

Qualifications of Stephen R. Eckberg

My name is Stephen R. Eckberg. I am employed as a Utility Analyst with the Office of Consumer Advocate (OCA), where I have worked since 2007. My business address is 21 S. Fruit Street, Suite 18, Concord, New Hampshire 03301.

I earned a B.S. in Meteorology from the State University of New York at Oswego in 1978, and an M.S. in Statistics from the University of Southern Maine in 1994.

After receiving my M.S., I was employed as an analyst in the Boston office of Hagler Bailly, Inc, a consulting firm working with regulated utilities to perform evaluations of energy efficiency and demand-side management programs.

From 2000 through 2003, I was employed at the NH Governor's Office of Energy and Community Services (now the Office of Energy and Planning) as the Director of the Weatherization Assistance Program. More recently, I was employed at Belknap-Merrimack Community Action Agency as the Statewide Program Administrator of the NH Electric Assistance Program (EAP). In that capacity, I presented testimony before this Commission in dockets related to the design, implementation and management of the EAP. I have also testified before Committees of the New Hampshire Legislature on issues related to energy efficiency and low income electric assistance.

In my position with the OCA, I have testified jointly with Kenneth E. Traum, Assistant Consumer Advocate, in the following dockets:

- DG 08-048 Unifil Corporation and Northern Utilities, Inc. Joint Petition for Approval of Stock Acquisition.
- DW 08-070 Lakes Region Water Company Petition for Financing and Step Increases.

- DW 08-098 Aquarion Water Company of New Hampshire.
- DE 09-035 Public Service of New Hampshire Distribution Service Rate Case.

I have also entered (non-joint) testimony in:

- DT 07-027 Kearsarge Telephone Company, Wilton Telephone Company Hollis Telephone Company and Merrimack County Telephone Company Petition for Alternative Form of Regulation. Phase II and Phase III.
- DW 08-073 Pennichuck Water Works, Inc. Petition for Rate Increase.
- DW 08-070 Lakes Region Water Company Third Step Increase.
- DW 08-065 Hampstead Area Water Company, Petition for Rate Increase.
- DE 09-170 2010 CORE Energy Efficiency Programs.
- DE 10-188 2011-2012 CORE and Natural Gas Energy Efficiency Programs.

I have attended regulatory training at New Mexico State University's Center for Public Utilities. I participate in committees of the National Association of State Consumer Advocates (NASUCA) on behalf of the OCA. I am a member of the American Statistical Association.

SRE Attachment 2
Details on Proposed Adjustments to Permanent Rates

OCA Proposed Adjustments for Permanent Rate Purposes:

1. Reduce test year expense in the amount of \$52,337.50 for pensions paid to Thomas A. Mason Sr. and Barbara Mason in the amounts of \$36,040 and \$16,297.50 respectively.

As discussed in my testimony, these payments are not “pensions,” as no pension plans were created during their employment at LRWC. As a result, these payments are not properly included in rates.

2. Reduce test year expense in the amount of \$4,184 for health care expenses for Thomas A. and Barbara Mason.

See response to Staff 3-12 included as Attachment SRE-5. This adjustment is similar to the pension adjustment above. The Masons are no longer actively working for the Company and therefore it is not reasonable that ratepayers should bear costs associated with making payments for health care for them. These costs associated with “post-employment benefits” could have been funded during their period of active employment, but they were not. They may not now be included in rates.

3. Increase test year revenue in the amount of \$8,000 related to monthly water collections performed by Company personnel and billed to LRW Water Services at improperly low rates included in Affiliate Agreements.

This item relates to the improper Affiliate Agreements in place during the test year, which include asymmetrical rates charged between the regulated Company and the unregulated affiliate owned by Mr. Mason Jr. The agreements provide that LRW Water Services (LRWWS) will pay a rate of \$19 per hour including use of a pickup truck when it uses regulated Company employees, and that LRWWS will also pay \$250 monthly to the Company for the regular services provided by Company employees to pick up and deliver water samples and checking on pumphouses “while in the neighborhood” doing similar tasks at systems for LRWC. However, it requires that LRWC must pay \$50 per hour to LRWWS. Mr. Mason stated in a data response that the fully loaded hourly cost of Company employees performing these costs is nearly \$24 per hour yet his unregulated Company it is not required to pay that amount for these services. The OCA's position is that absent any justification from the Company, the hourly rates in these Agreements should be equal. The OCA understands the Commission's standard for rates from the Company to the affiliate to be “the greater of cost or market.” This adjustment increases the amount that LRWS pays to LRWC for these regular monthly services. This adjustment, which I have

calculated as \$8,000 in the test year, is calculated using information provided by the Company in response to OCA 3-19. (Attachment SRE-6).

4. Increase to test year revenue in the amount of \$23,668.50 related to other work performed by utility Company personnel and billed to LRW Water Services at improperly low rates specified in Affiliate Agreements.

This adjustment relates to charges originating in the Affiliate Agreements. The Company stated in response to discovery that the total number of hours billed by LRWC to LRWWS during the test year was 983.5 @ \$19/hour. If we adjust this number to remove the hours discussed in response to OCA 3-19 (Attachment SRE-6), which was 220 hours (included above in adjustment #3), the result is $983.5 - 220 = 763.5$ hours. The Company has provided no valid reason to support the non-symmetric hourly rates in the Affiliate Agreements. So rather than a \$19/hour billing rate, I calculate the amount owed to LRWC at \$50/hour from the affiliate – using the same hourly rate that the affiliate bills the regulated Company. Therefore, the hourly differential in rates $\$50 - \$19 = \$31 \times 763.5 \text{ hours} = \$23,668.50$ that the affiliate LRWWS owes to LRWC. This amount is in addition to that calculated in adjustment #3 above related to sample collections and pumphouse inspections.

