

Lakes Region Water Company, Inc.

\_\_\_\_\_  
Witness

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

In the presence of

Property Owners Association at Suissevale, Inc.

*Dale R Prescott*  
\_\_\_\_\_  
Witness

By: *Dale R Prescott*  
\_\_\_\_\_

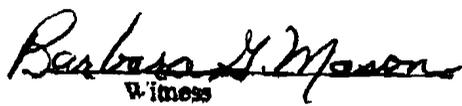
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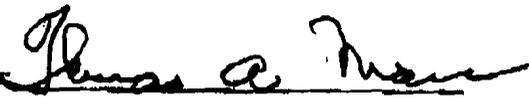
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In the presence of

Lakes Region Water Company, Inc.

  
Witness

By: 

In the presence of

Property Owners Association at Suissevale, Inc.

\_\_\_\_\_  
Witness

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

A	B	C	D	E	F	G	H	I	J	K	L	
B	<b>2005 Data</b>											
C												
D	Lakes Region Water Co., Inc.							Volume Rate	\$ 4.39404			
E	December 31, 2005							2005 volume 100/cf	14,235			
F	Appendix A - Sulssevale (POASI) Special Contract							Projected Volume Billing			\$ 62,549.12	
G	POASI Rate Calculation for 2006							Projected fixed rate # 1			\$ 152.33	
H								Projected fixed rate # 2			\$ 214.08	
I								Projected Total Billing			\$ 62,915.53	
J								Projected monthly payment			\$ 5,242.96	
K												
L												
M												
N												
O												
		Acct #					Items Includable Vol Basis	Items Includable Cust # Basis	Items POASI Only	Items Non-POASI Only	Total	
1	<b>Section 1</b>											
2	Utility Plant in Service:											
3	Organization Costs	157	301	1			-	-	-	-	-	
4	Franchise	157	302	0			-	-	-	-	-	
5	Land - Source	158	303	2			51,903	-	-	-	51,903	
6	Structures Source	160	304	2			25,789	-	-	-	25,789	
7	Wells - Source	160	307	2			138,335	-	-	-	138,335	
8	Pumping Equip - Source	160	311	2			42,513	-	-	-	42,513	
9	Misc Equip - Source (Div)	160	339	2			440	-	-	-	440	
10	Misc Equip - Source (Alloc)	160	339	2			366	-	-	-	366	
11	Misc Equip - Treatment	160	339	3			465	-	-	-	465	
12	Tanks - Distribution	160	330	4			28,449	-	-	-	28,449	
13	Mains - Distribution	160	331	4			185,246	-	-	-	185,246	
14	Services - Distribution	160	333	4			-	-	-	29,079	29,079	
15	Meters - Distribution	160	334	4			-	-	3,495	56,097	59,592	
16	Hydrants - Distribution	160	335	4			261	-	-	-	261	
17	Misc Equip - Dist (Div)	160	339	4			896	-	-	-	896	
18	Misc Equip - Dist (Alloc)	160	339	4			3,957	-	-	-	3,957	
19	Land - Office - General	160	303	5			-	4,697	-	-	4,697	
20	Structures - Off. - General	160	304	5			-	27,034	-	-	27,034	
21	Office Equip - General	160	340	5			-	1,729	-	-	1,729	
22	Transportation - General	160	341	5			18,984	24,813	-	-	43,798	
23	Shop Equip - General	160	343	5			-	20,009	-	-	20,009	
24	Laboratory - General	160	344	5			-	1,251	-	-	1,251	
25	Comm Equip - General	160	346	5			-	1,138	-	-	1,138	
26	Computer Equip - General	160	347	5			-	10,588	-	-	10,588	
27	Misc Equip - Gen (rounding)	160	348	5			2	-	-	-	2	
28	Total Utility Plant in Service						497,606	91,259	3,495	85,176	677,537	
29												
30	Accumulated Depreciation F-11						(153,698)	(37,648)	1,470	(39,603)	(229,479)	
31												
32	Net Plant - Before Contribution in Aid of Construction						343,908	53,611	4,965	45,573	448,058	
33												
34	Contribution in aid of Construction - per LRW Report [See Note A]						-	-	(3,495)	(176,604)	(180,099)	
35												
36	Amortization of Contribution in Aid per LRW Report [See Note A]						-	-	87	90,815	90,902	
37												
38	Net Plant in Rate Base						343,908	53,611	1,557	(40,216)	358,861	
39												
40	Working Capital											
41	Part 1											
42	Materials & Supplies (LRW Annual Return)						12,547	-	-	-	12,547	
43	Prepaid Expenses						3,485	-	-	-	3,485	
44	Prepaid Property Taxes						695	-	-	-	695	
45	Deferred Taxes Note B						(18,233)	(3,344)	(128)	(3,121)	(24,827)	
46	Sub Total Part 1						(1,507)	(3,344)	(128)	(3,121)	(8,100)	
47												
48	Part 2											
49	Operating Expenses from LRW F-48 (Note C)						95,218	-	-	4,038	99,256	
50	Cash working capital 75 days / 365 (bills in arrears)						20.55%	-	-	20.55%	20.55%	
51	Cash working capital -75 days / 365 (bills in advance)						-	-	-	-	-	
52	Total cash working capital						19,567	-	-	830	20,397	
53												
54	Total Working Capital						18,060	(3,344)	(128)	(2,291)	12,297	
55												
56	Rate Base						361,969	50,267	1,429	(42,507)	371,158	
57												
58	Rate of Return-(NHPUC equity rate for small water utilities)					10.00%	10%	10%	10%	10%	10%	
59												
60	Operating Income Requirement						36,197	5,027	143	(4,251)	37,116	
61												
62	Add income Tax Requirement					22.22%	8,043	1,117	32	(945)	8,247	
63												
64	Income Requirement						44,240	6,144	175	(5,195)	45,363	

