

**In Re:**

***DW 16-619 LAKES REGION WATER COMPANY, INC.  
AND DOCKHAM SHORES ESTATES WATER COMPANY, INC.***

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***Prehearing Conference***

***July 7, 2016***

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***SUSAN J. ROBIDAS, N.H. LCR***

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**DW 16-619 LAKES REGION WATER COMPANY, INC. AND DOCKHAM SHORES ESTATES WATER COMPANY, INC.**

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1 STATE OF NEW HAMPSHIRE  
2 PUBLIC UTILITIES COMMISSION  
3  
4 JULY 7, 2016 - 10:09 A.M.  
5 Public Utilities Commission  
6 21 South Fruit Street  
7 Concord, New Hampshire  
8  
9 RE: DW 16-619  
10 LAKES REGION WATER COMPANY,  
11 INC. AND DOCKHAM SHORES  
12 ESTATES WATER CO., INC.  
13 (Prehearing Conference)  
14  
15 PRESENT: Chairman Martin P. Honigberg, Presiding  
16 Commissioner Robert R. Scott  
17 Commissioner Kathryn M. Bailey  
18 Sandy Deno, Clerk  
19  
20 APPEARANCES:  
21 Reptg. Lakes Region Water Company, Inc.:  
22 Justin C. Richardson, Esq.  
23 (Upton & Hatfield)  
24  
25 Reptg. Dockham Shores Estates Water Co.:  
26 Ethan G. Wood, Esquire  
27 (Patrick Wood Law Office)  
28  
29 COURT REPORTER: SUSAN J. ROBIDAS, N.H. LCR NO. 44  
30  
31 [DW 16-619] {PREHEARING CONFERENCE} [07-07-16]

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1 PROCEEDINGS

2 MR. CHAIRMAN: Good morning. We're

3 here this morning in Docket DW 16-619, which is

4 Lakes Region Water Company's Petition to

5 Transfer Utility Assets of Dockham Shores

6 Estates Water Company. And there's a number of

7 related approvals within that request. It's a

8 prehearing conference this morning to take the

9 preliminary positions of the parties and deal

10 with any other matters we need to deal with

11 before you have a technical session.

12 Before we go any further, let's

13 take appearances.

14 MR. RICHARDSON: Thank you. Good

15 morning, Chairman and Commissioners. Justin

16 Richardson with Upton & Hatfield here on behalf

17 of Lakes Region Water Company. With me here at

18 counsel table I have Leah Valladares to my

19 right, who is the Utilities Manager, and Tom

20 Mason, who is President of Lakes Region Water

21 Company.

22 MR. WOOD: Thank you, Commissioners.

23 Ethan Wood, with the Patrick Wood Law Office.

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1 And with me is Colin Robertson, who is the  
2 President of the Dockham Shores Estates Water  
3 Company.

4 MR. CICALÉ: Good morning,  
5 Commissioners. Nick Cicalé, for the Office of  
6 Consumer Advocate, on behalf of residential  
7 ratepayers. Along with me is Dr. Pradip  
8 Chattopadhyay, Assistant Consumer Advocate.

9 MR. CLIFFORD: John Clifford, on  
10 behalf of Commission Staff. With me at counsel  
11 table is Mark Naylor, Director of the Gas and  
12 Water Division, and Jayson Laflamme, Staff  
13 Analyst.

14 MR. CHAIRMAN: I don't have any  
15 interventions in the file. Are there any  
16 intervenors that any of the parties knows  
17 about?

18 MR. RICHARDSON: I believe Staff  
19 received an e-mail from the homeowner's  
20 association, which Staff shared with us. But I  
21 don't see anyone here, and we know that the  
22 Affidavits of Publication were all properly  
23 noticed and are on file with the Commission.