5. Increase test year revenues for Fire Protection Revenue. While a Cost of Service Study should be conducted to know exactly what this amount should be, the OCA believes a reasonable minimum amount to include is \$2,500. The Company has neglected to deal with this issue since it installed several hydrants and its customers should have the opportunity to realize the benefit of revenues ignored for a service which the Company is providing at no charge. That the Company has not undertaken such an effort on its own is another example of its inadequate managerial capabilities. The OCA recommends that the Commission direct the Company undertake effort to perform a Cost of Service Study no later than 3 months after a final Order in this docket.

The Company has 3 fire hydrants located in the vicinity of its Paradise Shores water system. Two were installed on Route 109 connected to the water line which connects the Company's Emerson Path water tank to the Paradise Shores system, which also serves the Company's wholesale customer Suissevale. The third hydrant is located within the Paradise Shores development. The Company does not have either private or municipal fire protection rates, so the Company is not receiving any income for a service it is providing. The purpose of this adjustment is to reflect a reasonable amount of revenue in the Company's pro forma test year so that ratepayers realize a benefit for a service the Company is providing for not charging for. The Company has stated that the Town of Moultonborough paid for the installation of the two hydrants on Route 109. See response to OCA 3-5 included as Attachment SRE-7. I conclude therefore that these hydrants are providing fire protection service for at least

some part of the Town of Moultonborough. Other water utilities have tariffed fire protection rates, and LRWC should as well.

6. Increase test year revenue in the amount of \$802.43 related to swimming pool accounts. Compare revenue from Waterville Valley Gateway pool and Indian Mound unmetered pool account.

In response to discovery, the Company stated that in its Indian Mound water system, the Indian Mound Property Owners Association has a pool which is billed as a single unmetered account. See response to OCA 3-16 (Attachment SRE-8). This account provides the Company with \$570.30 annually under current Temporary Rates per Company Tariff. At the same time, the Waterville Valley Gateway System has a special tariff rate for its pool account which, under current Temporary rates provides the Company with \$1,372.73 in revenue annually. The difference between the revenue from the WVG Pool and the Indian Mound pool ($\$1372.73 - \$570.30 = \$802.43$) is the amount of my proposed adjustment.

7. Adjust test year revenue in the amount of \$1,303.54 for the known and measureable change resulting from six metered customer accounts in York Village.

During the temporary rate phase of this docket, the Company provided information clarifying that the York Village development is wholly within the Company's existing franchise for the Brake Hill water system. In further discovery the Company stated that it had received \$1,989.56 from 5 properties serviced by the Company during the test year. The Company stated that in August 2010 it had installed meters in these units. See response to Staff 3-01 included as Attachment SRE-9. Therefore, I have calculated an adjustment to test year revenues to reflect the known and measurable changes following the test year to reflect the fact that these customers are now metered.

Amended Schedule 6 to the Temporary Rates Settlement shows the calculation of the current Temporary rates which, as I stated earlier, I have accepted as the starting point for my proposed adjustments. These rates show that metered customers will pay an annual customer charge of \$573.30 and a volumetric charge of \$3.83 per ccf. Data provided in the Company's S-1 "Revenue by Rates" Schedule in its 2009 Annual Report to the Commission show that water sales per customer in Brake Hill average 38,000 annually. This is equivalent to 50.8 ccf annually. Thus, if we assume each York Village customer will consume the same volume of water as their neighbors in Brake Hill, each York Village customer will generate $\$573.30 + (50.3 \times \$3.83) = \$765.95$ or a total of \$3,829.75 for the 5 current customers. This means a pro forma adjustment of $\$3,829.75 - \$1,989.56 = \$1,840.19$ rounded to \$1840 is appropriate.

8. Adjust test year revenue in the amount of \$855 to account for water volume sales not billed to Company Owner & another Company Officer who are residents of Paradise Shores. See Staff 3-04 included as Attachment SRE-10.

This adjustment was identified in Staff's Rate Case Final Audit report dated February 15, 2011 as Audit Issue #6. Audit Staff identified that one Company Officer (and family member) who is a resident of Paradise Shores had not been charged at all for water use. In addition, The Company's owner, also a resident of Paradise Shores had not been billed for metered water usage – only the fixed customer charge component. Therefore, a pro forma adjustment to test year revenue should be made to account for unbilled revenue that the Company should have realized. In response to discovery, the Company estimated the total unbilled amount to be $\$610 + \$245 = \$855$.

Audit also identified that the Company had not responded to Audit Request #21 concerning billing of employees who are also company customers. I take this to mean there may also be Company employees who are residents in developments where water is provided by the Company. It may well be the case that the Company has responded to the Audit team on this issue since the final audit report was issued but the OCA is not aware of that response. Therefore, it may be that an **additional** pro forma adjustment should be included related to this issue based on the Company's response to the audit issue.

9. Reduce a Company adjustment related to "Field Employee #2" – full time employee who began work on 3/23/2009. The Company proposes that "full year employment" equates to 52 weeks x 50 hours per week = 2,600 hours. The OCA proposes to reduce this to 52 weeks x 40 hours = 2,080 hours for budget purposes. This is a reduction of 520 hours x \$16.13 = \$8,388 from the Company's proposed pro forma revenue requirement level.

Full time employment should be considered as 2080 hours per year rather than 2600 hours as the Company contends. The Company hired a new Field Employee who started work during the test year on 3/23/2009. The Company claims it paid wages on 1,951 hours of work over a 41 week period and that therefore a pro forma adjustment should be calculated based on this employee working 50 hours per week for a full 52 week year or 2,600 hours per year. This is not a reasonable way to calculate employee expenses over the course of a full year. The Company should base its calculations on a 40 hour work week for 52 weeks per year for a total of 2,080 hours per year. Reducing the hours worked per year from 2,600 to 2,080 means that the Company's pro forma adjustment should be reduced from \$10,490 to only $(2080-1951) \times \$16.13/\text{hour} = \$2,081$ or a reduction of \$8,409.

10. Decrease test year interest expenses in the amount of \$5,091 related to excessive interest charged on unauthorized increased balance to the "Mason Note."

I propose an adjustment to test year interest expenses to reduce interest costs charged to ratepayers related to interest on unapproved funds loaned by the Company's owners/stockholders. This debt was not approved by the Commission, and the OCA strongly disagrees with the Company that an interest rate of 9.75% is appropriate.