Appendix A - POASI Supply contract - Rate Calculation

A	B	C	D	E	F	G	H	I	J	K	L	
B	<b>2005 Data</b>											
C												
D	Lakes Region Water Co., Inc.								Volume Rate	\$	4,394.04	
E	December 31, 2005								2005 volume 100/cf		14,235	
F	Appendix A - Suissevale (POASI) Special Contract								Projected Volume Billing		\$	62,549.12
G									Projected fixed rate # 1		\$	152.33
H	POASI Rate Calculation for 2006								Projected fixed rate # 2		\$	214.08
I									Projected Total Billing		\$	62,915.53
J									Projected monthly payment		\$	5,242.96
K												
L												
M												
N							Items	Items	Items	Items		
O		Acct #					Includable	Includable	POASI	Non-POASI	Total	
							Vol Basis	Cust # Basis	Only	Only		
65												
66	Section 2											
67	Operating Expenses - Schedule F-48)											
68	Source of Supply						2,915	-	-	-	2,915	
69	Pumping						7,487	-	-	-	7,487	
70	Water Treatment						3,893	-	-	-	3,893	
71	Distribution						10,902	-	-	-	10,902	
72	Customer Account						-	-	-	4,038	4,038	
73	Rate Case Expenses						-	-	-	-	-	
74	Administrative:											
75	Payroll- items not capitalized or allocated to above categories											
76	Superintendent (1)						7,861				7,861	
77	Field Personnel (2)						1,591				1,591	
78	Office (.5) (note D)						3,913				3,913	
79	Office (2.5)							17,525			17,525	
80	Outside Professional Services							13,908			13,908	
81	Property Insurance (note E)						5,614	1,030	39	961	7,644	
82	Group Insurance (note F)	8,293										
83	Payroll Allocation											
84	Source	1462	3.55%				295				295	
85	Treatment	266	0.65%				54				54	
86	Distribution	958	2.33%				193				193	
87	Customer	3372	8.20%							680	680	
88	Admin - Superintendent	7,861	19.11%				1,585				1,585	
89	Admin - Field	1,591	3.87%				321				321	
90	Admin - Office (note D)	3,913	9.51%				789				789	
91	Admin - Office	21,719	52.79%					4,378			4,378	
92	Total Payroll	41,142	100.00%									
93												
94	Regulatory Expenses						236				236	
95	Materials							318			318	
96	Equipment Leases											
97	Contracted Services							1,336			1,336	
98	Heat/Elec Office							564			564	
99	Memberships							231			231	
100	Telephone							2,220			2,220	
101	Office Expense							3,729			3,729	
102	Dig Safe							51			51	
103	Bank Exp							291			291	
104	Meals							12			12	
105	Operating Permits						300				300	
106												
107	Administrative & General						22,750	45,592	39	1,641	70,023	
108	Total F-48 Expenses						47,947	45,592	39	5,679	99,258	
109												
110	Depreciation Expense - LRW Schedule F-12)						11,956	7,734	87	2,945	22,722	
111												
112	Amortization of Contr. In Aid of Constr. LRW						-	-	(87)	(3,784)	(3,871)	
113												
114	Payroll Taxes:	2,136										
115	Payroll Allocation											
116	Source	1462	3.55%				76				76	
117	Treatment	266	0.65%				14				14	
118	Distribution	958	2.33%				50				50	
119	Customer	3372	8.20%							175	175	
120	Admin - Superintendent	7,861	19.11%				408				408	
121	Admin - Field	1,591	3.87%				83				83	
122	Admin - Office (note D)	3,913	9.51%				203				203	
123	Admin - Office	21,719	52.79%					1,128			1,128	
124	Total Payroll	41,142	100.00%									
125												
126	Property Taxes						2,115				2,115	
127												
128												
129												
130	Total Gross Operating Expenses						62,852	54,454	39	5,015	122,360	
131												

