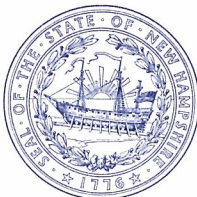


THE STATE OF NEW HAMPSHIRE



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December 8, 2009

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



Re: DA 08-134, Lakes Region Water Company, Inc.
Staff Recommendation on Affiliate Agreement with LRW Water Services, Inc.

Dear Ms. Howland:

On October 28, 2008, Lakes Region Water Company, Inc. (LRWC) filed an affiliate agreement (the agreement) with the Commission in accordance with RSA 366:3. LRWC is a regulated public utility and owns and operates a number of water systems in central and northern New Hampshire. It currently serves approximately 1,600 customers. The agreement has been entered into by LRWC and LRW Water Services, Inc (LRW). LRWC and LRW are under common management.

The agreement, effective August 1, 2008, provides that LRWC and LRW shall, from time to time, utilize the employees and equipment of each entity for its own purposes. LRWC and LRW aver that there are economic benefits to both entities in the sharing of personnel and equipment. Attached to the agreement is an Appendix A, a schedule of rates to be charged by LRWC when its employees or equipment is utilized by LRW. Also attached is an Appendix B, a schedule of rates to be charged by LRW when its employees or equipment is utilized by LRWC.

Staff has reviewed the agreement and recommends the Commission accept it for filing and close this docket. As you know, any costs relating to the agreement can be reviewed in any rate proceeding. In fact, costs incurred by LRWC for services provided by LRW have already been reviewed and accepted by the Commission. In Docket No. DW 08-070, costs incurred by LRWC that were associated with the capital improvements considered in that proceeding were the subject of testimony at a hearing on the settlement agreement proffered by Staff and LRWC in that proceeding. See, *Lakes Region Water*

Company, Inc., Order No. 24,925, December 30, 2008. Therefore, Staff recommends the Commission accept the agreement for filing and close the instant docket.

If you have any questions regarding this matter, please let me know.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark A. Naylor". The signature is fluid and cursive, with a large initial "M" and a stylized "N".

Mark A. Naylor
Director, Gas & Water Division

cc: Service list

TOM MASON
LAKES REGION WATER COMPANY IN
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Docket #: 08-134 Printed: December 08, 2009

FILING INSTRUCTIONS: PURSUANT TO N.H. ADMIN RULE PUC 203.02(a),
WITH THE EXCEPTION OF DISCOVERY, FILE 7 COPIES (INCLUDING COVER LETTER) TO:
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EXEC DIRECTOR & SECRETARY
NHPUC
21 SOUTH FRUIT STREET, SUITE 10
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BULK MATERIALS:

Upon request, Staff may waive receipt of some of its multiple copies of bulk materials filed as data responses. Staff cannot waive other parties' right to receive bulk materials.

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