During the test year, the Company's owners loaned \$52,116 (in addition to significant outstanding amounts already on the Company's books) to the Company to which it applied an interest rate of 9.75%. A simple interest calculation on this additional loan amount at this annual interest rate results in an annual interest cost of \$5,081. This is the amount I propose to remove from test year interest expense. I propose a complete removal of this interest amount rather than proposing a downward adjustment to the interest rate and a commensurate adjustment in the interest amount because it is possible that these unauthorized loans to the Company by its owners was unnecessary because during the test year, while the owners loaned \$52,116 to the Company, the Company paid a total of \$52,337.50 in "pensions" to the Company's retired owners. Why this took place I do not understand, but any costs related to this type of sham transaction should not be paid by ratepayers.

11. Adjust test year revenue in an unknown amount related to services provided by the Company to manage, oversee, and/or operate six water systems formerly operated by Thomas A. Mason Sr.

DES now lists these systems as having "Lakes Region Water Company" as the Primary Operator even though they are not included in the Company's regulated water system franchise. Mr. Mason surrendered his water operator's license in June 2009 as part of the plea agreement in the Tamworth Water criminal case. The OCA recently asked Mr. Stephen Roy of the Drinking Water and Groundwater Bureau at DES for information on how many of these systems Mr. Mason Sr. managed, and who is listed as the operator of each system now. Mr. Roy provided that information along with some additional details. I have condensed that information somewhat and include a copy as Attachment SRE-11. I have added the notation "Not LRWC" in the column titled "Company" for ease of identifying those systems that DES lists as being operated by LRWC, but which are not within LRWC's franchise.

I do not believe that it is appropriate for a regulated water utility to manage other non-regulated water systems. Perhaps this information from DES is incorrect, but if it is correct, this arrangement needs to change. In the meantime, we need to know the total of all revenue derived from such operations as it should accrue to the benefit of the Company's ratepayers. If it is the Company's employees who are performing the work then the Company should realize all of the revenues not just some portion that is billed to Mr. Mason Sr. for "work performed on managed systems."

I propose an adjustment because I believe there may be income derived related to the Company's activities in managing six water systems formerly operated by Mr. Mason Sr. I do not have a specific amount to offer as a recommendation for this adjustment as I do not have enough information. However, in response to discovery, the

Company stated that it billed Mr. Mason Sr. the amount of \$5,226 for work done by Company employees for “Tom Mason Sr. managed systems” during the test year.

In addition, I recommend that the Commission direct the Company to immediately provide complete details about the six water systems identified as “Not LRWC” on Attachment SRE-X¹ including copies of management contracts or agreements with the owners of these water systems, complete financial disclosure of all transactions during and since the test year and all other matters which would enable the OCA and others to arrive at an appropriate adjustment amount regarding this issue.

¹ These six are: Mountainside on Attitash; Franconia Village Water; Mittersill Water Dept; Westwind Condos; Harbor Square Shopping Center; Northpointe Water.

DW 10-141
LAKES REGION WATER COMPANY, INC.
REQUEST FOR TEMPORARY RATES
COMPANY RESPONSES TO STAFF DATA REQUESTS – SET 1

Staff 1-11

Mr. St. Cyr's testimony on page 4, lines 37-40, indicates metered consumption increased from 32,456,000 gallons in 2008 to 44,262,000 gallons in 2009, an increase of 11,806,000 gallons or 36 percent. According to company annual reports, the number of total customers increased from 1,612 to 1,615 over the same period. The company's 2008 annual report (submitted in 2010) failed to include the required "S" schedules (including Schedule S-1 containing water sales data by system), and required lost water reporting was not provided in either 2008 or 2009, making the above numbers difficult to corroborate or evaluate. In this regard:

- a) Please provide the missing "S" schedules for 2008.
- b) Please provide the missing lost water reporting for both years.
- c) What does the company believe is the reason for the large increase in consumption?

LRWC Response by – Norman Roberge

- a) "S" schedules for 2008 & 2009 begin on next page
- b) Water loss reports for 2008 & 2009 follow "S" schedules

S-1 REVENUE BY RATES

1. Report below, for each rate schedule in effect during the year, the thousand gallons sold, revenue, average number of customers, average thousand gallons of sales per customer, and average revenue per thousand gallons sold.
2. Provide a subheading and total for each prescribed operating revenue account in the sequence followed in schedule F-47 "Water Operating Revenues". If the sales under any rate schedule are classified in more than one revenue account, list the rate schedule and sales data under each applicable revenue account subheading.
3. Where the same customers are served under more than one rate schedule in the same revenue account classification, the entries in column (d) for the special schedule should denote the duplication in number of reported customers.
4. Number of customers should be reported on the basis of number of meters, plus number of flat rate accounts, except that where separate meter readings are added for billing purposes, one customer shall be counted for each group of meters so added. The average number of customers means the average of the twelve figures at the close of each month.

