

**TESTIMONY OF WADE R. CRAWSHAW**  
DW-10-306

1. Please identify yourself.

I was born on May 22, 1952, a resident of Somerville, Massachusetts. My address is PO Box 7394, Gilford, NH 03247.

2. What is your education after high school?

I attended Wentworth College and the New Hampshire Technical Institute, from which I obtained an Associates Degree in architecture. I graduated from the University of New Hampshire with a Bachelor of Engineering in Civil Engineering in 1978.

3. By whom are you employed?

I am employed by C&C Water Services, Inc. I am the President, Director, and sole shareholder of Lakeland Management Company, Inc., and also of C&C Water Services, Inc.

4. What is Lakeland Management Company, Inc.?

Lakeland Management Company, Inc. (the "Company") is a corporation organized and existing under the law of the State of New Hampshire. The Company is a public utility, owning and operating a public water supply system and a public sewer system in the Town of Belmont, New Hampshire. The Company's address is PO Box 7394, Gilford, NH 03247. C&C Water Services, Inc. provides management and operation services to the Company.

5. What is the history of the Company?

The Company was formed in 1970 and became a utility in 1987. In 2008 I purchased the Company. It has three wells, 2 pump stations, 8,500 feet of mains, 159 non-fire services and 162 meters. At December 31, 2009 the Company provided water to 187 dwelling units and sewer service to 184 units.

6. What is the revenue requirement of the Company?

The company needs aggregate annual revenue of \$218,360 for water and sewer. The present rates of the company produce revenue of only \$150,647, leaving a deficiency of \$67,713. To make up that deficiency a 45% increase in revenue is required.

7. When was the last time the Company increased its rates?

Its last rate increase was in 1996.

8. How often does the Company bill its customers?

The Company bills quarterly. It receives revenue only four times a year.

9. What new residential facilities were constructed in the Company's franchise territory?

A four building apartment complex, known as Maple Hill Acres, was opened in 2008. It contains 32 apartments.

10. What new plant did the Company dedicate to the public service in 2009?

In 2009 the Company completed a new well, to increase its water supply to adequately serve Maple Hill Acres. The well was funded by a loan from C&C Water Services.

11. What new plant did the Company dedicate to the public service in 2010?

In 2010 the Company completed the installation of two concrete water storage tanks and variable frequency drives for two existing booster pumps. The 2010 projects were funded by a New Hampshire State Revolving Fund loan and grant, which was itself funded under the federal ARRA program. The total SRF money was \$95,000, half of which is a grant. The projects cost more than anticipated. The additional funds were obtained from C&C Water Services, Inc.

12. Please describe the new water storage?

The new water storage facility is located approximately 1,000 feet northeast of Plummer Road in Belmont, New Hampshire. The 30,000 gallons of additional atmospheric storage, at the same geographic location as an existing 20,000 gallon storage tank, provides additional gravity based water supply, enhancing reliability of water to the service area under high demand conditions, as well as power failure conditions.

13. Please describe the water rate structure of the Company?

As discussed below, the Company has adopted a completely new water tariff, denominated NHPUC No. 2 - Water. The Company has modified its rate

structure slightly, establishing a new class of residential rates, denominated Class MRM, which covers customers taking water for apartment buildings. There is one customer in that class, Maple Hill Acres. There are four buildings in the Maple Hill Acres complex, each of which contains eight apartments. There is one meter per building. In all classes, the rates consist of a customer charge and a consumption charge. The four classes of rates are shown on pages 15 through 18 of the tariff. In this rate filing, the Company has, except for Maple Hill Acres, increased both the customer charge and the consumption charge by the percentage increase in the Company's revenue requirement.

14. How were the water rates for Maple Hill Acres determined.?

The customer charge for Maple Hill Acres is \$3,424, which is the \$107 charged to all residential dwelling units outside the Maple Hill Acres complex multiplied by the 32 dwelling units in the Maple Hill Acres complex. The consumption charge for Maple Hill Acres is the same \$5.2249 charged all other residential customers.

15. Why is the percentage increase in water rates for Maple Hill Acres greater than all for all other customers?

When the Company first starting serving Maple Hill Acres, the Company asked the Commission Staff for instruction regarding the rate which should be charged Maple Hill Acres. The Company was told to charge Maple Hill Acres the rate for the then Class B Commercial customers. The difference between the Class B rate in 2008 and the Maple Hill Acres rate in 2011 is greater than that of the residential rates in 2008 and 2011. Thus the percentage increase is greater.

16. Other than that difference, how were the water rates in this filing calculated?

The customer charge for a class was increased by the percentage increase in the overall revenue requirement. The result was subtracted from the revenue requirement allocated to the class. That result was divided by the consumption by the class in the test year. That result is the consumption charge for the class.

17. What is the sewer rate structure of the Company?

In this filing, the Company changed its sewer rate structure from a percentage of the water rate to the same structure as employed for the water rates.

18. How were the sewer rates for Maple Hill Acres determined.?

For sewer, the same procedure employed for the water rates was followed, with the addition of the allocation to Maple Hill Acres of the entirety of the expense attendant to the sewer lift station. This is so because the sewer service connecting Maple Hill Acres to the existing sewer system, including that lift station, was constructed by Maple Hill Acres, including the selection of the pump. The pump has failed repeatedly, and requires frequent and expensive service.

19. Other than rates, has the company made any changes to its tariff?

The tariff has been rewritten generally. Significant is the addition, in section 1, of a lien on the real estate to secure the payment of tariff charges. The creation and administration of the lien is similar to the statutory mechanics lien. The lien is necessary because tenants can leave a property without paying the utility bill and the property owner has no obligation to pay it. It is also necessary where a duplex building, containing two separately owned dwellings is served by a single service line. When one of the duplex owners fails to pay the utility bill, disconnection of service is not an option because disconnection would harm the innocent duplex owner. The lien would attach only to the property of the non-paying owner. In addition, other charges were increased, such as the returned check charge.

20. Does this conclude your testimony?

Yes.

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