

LAKE REGION WATER COMPANY INC.

420 Governor Wentworth Highway, PO Box 389
Moultonborough, NH 03254
Telephone: 603-476-2348, Fax: 603-476-2721
Hours: Monday through Friday, 8:30am to 4:30pm

December 3, 2018
NHPUJC 4DEC'18AM11:58

Debra A. Howland
Executive Director & Secretary
Public Utilities Commission
21 S. Fruit Street, Suite 10
Concord, N. H. 03301-2429

Re: DW 16-619, Lakes Region Water Company – Step Adjustment

Dear Ms. Howland:

Please note below II. The Settlement Agreement, C. Step Adjustment and III Analysis and Conclusion approved by the Commission in Order # 25,964 dated November 10, 2016 in DW 16-619.

II. C. Step Adjustment

The step adjustment relates to proposed capital improvements to Dockham Shores system after the acquisition, including the installation of telemetry, electrical upgrades, and pump station improvements. The improvements are needed to continue to provide safe and adequate service to the customers in the Dockham Shores service area. Under the step adjustment provision, Lakes Region can seek up to \$6,620 in new revenue.

III. Analysis and Conclusion

We find Lakes Region's planned capital additions will improve the safety and reliability of the Dockham Shores water system. The Commission finds the resulting rates and proposed step adjustment reasonable and approve them.

As such, enclosed are the original and six copies of Step Adjustment for capital improvements at the Dockham Shores system. An electronic version of the filing has also been file with the Commission. The schedules support a total plant addition of \$300,599, a rate of return of 8.91%, a step adjustment amount of \$53,894 or 141.70%.

Please note that step adjustment amount is significantly higher than anticipated in the Settlement Agreement due significant more capital improvements required. Please see attached Engineering Design and Operational Summary dated April 2018 for support and justification.

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Next week, the Company intends to submit the actual costs and supporting documentation to the PUC Audit Staff for their audit so that they can prepare and issue an audit report on the capital improvements.

The Company respectfully requests that the Staff of the Commission review the calculation of the step adjustment. The Company also respectfully requests that the Commission issue an order approving the step adjustment.

If you, the Commission Staff and/or the Commissioners have any questions or comments, please call me at 603-476-2348 or email me at leah@lakesregionwater.com.

Sincerely,

A handwritten signature in black ink, appearing to read 'Leah Valladares', with a long horizontal flourish extending to the right.

Leah Valladares

Cc: Tom Mason
Stephen P. St. Cyr