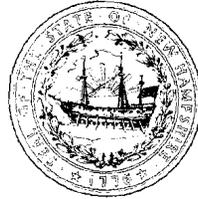


THE STATE OF NEW HAMPSHIRE



**PUBLIC UTILITIES COMMISSION**

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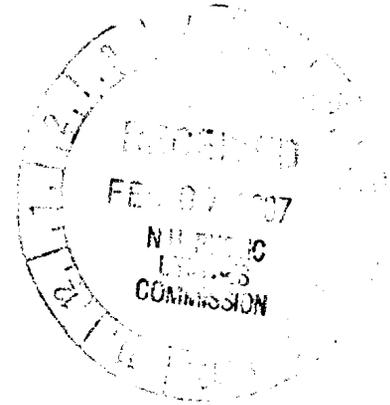
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Debra A. Howland

February 7, 2007



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

Re: DW 06-166 Lakes Region Water Company, Inc., Service Fee Revisions  
Staff Recommendation for Approval

Dear Ms. Howland:

This letter is to provide the results of Staff's analysis of the petition in the above referenced docket, and to offer Staff's recommendation thereon. After a review of the petition, Staff recommends the Commission approve the increased fees as reflected in Lakes Region Water Company, Inc.'s (Lakes Region) revised tariff pages for the reasons set forth below.

On December 8, 2006 the Commission received a petition from Lakes Region for authority to increase certain administrative and service fees contained in its tariff currently on file with the Commission. One of the fee revisions is set forth on page 4, item 1, regarding an application for service. See, tariff Original Page 4, Terms and Conditions. The currently effective amount for Lakes Region's New Customer Service fee is \$18 and Lakes Region seeks to raise this amount to \$25.00.

Lakes Region also requests increases in service charges at the customers' premises for such activities as shutoffs, connections and reconnections. See tariff Original Page 6, paragraph 13, Service Charges. The service charges include labor wages, administrative costs, vehicle capital and fuel costs. The service charges vary in accordance with miles traveled to the various Lakes Region systems. For the four recently acquired systems, Indian Mound, Deer Cove, Lake Ossipee Village and Gunstock Glen, service fees were established in previously approved individual tariffs for those systems under the previous ownership. Those systems are now covered under Lakes Region's service charges and have been adjusted accordingly to reflect the above cost components.

The Indian Mound system's Service Call charge in its tariff in effect prior to its acquisition by Lakes Region was \$60, and in its petition, Lakes Region left that fee unchanged. As a result of recent discussions between Staff and Lakes Region representatives, Lakes Region requested that the \$60 amount be reduced to \$50 in order to more accurately reflect distance traveled and to be more consistent with fees charged to other systems. The change from the original filing was confirmed by a letter from Lakes Region to the Commission filed on January 26, 2007. The proposed Service Call charges for Lakes Region are as follows:

<u>System</u>	<u>Area</u>	<u>Miles</u>	<u>Present Charge</u>	<u>New Charge</u>
Far Echo Harbor	Moultonboro	≤ 15	\$30	\$40
Paradise Shores	Moultonboro	≤ 15	\$30	\$40
West Point	Moultonboro	≤ 15	\$30	\$40
Hidden Valley	Tuftonboro	17.5	\$35	\$45
Tamworth Water Works	Tamworth	17.5	\$35	\$45
Wentworth Cove	Laconia/Gilford	28	\$40	\$50
Pendleton Cove	Laconia/Gilford	28	\$40	\$50
Brake Hill	Laconia/Gilford	28	\$40	\$50
Indian Mound	Ossipee/Freedom	26	\$60	\$50
Deer Cove	Ossipee/Freedom	26	\$50	\$50
Lake Ossipee village	Ossipee/Freedom	26	\$50	\$50
Gunstock Glen	Laconia/Gilford	28	\$15	\$50
Waterville Valley Gateway	Campton/Thornton	39.5	\$42	\$55
Deer Run	Campton/Thornton	39.5	\$42	\$55
175 Estates	Campton/Thornton	39.5	\$42	\$55
Woodland Grove	Conway	39.5	\$42	\$55
Echo Lake Woods	Conway	39.5	\$42	\$55

Staff believes that Lakes Region's request for increases in its tariff fees are reasonable and more accurately reflect current costs of the services performed. Of the total operating revenues of \$717,987 in Lakes Region's last rate proceeding approved by Commission Order No. 24, 692, dated October 31, 2006, income from the currently effective fees in that proceeding was approximately \$40,000 or about 5.5% of Lakes Region's total operating revenues. Should the increases be approved, any additional revenue resulting from the increased fees is estimated to be approximately \$10,000 and would not place Lakes Region in an over earning situation especially given the capital improvements Lakes Region will be undertaking for metering and installation of storage facilities in 2007. The fees currently in effect have been in place for over ten years and Staff believes it is reasonable that they should be changed to reflect increases in fuel, labor, and vehicle costs over the years.

For the above reasons, Staff recommends the Commission approve the requested increases to the Service Charges on page 6, item 13 of NHPUC No. 6-WATER Lakes Region Water Company, Inc. Staff also recommends the Commission approve the revised New Customer service fee identified on pages 4, item 1 of NHPUC No.- 6 Lakes Region Water Company Inc. In order to afford Lakes Region customers an opportunity to appear before the

DW 06-166 Lakes Region Water Company, Inc.  
Staff Recommendation on Service Fee Revisions  
Page 3 of 3

Commission regarding the above changes to the fee structure, Staff recommends the Commission issue an Order *Nisi* to allow a hearing if interested persons so request.

If there are any questions regarding this, please let me know.

Sincerely,



James L. Lenihan  
Utility Analyst  
Gas & Water Division

cc: Service list