Line No.	Number and Title of Rate Schedule (a)	Thousands Gallons Sold (b)	Revenue (c)	Average Number of Customers (d)	Thousand Gals. Sales per Customer (e)	Revenue per Thousand Gals. Sold (f)
1	Rate Schedule #5					
2	Waterville Valley Gateway (Swimming Pool) (#4)	5,612	1,141	1	56	8.92
3	Tamworth Water Works (#12)	2,130	50,048	101	48	10.24
4	175 Estates (#13)	2,789	21,811	44	55	9.39
5	Deer Cove (#14)	13,124	26,187	51	58	8.56
6	LOV (#15)	10,675	112,281	227	111	4.63
7	Indian Mound (#16)	3,938	49,416	96	72	3.34
8	Gunstock Glen (#17) (2 months only)		13,159	55		
9						
10	Totals, Account 460 Unmetered Sales to General Customers	38,258	274,043	575		7.16
11						
12	Rate Schedule #5					
13	Far Echo Harbor (#1)	991	36,021	86	12	36.35
14	Paradise Shores (#2)	6,140	168,784	376	16	27.49
15	West Point (#3)	695	18,806	42	17	27.06
16	Waterville Valley Gateway (#4)	1,998	41,515	82	24	20.78
17	Hidden Valley (#5)	1,304	49,606	118	11	38.04
18	Wentworth Cove (#6)	1,559	27,964	52	30	17.94
19	Pendleton Cove (#7)	2,228	37,319	68	33	16.75
20	Deer Run (#8)	1,277	27,733	58	22	21.72
21	Woodland Grove (#9)	2,300	38,818	74	31	16.88
22	Echo Lake Woods (#10)	1,177	21,750	43	27	18.48
23	Brake Hill (#11)	1,552	23,674	41	38	15.25
24	Swissvale (Special Contract #2)	11,666	131,831	1		11.30
25						
26	Totals, Account 461 Metered Sales to General Customers	32,887	623,821	1,041	32	18.97
27						
28	Totals, Account 462 Fire Protection Revenue					
29	Totals, Account 466 Sales for Resale					
30	Totals, Account 467 Interdepartmental Sales					
31						
32	TOTALS (Account 460-467)	71,155	897,864	1,616		

S-2 WATER PRODUCED AND PURCHASED

	Total Water Produced (in 1000 gals.)	WATER PURCHASED (in 1000 gals.)			Total Produced and Purchased (in 1000 gals.)
		Name of Seller: R&T's Trucking	Name of Seller:	Name of Seller:	
Jan	7,307	0			7,307
Feb	7,639	0			7,639
Mar	8,197	0			8,197
Apr	7,939	0			7,939
May	9,868	0			9,868
Jun	7,120	0			7,120
Jul	10,175	0			10,175
Aug	9,962	0			9,962
Sep	8,196	42			8,238
Oct	7,574	0			7,574
Nov	5,877	0			5,877
Dec	6,003	0			6,003
TOTAL	95,857	42			95,899

Max. day flow (in 1000 gals.): Approx. Date:

S-3 SURFACE SUPPLIES, SPRINGS, OTHER SOURCES

Name/I.D.	Type	Elev.	Drainage Area (sq. mi).	Protective Land Owned (acres)	Treatment*	Safe Yield (GPD)	Installed Production Capacity (GPD)	Total Production For Year (in 1000 gals.)
NOT APPLICABLE								

* Chlorination, Filtration, Chemical, Addition, Other

S-4 WATER TREATMENT FACILITIES

Name/ID	Type	Year Constructed	Rated Capacity (MGD)	Clearwell Capacity	Total Production For Year (in 1000 gals.)
Far Echo Harbor	Ultra Violet Light	1991	20 gpm		1,950

S-5 WELLS

Name/ID	Type*	Depth(ft)	Year Installed	Treatment From Pump **	Safe Yield (gpm)	Installed Capacity (gpm)	HP of Submersible Pump	Total Production For Year (gals.)
Far Echo Harbor	Drilled	935	Prior 1975	Chemical	10		3/4 Booster	1,950,000
Far Echo Harbor	Dug	20	Prior 1975	Chemical	20	30	3/4 Booster	
Paradise Shores #6	Drilled	552	1993	Chemical	75		10	
Paradise Shores #3	Drilled	100	1993	Chemical	80		5	
Paradise Shores #4	Drilled	662	1990	Chemical	30		3	
Paradise Shores #5	Drilled	661	1990	Chemical	40		36	
Paradise Shores #7	Drilled	400	1995	Chemical	70		10	
Paradise Shores #9	Drilled	800	2001	Chemical	6		3	
Paradise Shores #10	Drilled	700	2002	Chemical	20	295	5	22,799,000
West Point #2	Drilled	873	1973	Chemical	7		3	
West Point #3	Drilled	610	1973	Chemical	4	61	2	2,123,000
Waterville Valley Gateway	Drilled	unknown	Prior 1980	Chemical	30	40	3	4,374,000
Waterville Valley Gateway	Drilled	100	Prior 1980	Chemical	10		2	
Hidden Valley (Blue)	Drilled	665	Prior 1975	Chemical	8		1	
Hidden Valley (Orange)	Drilled	665	Prior 1975	Chemical	6		2	
Hidden Valley	Drilled	176	1965	None	unknown		2	
Hidden Valley	Drilled	1000	2006	None	18	44	1	2,489,000
Wentworth Cove	Drilled	685	Prior 1975	Chemical	125	125	3	3,368,000
Pendelton Cove	Drilled	250	Prior 1975	Chemical	50	50	3	2,753,000
Deer Run - 2 wells	Drilled	unknown	Prior 1990	Chemical	unknown		2	1,764,000
Woodland Grove	Drilled	70	Prior 1975	Chemical	15		2	
Woodland Grove	Drilled	50	Prior 1975	Chemical	15		2	
Echo Lake Woods	Drilled	57	Prior 1975	Chemical	15		2	6,322,000
Echo Lake Woods	Drilled	70	Prior 1975	Chemical	15		2	
Brake Hill	Drilled	159	Prior 1978	Chemical	40		2	6,855,000
Brake Hill	Drilled	255	1965	Chemical	25	65	3	2,864,000
Tarnworth	Drilled	579	1996	Chemical	40	40	5	5,612,000
175 Estates	Drilled	440	1987	None	unknown		2	
175 Estates	Drilled	1003	1987	None	unknown	45	1	2,130,000
Deer Cove	Gravel Pk	55	1985	Chemical	60	120	unknown	2,789,000
Deer Cove	Gravel Pk	60	1985	Chemical	50		unknown	
LOV	Gravel Pk	50	1972	Chemical	50	240	unknown	13,124,000
LOV	Gravel Pk	50	1978	Chemical	15		unknown	
Indian Mound	Gravel Pk	30	2007	None	32	17	2	10,675,000
Indian Mound	Gravel Pk	50	2007	None	50		5	3,938,000
Gunstock	Driven	364	unknown	None	50			95,869,000
Total								

* Dug, Driven, Gravel-Packed, Bedrock
 ** Chlorination, Filtration, Chemical Addition, Other

