

DW 10-141

From: Ted Newman, Jr. [mailto:tednewmanjr@hotmail.com]
Sent: Wednesday, March 07, 2012 9:30 PM
To: PUC
Cc: Eckberg, Stephen R.
Subject: DW-10-141

Debra A. Howland
Executive Director and Secretary
New Hampshire Public Utilities Commission
21 S. Fruit Street, Suite 10
Concord, NH 03301



Please see attached letter re DW-10-141 Lakes Region Water Co., Inc. request for permanent rate increase.

Ted Newman, Jr.
HVPOA
4 Bishops Gate Road
Wolfeboro, NH 03894

Debra A. Howland
Executive Director and Secretary
New Hampshire Public Utilities Commission
21 S. Fruit Street, Suite 10
Concord, NH 03301
8 March 2011

Dear Ms. Howland:

I have been a representative of the Hidden Valley Property Owners' Association, Inc. [HVPOA] in matters relating to the Lakes Region Water Company, hereinafter referred to as "the company," before the Public Utilities Commission for the past four years. In those four years, we have heard testimony from credible rate payers, forthright attorneys and hired guns representing the company on matters ranging from criminal actions to proposed business models and rate increase requests. We have been privy to sensitive and confidential information that has shaped our opinions and formed our conclusions about this company. From the information that has been presented, the financial condition is, in my opinion, un-sustainable. The debt has grown to such a number that private financing from lending institutions is not viable. To date, to the best of my knowledge, no private equity source outside the Mason family has come forward to invest in the company nor have the owners been successful in obtaining outside funding. Now, comes the company asking the PUC to grant them another rate increase so they may continue along the same rocky road. While utilities are entitled to rate increases, it appears the circumstances surrounding this company require introspection. The company currently has a distressed balance sheet with which no reasonable rate increase will cure. PUC members have stated their concerns over the financial, managerial and operational abilities of the company. In the private sector this company would be a prime candidate for bankruptcy or a takeover by a well-positioned buyer. However, Lakes Region Water Co management is asking for continuing financial support to keep the pumps running on a sinking ship. Currently, Lakes Region Water Co hires Lakes Region Water Services to do their maintenance work with a 20% pass through up-charge. This relationship precludes a bidding process that would provide the rate payer with some confidence that the company is concerned about acquiring the lowest costs for rate payers. The present relationship between the two companies does not necessitate a reason for them to formulate a new business model and the public funding will be a continuing return to the Commission for more and more rate increases. Current rates in our community have raised annual charges in excess of \$600. Presently, we are in a fiscal crisis in this country that has many struggling to survive. Examples of poor management are evident

everywhere in our society and it will be necessary to implement good management practices for all of us to recover and prosper. We are very aware that throwing good money on bad management produces more of the same. HVPOA members cannot afford another rate increase under the current operating structure of the Lakes Region Water Company and we urge the Commission to deny a permanent rate increase until the company satisfies the many concerns of those on the Commission and the ratepayers who are represented here today.

Respectfully,
Ted Newman, Jr.
HVPOA