

STATE OF NEW HAMPSHIRE

PUBLIC UTILITIES COMMISSION

Docket Nos. DW 10-141, DW 07-105, DW 10-043, and DW 11-021

Lakes Region Water Company, Inc.

AFFIDAVIT OF THOMAS A. MASON

Thomas A. Mason, having been duly sworn, hereby deposes and says:

1. I am Thomas Albert Mason. I am the President of the Lakes Region Water Company, Inc. I offer this affidavit in response to the statements made by Staff in its *Objection to Motion to Designate Staff Advocates* dated November 10, 2011.

2. Staff claims that I or the Company, misled or made material misrepresentations to Staff. These serious allegations are untrue: neither I nor any representative of the Company has ever knowingly misled or made misrepresentations to Staff.

3. Staff argues that the Company concealed that it had received two inquiries concerning the potential purchase of the Company in order to force Staff to consider more favorable rate treatment. This is untrue. The Company did receive two brief inquiries, one from Aquarion and one from Connecticut Water, discussed below. Both ended without any real expression of interest in buying the Company. In each case it was felt that further discussions were not practical until the Company's rate cases were resolved.

4. In addition, before Pennichuck Corporation was acquired by the City of Nashua, Pennichuck did express some interest. However, since the announcement of its

acquisition by the City of Nashua, it has made clear that it is no longer interested in acquiring new water systems.

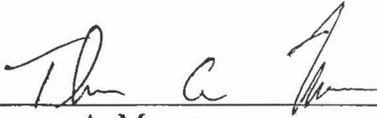
5. Aquarion. To the best of my recollection, in March 2010, Harry Hibbard stopped by the Company's office to speak about the potential purchase of Lakes Region Water Company, Inc. At that time, the Company was preparing its rate case in Docket DW 10-141. Due to the Company's current financial situation, it was agreed to hold off on further discussions until the rate case has concluded. No further discussions have taken place until, as indicated in the Company's Motion to Designate Staff Advocates, he called on October 21 of this year and requested a meeting that was held on October 24, 2011. According to the notes taken by my assistant, Taryn Dawson, he stated that he had been "pressed by [the] PUC" to make an offer to purchase the Company. This is consistent with my recollection of the meeting.

6. Connecticut Water. To the best of my recollection, on or about December 2010, Don Crandlemire, the Company's previous attorney, contacted Eric Thornburg of Connecticut Water seeking his expertise on utility matters, at the suggestion of Marcia Thunberg of the PUC Staff. Mr. Thornburg happened to be coming to our area and suggested we have a dinner meeting to discuss our utility situation. He mentioned that Connecticut Water was interested in having a presence in New Hampshire and might be willing to work with the Company in the future. However, no offer or further expression of interest was made and it was agreed that the Company needed to finish the rate case proceedings before further discussions would be held.

7. I continue to believe that no sale of the Company is even possible unless and until adequate financial plan to cover its costs of service, outstanding debt and capital

requirements is approved. The reason for this is simple: the Company's 17 water systems are much smaller than those operated by any potential purchasers such as Aquarion or Connecticut Water. Without a viable financial plan, the risks to the buyer greatly outweigh any benefit. I continue to believe this is the case and have never misrepresented or misled Staff in that regard.

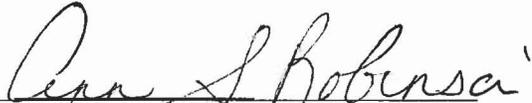
Dated: 11-15-11



Thomas A. Mason

STATE OF NEW HAMPSHIRE
COUNTY OF Carroll

Subscribed and sworn to before me this 17th day of November 2011.



Notary Public/Justice of the Peace
My Commission Expires

ANN S. ROBINSON, Notary Public
My Commission Expires November 17, 2015

* Harry Hibbard - ~~at~~ Aquarion Water 10/24/11 2pm
Higham + Hull end.

Naylor - PUC "pressed by PUC"

thru lawyer - they are int -> got info before we did & didn't
get us first (like cons. compl)

- Mt. Roberts - worth what it's worth not purchase price.

Payables states pushing you to sell

Rate case you are interest.
we want to buy
lets move fwd

investor who gives \$ ->

Marcia Thunberg - get into shape so we can sell.

- cap imp. projects - get \$ farther

395

- 500,000 payables - get \$ bc it was in ROE. Not returned

prosi - ~~50~~ Dur's supply agreement - 5 yrs is gone
Rate break each year.

o affiliate is part of deal - has No issue w/ it
- must be PUC approved

- do as much out of house as possible

↳ they contract everything out

- won't be affiliated w/ aquarion any more

- waste of \$ to change contractors every time we have all

maps, knowledge, etc

o Wica - PA had 1st -

o decoupling / conservation

↳ doing gas + electric in MA

- talk to Bob Barb
- take to call Carl
- list of questions
- tell Mark Naylor?