S-6 PUMP STATIONS

(List pumps where motive power is other than electric, e.g., natural gas, diesel or hydro, on separate lines even if in same pump station, and state type of motive power)

Name/I.D.	Area Served	Number of Pumps	HP of Largest Pump*	Total Installed Capacity (gpm)	Total Pumpage For Year (gals.)	Total Atmospheric Storage (gals.)	Total Pressure Storage (gals.)	Type of Treatment
Far Echo Harbor	Moultonboro	2	3/4 Booster	30	1,950,000	10,000		Chemical
Paradise Shores	Moultonboro	5	10	295	22,739,000	360,000		
West Point	Moultonboro	3	3	61	2,123,000	20,000		Chemical
Waterville Valley Gateway	Thornton	2	3	40	4,374,000	30,000		
Hidden Valley	Tuftonboro	5	2	44	2,489,000	20,000		
Wentworth Cove	Laconia	1	3	125	3,368,000	20,000		Chemical
Pendleton Cove	Laconia	1	3	50	2,540,000	10,000		
Deer Run	Campton	1	1.5		1,764,000	20,000		
Woodland Grove	Conway	2	1.5		6,322,000	20,000		Chemical
Echo Lake Woods	No. Conway	1	1.5		6,855,000	15,000		
Brake Hill	Gifford	2	3	65	2,864,000	0	3,000	
Tamworth	Tamworth	1	5	40	41,998,000	20,000	5,000	Chemical
175 Estates	Thornton	2	2	45	17,411,000	unknown		
Deer Cove	Ossipee	2	unknown	120	2,789,000	unknown	unknown	Chemical
LOV	Freedom	4	5	240	13,124,000	unknown	unknown	Chemical
Indian Mound	Ossipee	2	unknown	unknown	10,675,000	unknown	unknown	Chemical
Gunstock	Gifford	1	5	17	3,938,000	25,000	4,850	

** Chlorination, Filtration, Chemical, Addition, Other

S-7 TANKS, STANDPIPES, RESERVOIRS

Year Ended December 31, 2009

Name/I.D.	Type	Material	Size (Mil Gals)	Year Installed	Open/ Covered	Overtflow Elev.	Area Served
Far Echo Harbor	Accumulator	Steel	10,000	Prior 1975	Covered	10	Moultonboro
Paradise Shores - 2	Accumulator	Steel	25,000	1978	Covered	14	Moultonboro
West Point	Accumulator	Steel	20,000	Prior 1975	Covered	10	Moultonboro
Waterville Valley	Accumulator	Cement	30,000	Prior 1980	Covered	8	Thornton
Hidden Valley - 2	Accumulator	Steel	10,000	Prior 1975	Covered	8	Thornton
Hidden Valley	Pressure	Steel	1,000	Unknown	Covered	none	Tuffnboro
Wentworth Cove	Accumulator	Steel	20,000	Prior 1975	Covered	10	Laconia
Deer Run	Accumulator	Steel	10,000	Prior 1975	Covered	8	Laconia
Woodland Grove	Accumulator	Steel	20,000	Prior 1990	Covered	10	Campton
Echo Lake Woods	Accumulator	Steel	20,000	Prior 1975	Covered	10	Conway
Brake Hill Acres	Accumulator	Steel	15,000	Prior 1975	Covered	10	No. Conway
Brake Hill Acres	Pressure	Steel	8,000	1978	Covered	10	Gilford
Tamworth Water Works	Accumulator	Steel	3,000	1985	Covered	none	Gilford
Tamworth Water Works	Pressure	Steel	20,000	1996	Covered	10	Tamworth
175 Estates	Unknown	Steel	5,000	1995	Covered	none	Tamworth
Deer Cove	Unknown	Unknown	Unknown	Unknown	Covered	Unknown	Thornton
Lake Ossipee Village	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Ossipee
Indian Mound	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Freedom
Gunstock Glen	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Ossipee
					Covered	Unknown	Gilford

S-8 ACTIVE SERVICES, METERS AND HYDRANTS
 (Include Only Property Owned by the Utility)

	5/8"	3/4"	1"	1 1/2"	2"	3"	4"	6"	8"	10"	12"	Total
Non-Fire Services		271										271
Fire Services	1,036											1,036
Meters				2	14		3					17
Hydrants			2	Private:								2

S-9 NUMBER AND TYPE OF CUSTOMERS

	Residential	Commercial	Industrial	Municipal	Total	Year-Round*	Seasonal*
Far Echo Harbor	85				85	14	71
Paradise Shores	375	2			377	56	321
West Point	42				42	8	34
Waterville Valley Gateway	83				83	17	66
Hidden Valley	118				118	13	105
Wentworth Cove	52				52	21	31
Pendleton Cove	68				68	27	41
Deer Run	58				58	10	48
Woodland Grove	74				74	10	64
Echo Lake Woods	43				43	27	16
Brake Hill Acres	41				41	6	35
Tamworth Water Works	77	24			101	91	10
175 Estates	44				44	10	34
Deer Cove	51				51	0	51
Lake Ossipee Village	227				227	53	174
Indian Mound	94	1			95	20	75
Gunstock Glen	54				54	54	1
Total	1,586	27	1	1	1,614	440	1,174

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S-10 TRANSMISSION AND DISTRIBUTION MAINS

	Ductile Iron	Cast Iron	PVC	Non-PVC Plastic	Transite	Cement	Galv. Steel	Copper	Total
1"				26,900					26,900
1 1/2"				23,500					23,500
2"			43,858	500					44,358
3"			48,740						48,740
4"			23,140	600					23,740
6"			6,500	2,484					8,984
8"									
10"									
12"			2,900						2,900
14"									
16"									
18"									
20"									
24"									
30"									
36"									
42"									
48"									
Total		-	125,138	53,984					179,122