Appendix A - POASI Supply contract - Rate Calculation

A	B	C	D	E	F	G	H	I	J	K	L	
B	2005 Data											
C												
D	Lakes Region Water Co., Inc.							Volume Rate	\$ 4.39404			
E	December 31, 2005							2005 volume 100/cf	14,235			
F	Appendix A - Suissevale (POASI) Special Contract							Projected Volume Billing	\$ 62,549.12			
G							Projected fixed rate # 1	\$ 152.33				
H	POASI Rate Calculation for 2006							Projected fixed rate # 2	\$ 214.08			
I							Projected Total Billing	\$ 62,915.53				
J							Projected monthly payment	\$ 5,242.96				
K												
L												
M												
N												
O												
		Acct #					Items Includable Vol Basis	Items Includable Cust # Basls	Items POASI Only	Items Non-POASI Only	Total	
132	Section 3											
133	Less Non water usage income:											
134	Rate Case Surcharge											
135	Disconnect /Reconnects											
136	House Transfers											
137	Payment Pickups											
138	Meter Maintenance											
139	Maintenance on Customer Property											
140	Bad Check Charges											
141	Outside Contractor - work											
142	Rental Income - Office											
143	Rental Income - Equipment											
144												
145	Total non-water usage income											
146												
147	Section 4											
148	Required to be raised by water rates:											
149	Income Requirement											
150	Gross Operating Expenses											
151	Less - Non-water usage income											
152												
153	To Be Raised by Water Rates											
154												
155	Section 5											
156	Summary :											
157	Net Plant in Rate Base											
158	Working Capital Requirement											
159	Rate Base											
160	Rate of Return											
161	Operating Income Requirement											
162	Income Tax Requirement											
163	Total Income Requirement											
164												
165	Add: Gross Operating Expenses											
166	Less: Non Water Usage Income											
167												
168	Net to be Raised by Water Usage Rates											
169	(for this POASI supply agreement only)											
170												
171	Billable Volume in 100cf & # of Customers											
172	Suissevale											
173	All other Paradise Shores Customers											
174	Total Volume											
175												
176	Rate per 100 cf or fixed rate per customer											
177												
178												
179	Calculated amount to be raised in dollars:											
180	Suissevale											
181	All other Paradise Shores Customers											
182	Total											
183												

Appendix A - POASI Supply contract - Rate Calculation

A	B	C	D	E	F	G	H	I	J	K	L		
B	<b>2005 Data</b>												
C								Volume Rate	\$	4,39404			
D	Lakes Region Water Co., Inc.								2005 volume 100/cf		14,235		
E	December 31, 2005								Projected Volume Billing			\$	62,549.12
F	Appendix A - Sulssevale (POASI) Special Contract								Projected fixed rate # 1			\$	152.33
G	POASI Rate Calculation for 2006								Projected fixed rate # 2			\$	214.08
H									Projected Total Billing			\$	62,915.53
I									Projected monthly payment			\$	5,242.96
J													
K													
L													
M													
N													
O		Acct #											
							Items Includable Vol Basis	Items Includable Cust # Basis	Items POASI Only	Items Non-POASI Only		Total	
184													
185	<b>NOTES</b>												
186	<b>Note A:</b>												
187	Contribution in Aid of Construction consists of \$176,604 for mains contributed by non-POASI customers, \$3,495 contributed by POASI for meter												
188	***** The \$86,795 of CIAC contributed by POASI toward the tank project is not reflected in this schedule as it is to offset work in progress.												
189	Related amortization is reflected in above schedule.												
190													
191	<b>Note B:</b>												
192	Deferred Taxes: The total Lakes Region deferred tax amount is 1st allocated to Div 02 based on Customers then												
193	Deferred Taxes is allocated between the 4 columns based on each column's total utility plant in service to the total												
194	(ex: LRW total (105510 X Cust % 23.53= (24827)    POASI = 3435 / 677537 = .00507 X (24827) = (128 )												
195													
196	<b>Note C:</b>												
197	Operating expenses used for the working capital calculation come from the supplemental schedule to the PUC f-48 Report.												
198	Total operating expenses for Div 02 are being used. For calculation simplicity the amount is only split between 2 columns.												
199	The div total expenses for customer account expenses is shown in the non-POASI customer column and the balance												
200	is shown in the volume base column												
201													
202	<b>Note D:</b>												
203	1/2 of Kathleen Keppel salary is to be considered as volume base												
204	Salary \$33260 * Div 02 % for distribution (23.53%) * 50% = 3913												
205	The blance of office personnel that is allocated to Div 02 is Cust# Basis												
206													
207	<b>Note E:</b>												
208	Casulty Insurance is allocated to columns based on the percentage derived from the Utility Plant in Service for each to total.												
209	Example - Volume base =		497,606	div	677,537	times	ins exp		7,644	equals		5,614	
210													
211	<b>Note F:</b>												
212	Group insurance allocation is based on the payroll throughout the F-48 operating expenses.												
213	The amounts are listed in the description column in order to arrive at an allocation % of each payroll item to the total payroll.												
214	The distribution of the insurance is then calculated by multiplying the group ins amt by the percent shown.												
215													