

# LAKES REGION WATER CO. INC.

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Hours: Monday through Friday, 8:30am to 4:30pm

October 10, 2023

*Via Electronic Service Only*  
Daniel C. Goldner, Chairman  
c/o [ClerksOffice@puc.nh.gov](mailto:ClerksOffice@puc.nh.gov)  
NH Public Utilities Commission  
21 South Fruit Street, Suite 10,  
Concord, N.H. 03301-2429

Ref: Proposed “Puc 600 Water Service Rules” in Docket No. DRM 23 – 082.

Chairman Goldner:

Lakes Region Water Co., Inc., offers the following comments for the Commission’s consideration regarding in response its September 11, 2023 Order of Notice in Docket No. DRM 23 – 082. These comments are organized to the specific rule sections in the Commission’s initial proposal.

**Proposed Rule Puc 602.08** ““Small water system” means any water distribution system serving fewer than 600 customers:

- (a) Which has received a franchise and established an initial revenue requirement pursuant to Puc 1600;
- (b) Which is not interconnected with any other water distribution system owned, operated by or affiliated with the same individual or entity; and
- (c) Whose revenue requirement is established based on the value of the assets used to serve only those customers served by that water distribution system.”

**Comment:** This definition, particularly subsection (c), if adopted, would eliminate Lakes Region Water Company’s eligibility for both Small Water System rate cases under the existing Puc 610 Rules *and* its eligibility to use the generic methodology to determine rates of return on equity developed in Commission Docket No. 19-005 in its full rate cases under the Puc 1600. Lakes Region respectfully requests that this rule be revised to use the definition recommended by the Commission’s Staff in Docket No. 19 – 005 which was developed after an extensive review process involving the Commission’s Staff, the Office of Consumer Advocate, and, regulated water companies including Lakes Region, Abenaki Water Co., Inc., and the Hampstead Area Water Company. In that proceeding, all interested parties agreed to a definition for “small water utilities” as having those having “less than 400,000,000 gallons of water sold per year.” *See Staff Recommendation* dated August 26, 2019, Page 5.

The Commission’s generic methodology for determining rates of return on equity has been successfully used in several rate cases since it was developed in Docket No. 19 – 005. As Lakes Region explained in its comments dated November 22,

2019, it represents an alternative rate making mechanisms for small water systems which are recommended based on reports by the National Association of Regulated Utility Commissioners (NARUC) and the New Hampshire Department of Environmental Services (NHDES) which recognize the need to attract both debt and equity to comply with state and federal drinking water regulations.

**Proposed Rule Puc 606.03. E-22 - Report of Proposed Expenditures for Additions, Extensions and Capital Improvements to Fixed Capital.**

**Comment:** The Table listing the reporting thresholds based on utility plant in service in this rule has not been updated in the many decades and is no longer practical or workable. Lakes Region recommends that much higher thresholds be used (> \$250,000), after consultation with the NH Department of Environmental Services Drinking Water and State Revolving Loan programs, consistent with the intent of the rule to require updates for significant (but not routine) capital projects. The current thresholds for Lakes Region (\$30,000) are now outdated and require submission and updating of an E-22 in order to purchase a single vehicle or even a piece of equipment.

**Puc 607.03 Generic Return on Equity.**

**Comment:** As noted above, the Generic Return on Equity was developed in Docket No. 19 – 005 for use by small water utilities having “less than 400,000,000 gallons of water sold per year.” It is intended to apply in both full rate cases under Puc 1600 and abbreviated rate cases under the former Puc 610 rules in order to reduce rate case expenses. It is recommended that the Generic Cost of Equity rule be moved to its own part or otherwise be available to all small water utilities as recommended in Docket No. 19 – 005.

**Proposed Rule Puc 607.04 Eligibility.** “A small water system shall not be eligible for rate relief pursuant to this section within 2 years after the issuance of a final order under Puc 607 or Puc 1600.”

**Comment:** It is recommended that “approving permanent rates” be added after “final order”. This would make the proposed Rule consistent with RSA 378:7 which provides that: “The commission shall be under no obligation to investigate or hear any rate matter which it has investigated within a period of 2 years, but may do so within said period at its discretion.” This statutory provision may make the specific rule on eligibility unnecessary.

Thank you for your consideration of these comments. I hope they are helpful in the Department's review of its rules. If you have any questions, please contact me.

Sincerely,

/s/ *Leah Valladares*

Leah Valladares  
Utility Manager