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NHPUC Docket DW 10-141

Lakes Region Water Co., Inc
Year Ended December 31, 2009

Permanent Rates
Schedule 4A

Schedule of Notes Payable, Interest Expense & Capitalized Interest - Actual

Obligation (a)	Date of Issue (b)	Date of Maturity (c)	Principal Balance 12/31/2008 (d)	Additions (e)	Reductions (f)	Balance 12/31/2009 (g)	Interest Rate (h)	Interest Expense (i)	Amort of Debt Exp (j)	Total Int Exp (k)	Total Int Rate (l)
TD Banknorth - 5 (Refin)	1/13/2004	1/13/2019	\$388,656	-	(\$28,839)	\$359,817	6.09%	\$23,919	\$732	\$24,651	6.85%
TD Banknorth - 6 (construction)	1/13/2004	1/13/2015	327,490	-	(19,799)	307,691	7.47%	24,720	360	25,080	8.15%
TD Banknorth - 7 (syst purch)	12/29/2004	12/29/2014	118,517	-	(8,702)	109,815	7.29%	10,080	696	10,776	9.81%
Sub - Total (Sch F-35) (BS Line 13)			834,663	-	(\$57,340)	\$777,323		\$58,719	\$1,788	\$60,507	7.78%
N/P Citizens 2007 Sierra	7/16/2007	7/16/2012	10,260		(2,561)	\$7,699	8.49%	\$802	0	\$802	10.42%
N/P LSB - 2006 Sierra	8/14/2006	7/14/2011	22,957		(22,957)	0	7.49%	665	0	665	0.00%
N/P GEHL Finance - Mustang Excavator	8/2/2004	9/2/2009	2,930		(2,930)	0	3.00%	(29)	0	-29	0.00%
N/P Key Equipment - Meter Reader	1/2/2007	3/2/2009	873		(873)	0	13.00%	137	0	137	0.00%
N/P Santander (formerly Sovereign Bank) - 2007	11/17/2007	12/31/2013	26,921		(5,935)	20,986	6.39%	1,880	0	1,880	8.96%
N/P St Mary's Bank - 2008 Chev Colorado	5/28/2008	7/12/2013	16,486		(3,305)	13,181	5.75%	862	0	862	6.54%
N/P Bank of America - Copier (Capital Lease)	6/4/2008	6/4/2012	5,037		(1,347)	3,690	5.20%	230	0	230	6.23%
N/P St Mary's Bank - 2008 Chev Colorado	5/31/2009	8/14/2013	-	18,865	(2,323)	16,542	5.90%	636	0	636	3.84%
N/P NHDCC	10/7/2009	10/31/2012	-	110,000	(6,120)	103,880		0	0	0	0.00%
N/P GEHL Finance - Mustang Excavator	11/13/2009	11/13/2014	138,739	26,200	(437)	25,763		0	0	0	0.00%
N/P Tom & Barbara Mason (Stockholders)				52,116		190,855	9.75%	18,331	0	18,331	9.60%
Sub-Total (Sch F-35) (BS Line 16)			224,202	\$207,181	(\$48,788)	\$382,596		\$23,514	\$0	\$23,514	6.15%
Total Long Term Debt (BS Line 17)			1,058,865	\$207,181	(\$106,128)	\$1,159,918		\$82,233	\$1,788	\$84,021	7.24%
TD Banknorth - 4 (line of credit)			-	-	-	-		0	0	0	
Total Note Payable (BS Line 19)			-	-	-	-		0	0	0	
Vendors			-	-	-	-		12,921	0	12,921	
Total This Schedule			1,058,865	\$207,181	(\$106,128)	\$1,159,918		\$95,154	\$1,788	\$96,942	
Total Interest Expense (IS Line 27)							Cap Int	0	1,788	96,942	
							Net Expense	95,154			

SPS, Cyr
7/16/2010

LAKES REGION WATER COMPANY, INC
DW 10-141
LRWC Responses to Staff Set 3

Request Received: March 9, 2011 Date of Response: March 23, 2011
Request No. Staff 3-12 Witness: Norman Roberge / Stephen St Cyr

Re: Account # 926, Employee Pension and Benefits: Please provide an analysis of the Company's test year expense for Account # 926. In your response, please specifically identify the amounts included in the total which comprise pensions paid to retired employees, health benefits, other benefits, etc.

Response:

	Pension	Health	Total
Tom Mason, Sr.	\$ 36,040	\$ 2,092	\$ 38,132
Barbara Mason	16,605	2,092	18,697
Employees	<u>0</u>	<u>21,863</u>	<u>21,863</u>
Total	<u>\$ 52,645</u>	<u>\$26,047</u>	<u>\$ 78,692</u>

LAKES REGION WATER COMPANY, INC

DW 10-141

LRWC Responses to OCA Set 3

Request Received: March 9, 2011

Date of Response: March 23, 2011

Request No. OCA 3-19

Witness:

Norman Roberge / Stephen St Cyr

At page 8 of the Audit Report in the "Affiliate Agreement" section the report states "Audit was able to verify that the Compensation Rates for water sample pickup and pump station inspection of \$250 per month was charged to LRWS and booked to Miscellaneous Revenue, account 471." Please describe in detail the nature of the work performed by all LRWC employees associated with this monthly rate of \$250 including: how many employees are involved in the task; how many water systems have samples picked up; the number of hours of work involved over what period of days and the total number of hours worked to perform the task(s); and the number of miles travelled in accomplishing the task(s).

Response:

Employee number 4 "sampling agent" is the only position included in the \$250 monthly rate. The work consists of gathering water samples based on NHDES sampling schedule from the various water systems managed by the affiliate and while at the location also performs a visual inspection of the pump house, records meter reading and checks and maintains the system's proper chemical treatment levels if appropriate. If samples have been taken then those samples are transported to the NHDES lab in Concord.

These services performed for the affiliate are normally conducted on the same day that Employee 4 "sampling agent" would be in the area to sample and do Pumphouse checks for the Company's operating water systems in the area. (An example of this would be - LRWC operating divisions 4 (WVG) 8 (DR) and 13 (175E) are located in the Campton / Thornton area the employee would then service the affiliates systems CR & NP while in that area. The samples would all be driven to Concord in the same trip. Therefore the miles traveled asked in the question above is minimal additional miles above the required mileage required to conduct LRWC normal business. Even though the true extra time required to service the affiliates locations is only the time directly involved in the physical system location the time allocated by the employee to the trip is the entire time for the day (includes travel to and from the office) divided by the number of systems visited on the trip (LRWC and affiliate), with that stated the total hours allocated to the affiliate for the monthly \$250 sampling/Pumphouse checks were 220 hrs in 2009. No mileage record is kept.