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<p>1 So I have not been contacted and I've not seen 2 an intervention request. 3 MR. CHAIRMAN: The short version of 4 that is, "I'm not aware of any"; right? 5 MR. RICHARDSON: Correct. 6 MR. CLIFFORD: Staff's not aware of 7 any. We checked the docket this morning. 8 MR. CHAIRMAN: Are there any 9 preliminary matters we need to deal with before 10 we hear your preliminary positions? 11 MR. CLIFFORD: None that I'm aware 12 of. 13 CHAIRMAN HONIGBERG: All right. 14 Hearing none, Mr. Richardson, why don't you 15 proceed. 16 MR. RICHARDSON: Thank you, Mr. 17 Chairman. 18 Lakes Region thinks this is a 19 very good proposal. I won't go through it in 20 all of its details. But we have here a system 21 that needs upgrades. We have a system that 22 needs an operator. This system is located in 23 the areas that are served by Lakes Region. For</p> <p>[DW 16-619] {PREHEARING CONFERENCE} [07-07-16]</p>	<p>1 capital structure of Lakes Region is rather 2 high on the equity side, so this infused debt 3 would help ease the pain for the ratepayers of 4 Lakes Region as that rate case continues 5 forward to an outcome. And the customers of 6 Dockham Shores would definitely benefit by a 7 new operator in the form of Lakes Region for 8 their system. 9 MR. CHAIRMAN: Mr. Clifford. 10 MR. CLIFFORD: Commission Staff is 11 generally supportive of the idea of smaller 12 water companies being acquired by operators 13 with the proper financial, managerial and 14 technical skills to run a water system. 15 Dockham is a small water system, has an aging 16 plant and equipment. There's notation in the 17 file about atmospheric storage tank issues, 18 noted by the Department of Environmental 19 Services in their recent survey. So, while 20 we're generally supportive, we have some 21 concerns, and we will make a -- pay close 22 attention to the issues surrounding the 23 transfer. And I'll make a formal</p> <p>[DW 16-619] {PREHEARING CONFERENCE} [07-07-16]</p>
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<p>1 its part, Lakes Region wants to balance its 2 capital structure. That's been recommended by 3 Staff and other parties in its rate case. And 4 so we've proposed debt financing to move us 5 towards our goal of a 50/50 balance of debt and 6 equity. So we think this is a project that 7 will help and benefit the customers of Dockham 8 Shores and Lakes Region. We've gone through 9 all the details in our petition, and we look 10 forward to working with all the parties in 11 trying to reach a favorable outcome for 12 everyone. 13 MR. CHAIRMAN: Mr. Wood. 14 MR. WOOD: We actually agree 15 wholeheartedly with what Mr. Richardson has 16 said regarding the need to transfer the water 17 company to Lakes Region, and we're looking 18 forward to that. 19 CHAIRMAN HONIGBERG: Mr. Cicale. 20 MR. CICALÉ: The Office of Consumer 21 Advocate is cautiously supportive of the 22 companies' joint filing here for change of 23 control of Dockham Shores to Lakes Region. The</p> <p>[DW 16-619] {PREHEARING CONFERENCE} [07-07-16]</p>	<p>1 recommendation at some point during this 2 proceeding. 3 MR. CHAIRMAN: Commissioner Bailey 4 has a question. 5 QUESTIONS BY CMSR. BAILEY: 6 CMSR. BAILEY: I was going to ask a 7 question about the DES finding in December. 8 Mr. Robertson, you received a 9 letter from DES advising you of a significant 10 deficiency in the filler pipe. And it was my 11 understanding that it was supposed to be 12 corrected in 30 days. Has that been -- has 13 that work been completed? 14 MR. ROBERTSON: Yes. I have a 15 memorandum here from Cindy Klevens from the 16 Department of Environmental Services. She's 17 closed the deficiency based on the repair work 18 that was done by Lakes Region Water recently, 19 and that issue has been resolved. 20 CMSR. BAILEY: Okay. Thank you. 21 Good news. 22 MR. CHAIRMAN: I think Commissioner 23 Scott may have a question as well.</p> <p>[DW 16-619] {PREHEARING CONFERENCE} [07-07-16]</p>

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1 QUESTIONS BY CMSR. SCOTT:

2 CMSR. SCOTT: On Page 3 of Exhibit A,  
3 you mentioned "construction work in progress."  
4 I was curious what is -- is there construction  
5 work in progress, or was that just a space  
6 filler in case there was? I can direct you  
7 more closely to that if you want.

8 MR. ROBERTSON: I don't have any  
9 construction work in progress. I'm not sure  
10 what that refers to.

11 MR. WOOD: I think that was a space  
12 filler, Commissioner.

13 CMSR. SCOTT: Is that correct, Mr.  
14 Richardson?

15 MR. RICHARDSON: That is correct. In  
16 the event there were to be a project that was  
17 in process during closing, then that provision  
18 would control how it was handled and how the  
19 costs were addressed.

20 CMSR. SCOTT: Okay. Thank you. And  
21 I think that's my -- the only other question I  
22 was going to ask was about the DES order. But  
23 I'm happy that's resolved. So, good.

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1 CHAIRMAN HONIGBERG: All right. Is  
2 there anything else we need to do before we  
3 leave you to your technical session?

4 [No verbal response]

5 CHAIRMAN HONIGBERG: Seeing none, we  
6 will adjourn. Thank you all.  
7 (Whereupon the hearing concluded at 10:17 a.m.)

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