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STATE OF NEW HAMPSHIRE  
THE NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION  
LAKES REGION WATER COMPANY, INC  
DW 09-

PETITION FOR APPROVAL OF FINANCING AND STEP INCREASES

The Petitioner, Lakes Region Water Company, Inc. (“LRWC” or “Company”), respectively petitions the N.H. Public Utilities Commission (“PUC” or “Commission”) for approval of financing with funds from the American Recovery and Reinvestment Act for additions and upgrades to the Company’s water system. In support of this Petition, LRWC says:

1. LRWC is presently franchised in parts of Moultonborough, Campton, Conway, Freedom, Gilford, Laconia, Ossipee, Tamworth, Thorton and Tuftonboro. The Company owns and operates Far Echo Harbor, Paradise Shores, West Point, Waterville Valley Gateway, Hidden Valley, Wentworth Cove, Pendelton Cove, Deer Run, Woodland Grove, Echo Lake Woods, Brake Hill, Tamworth Water Works, 175 Estates, Deer Cove, Lake Ossipee Village, Indian Mound and Gunstock Glen water systems. At December 31, 2008 the Company provides water directly to 1611 customers and indirectly to 350 households through a special contract.

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2. LRWC has been presented with a unique opportunity to advance the timeline to construct some significant projects at no or low cost financing. With the recently passed federal legislation, the American Recovery and Reinvestment Act, funds have become available for “shovel ready” infrastructure projects. The Company has been approved by NHDES to receive \$1,500,000 for seven projects in five of its water systems.

3. LRWC has made and continues to make significant improvements to its water systems. Among the improvements for which the Company is seeking approval to finance are the following: (1) to purchase and install a uranium filter at Tamworth Water Works, (2) to purchase and install meters at Tamworth Water Works, (3) to replace mains at Gunstock Glen / Brake Hill, (4) to replace pump station including the structure, pumps, tank and SCADA system at Woodland Grove, (5) to replace mains at Echo Lake Woods, (6) to replace mains at 175 Estate and (7) to purchase and install meters at 175 Estates.

4. LRWC indicates that the total amount of the financing will be as follows:

Uranium Filter at Tamworth	\$ 46,000
Meters at Tamworth	32,000
Mains at Gunstock Glen / Brake Hill	750,000
Pump Station including structure, pumps, tank and	
SCADA at Woodland Grove	145,000

1	Mains at Echo Lake Woods	161,000
2	Mains at 175 Estates	345,000
3	Meters at 175 Estates	<u>21,000</u>
4	Total Financing	<u>\$1,500,000</u>

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- 6 5. LRWC proposes to recover its investment via one step increase amounting to
- 7 \$67,930. The Company believes that the step increase is appropriate because of
- 8 the unique opportunity to finance significant projects at no or low financing costs
- 9 that will benefit both the Company and its customers. It is also appropriate
- 10 because NHDES required that the Company undertake some of the projects.
- 11 Certain other projects are necessary.
- 12
- 13 6. LRWC is proposing that the step increase be effective once the projects are
- 14 providing service to customers, presently anticipated to be summer/fall 2010.
- 15
- 16 7. In support of the financing and step increase, LRWC proposes that the financing
- 17 will:
- 18 a. Allow management to significantly advance the timeline to complete
- 19 certain projects.
- 20 b. Enable the Company to upgrade and replace plant.
- 21 c. Provide for no or low cost financing of the projects.
- 22 d. Allow the Company to recover its investment.
- 23 e. Minimize the amount of the increase in rates.

1       7. It would be in the public good for LRWC to have approval by the Commission by  
2       order NISI of this financing and the step increase. LRWC provides the following  
3       in support:

4           a. The Company is required under DES requirements to add a backup source  
5           of supply to its Tamworth system. The Company has previously agreed  
6           with the PUC Staff (and such agreement has been approved by the PUC)  
7           to add meters.

8           b. It is necessary to replace the mains so as to increase the reliability of the  
9           system, improve water flow and pressure and reduce water loss at  
10          Gunstock Glen / Brake Hill.

11          c. It is necessary to replace the pump station at Woodland Grove in order to  
12          better able to access and operate it.

13          d. It is necessary to replace the mains to increase system reliability, to  
14          improve water flow and pressure and to reduce water loss at Echo Lake  
15          Woods.

16          e. It is necessary to replace the mains in order to increase the system  
17          reliability, to improve water flow and pressure and to reduce water loss at  
18          175 Estates. It is necessary to add meters in order to meet PUC  
19          requirements and allow the Company and its 175 Estates' customers to  
20          monitor consumption.

1 WHEREFORE your Petitioner prays:

2 A. That the Commission find that it would be in the public good for the LRWC to be  
3 permitted to finance the various projects;

4 B. That the Commission find that it would be in the public good for the LRWC to be  
5 permitted to implement one step increase in order to recover its investments;

6 C. That the Commission, by NISI order, grant the LRWC permission to finance the  
7 various projects and implement the step increase, as proposed;

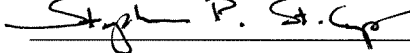
8 D. That the Commission make such further findings and orders as may be  
9 appropriate on the circumstances.

10 Dated the 29<sup>th</sup> day of May, 2009

11 Respectfully submitted,

12 LAKES REGION WATER COMPANY, INC.

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15 Stephen P. St. Cyr