LAKES REGION WATER COMPANY, INC

DW 10-141

LRWC Responses to OCA Set 3

Request Received: March 9, 2011

Date of Response: March 23, 2011

Request No. OCA 3-05

Witness:

Norman Roberge / Stephen St Cyr

Reference the response to OCA 2-8. Please respond to the following:

- a. When were the 3 hydrants in Paradise Shores installed?
- b. Where are these hydrants located?
- c. Who paid for the hydrants and the installation of the hydrants?
- d. Who pays for the maintenance of the hydrants?
- e. Are these hydrants used by the Town of Moultonborough for Municipal or Fire Department use? Are they used by others?
- f. Does the Town pay for the use and/or availability of the hydrants or are the costs included in rates for all customers?
- g. Are these hydrants included in the Company's property records such that the Company is collecting depreciation on them as a utility asset?
- h. If so, what is the asset life over which they are being depreciated? What is the annual depreciation amount included in the revenue requirement?

Response:

- a) July 2008
- b) 2 are on route 109 part of the 12 inch main project and 1 is on Paradise Drive at the pumpshouse
- c) Town of Moultonboro – Fire Department (the amount is recorded in CIAC)

- d) LRWC
- e) i) Fire Dept use ii) No
- f) Any cost would be included in LRWC expenses
- g) Yes which includes the hydrant account and a corresponding amount in CIAC.

The Company records an equal amount of depreciation expense as it does amortization of CIAC with \$0 effect on rates as to the hydrant asset.

- h) Depreciation is offset by amortization thereby having \$0 dollar expense effect.

LAKES REGION WATER COMPANY, INC

DW 10-141

LRWC Responses to OCA Set 3

Request Received: March 9, 2011

Date of Response: March 23, 2011

Request No. OCA 3-16

Witness: Taryn Zambouras / Thomas Mason, Jr

Please reference the Company's response to OCA 1-24 and Table S-9 in the Company's 2009 Annual Report. Table S-9 shows 2 Commercial customers in Paradise Shores, 1 Commercial and 1 Industrial customer in Indian Mound, and 1 Municipal customer in Gunstock Glen. Please provide details on these customers, including test year metered consumption if in a metered system. If appropriate, please include a table similar to that included in response to OCA 1-24.

Response:

Multiple Unit Customers						
No.	System	Acct #	Customer Name	Service Location	Total 2009 Consumption	Type
1	PS	2022850	Skelley's Market (gas station/convenience store)	374 Governor Wentworth Hwy	189 (100 ft ³ units) = 18,900 ft ³ = 141,372 gallons	Commercial
2	PS	2013950	POASI	40 Eden Lane	see special contract	Commercial
3	IM	16085450	Indian Mound Golf Club (restaurant/bar)	332 Route 16B	unmetered	Commercial
4	IM	16085500	Indian Mound Property Owner's Association (Pool)		unmetered	Commercial*
5	GG	17090050	Pine Grove Cemetery (Town of Gilford)	Belknap Mountain Road	unmetered	Municipal

* The S-9 Table in the 2009 Annual Report lists the Indian Mound water system as having 1 Industrial Customer, but this Industrial Customer should actually be classified as a Commercial customer.

LAKES REGION WATER COMPANY, INC
DW 10-141
LRWC Responses to Staff Set 3

Request Received: March 9, 2011 Date of Response: March 23, 2011
Request No. Staff 3-01 Witness: Norman Roberge / Stephen St Cyr

Re: York Village Development:

- a) What is the anticipated full build-out of the York Village Development?
- b) How many customers at the York Village Development are presently receiving service from the Company?
- c) Was the revenue earned by the Company during 2009 from the York Village Development reflected in its test year revenues?
- d) Please verify the number of customers served, the total usage and the total revenue earned by the Company during the test year from the York Village Development.

Response:

- a) An additional 12 units are anticipated at maximum build-out within the York Village Development.
- b) There are currently 6 customers actively being billed for water service by the Company.
- c) Yes
- d) In 2009, there were 5 properties serviced by the Company. These 5 customers were billed via a single, multiple billed accounts. There was no usage recorded since meters were not installed in each of these 5 properties until August 2010. The total revenue earned by LRWC during 2009 for these 5 customers totaled \$1,989.56.

LAKES REGION WATER COMPANY, INC
DW 10-141
LRWC Responses to Staff Set 3

Request Received: March 9, 2011 Date of Response: March 23, 2011
Request No. Staff 3-04 Witness: Norm Roberge / Tom Mason

Re: Audit Issue # 6 of the NHPUC Final Audit Report:

- a) Please identify the Officer/Director who is the subject of this finding?
- b) Please provide the requested written response to Audit Request # 21.
- c) Please provide the total water usage of this Officer/Director during the test year.

Response:

- a) 1) Amy Mason – not being charged for water usage
2) Tom & Barbara Mason – charged at base rate only

- b) The current President of the Company (Thomas Mason, Jr.), was not a part of the decision to charge these individuals differently than other customers and does not know why the decision was made. Nonetheless, the Company recognizes that they should be charged like all customers and will implement appropriate billing going forward

- c) 1) Amy Mason – approximate water usage single family full year resident 64 100/cf @ \$3.83 = \$245 plus yearly base rate \$365 = \$\$610
2) Tom & Barbara Mason – approximate water usage single family full year resident 64 100/cf @ \$3.83 = \$245

EPaid	SYSTEM_NAME	CERTIFIED OPERATOR_ID	PRIMARY_CONT ACT	RELATIONS HIP	ACTIVITY STATUS	COMPANY_NAME	COMPANY	FIRST_NAME	LAST_NAME	RSN
0162210	MOUNTAINSIDE ON ATTITASH	2380	N	PO	A	LAKES REGION WATER COMPANY	NOT LRWC	JOHN	DAWSON III	18337
0342050	DEER RUN	1417	Y	OW	A	LAKES REGION WATER COMPANY	LRWC	THOMAS	MASON JR	246
0512030	CATHEDRAL LEDGE	2380	N	PO	A	LAKES REGION WATER COMPANY		JOHN	DAWSON III	18298
0512050	ECHO LAKE WOODS	1417	Y	OW	A	LAKES REGION WATER COMPANY	LRWC	THOMAS	MASON JR	246
0512130	WOODLAND GROVE	1417	Y	OW	A	LAKES REGION WATER COMPANY	LRWC	THOMAS	MASON JR	246
0512200	CEDAR CREEK	1417	N	PO	A	LRW WATER SERVICES INC	LRW-WS	THOMAS	MASON JR	1398
0841010	FRANCONIA VILLAGE WATER	2380	Y	PO	A	LAKES REGION WATER COMPANY	NOT LRWC	JOHN	DAWSON III	18337
0841020	MITTERSILL WATER DEPT	2380	N	EC	A	LAKES REGION WATER COMPANY	NOT LRWC	JOHN	DAWSON III	18337
0862010	LOV WATER	1417	Y	OW	A	LAKES REGION WATER COMPANY	LRWC	THOMAS	MASON JR	246
0882050	BRAKE HILL ACRES	1417	Y	OW	A	LAKES REGION WATER COMPANY	LRWC	THOMAS	MASON JR	246
0882080	GUNSTOCK GLEN WATER	2380	N	PO	A	LAKES REGION WATER COMPANY	LRWC	JOHN	DAWSON III	18337
1162020	WESTWIND CONDOS	1417	N	PO	A	LAKES REGION WATER COMPANY	NOT LRWC	THOMAS	MASON JR	246
1282020	WENTWORTH COVE ESTATES	1417	Y	OW	A	LAKES REGION WATER COMPANY	LRWC	THOMAS	MASON JR	246
1282030	PENDLETON COVE	1417	Y	OW	A	LAKES REGION WATER COMPANY	LRWC	THOMAS	MASON JR	246
1462030	SILVER SHORES	1417	N	SA	A	LRW WATER SERVICES INC	LRW-WS	THOMAS	MASON JR	1398
1522020	EASTBLUFF HIGHLANDS CONDOS	1417	N	PO	A	LRW WATER SERVICES INC	LRW-WS	THOMAS	MASON JR	1398
1612010	PARADISE SHORES	1417	N	PO	A	LAKES REGION WATER COMPANY	LRWC	THOMAS	MASON JR	246
1612030	FAR ECHO HARBOR	1417	Y	OW	A	LAKES REGION WATER COMPANY	LRWC	THOMAS	MASON JR	246
1612040	WEST POINT	1417	Y	OW	A	LAKES REGION WATER COMPANY	LRWC	THOMAS	MASON JR	246
1612130	SUISSEVALE ON BIRCH HILL	1417	Y	OW	A	LAKES REGION WATER COMPANY	LRWC	THOMAS	MASON JR	246
1612200	LANDS END	1417	N	PO	A	LRW WATER SERVICES INC	LRW-WS	THOMAS	MASON JR	1398
1612210	WINDWARD HARBOR CONDOS	1417	N	PO	A	LRW WATER SERVICES INC	LRW-WS	THOMAS	MASON JR	1398
1612270	STANYAN ROAD	1417	N	PO	A	LRW WATER SERVICES INC	LRW-WS	THOMAS	MASON JR	1398
1618240	HARBOR SQUARE SHOPPING CENTER	2380	N	PO	A	LRW WATER SERVICES INC	LRW-WS	THOMAS	MASON JR	1398
1842030	INDIAN MOUND GOLF CLUB	1417	N	PO	A	LAKES REGION WATER COMPANY	NOT LRWC	JOHN	DAWSON III	18337
1842060	DEER COVE WATER	1417	Y	OW	A	LAKES REGION WATER COMPANY	LRWC	THOMAS	MASON JR	246
2311010	TAMWORTH WATER WORKS	1417	Y	OW	A	LAKES REGION WATER COMPANY	LRWC	THOMAS	MASON JR	246
2312020	MOUNTAIN VIEW ESTATES	2380	N	PO	A	LAKES REGION WATER COMPANY	LRWC	THOMAS	MASON JR	246
2318110	DUNKIN DONUTS	1417	N	SA	A	LRW WATER SERVICES INC	LRW-WS	JOHN	DAWSON III	18298
2342010	175 ESTATES	1417	Y	OW	A	LAKES REGION WATER COMPANY	LRWC	THOMAS	MASON JR	1398
2342020	NORTHPOINTE WATER	2380	Y	PO	A	LAKES REGION WATER COMPANY	NOT LRWC	JOHN	DAWSON III	18337
2342060	WHITE MOUNTAIN RESORT/GATEWAY	1417	Y	OW	A	LAKES REGION WATER COMPANY	LRWC	THOMAS	MASON JR	246
2372020	HIDDEN VALLEY/MASON	1417	Y	OW	A	LAKES REGION WATER COMPANY	LRWC	THOMAS	MASON JR	246

RELATIONSHIP CODE	DESCRIPTION
PO	PRIMARY OPERATOR
OPT	PRIMARY TREAT OPERATOR
OW	OWNER
OPD	PRIMARY DIST OPERATOR
CO	OWNER'S REPRESENTATIVE
OP	ASSOCIATED CERT OPERATOR
SR	SERVICE REPRESENTATIVE
SA	SAMPLING AGENT
NL	NEWSLETTER RECIPIENT
CT	CONSULTANT
OA	OWNER'S ALTERNATE ADDRESS
WD	WELL DRILLER
HO	HEALTH OFFICER
PUC	PUBLIC UTILITIES COMM

COMPANY COUNT
 LRWC 17
 NOT LRWC 6
 LRW-WS 8
 OTHER 2