

DW 06-166

LAKES REGION WATER COMPANY, INC.

Petition for Tariff Modifications Regarding Service Fees

Order *Nisi* Approving Modified Service Fees

ORDER NO. 24,730

February 16, 2007

Lakes Region Water Company, Inc., (Lakes Region), which provides water service in parts of Campton, Thornton, Conway, Laconia, Gilford, Ossipee, Freedom, Tamworth, Wolfeboro, Tuftonboro, and Moultonboro, filed a request with the New Hampshire Public Utilities Commission (Commission) on December 8, 2006 to increase certain service fees. Lakes region amended its filing on January 24, 2007.

At issue is Lakes Region's new customer service fee as well as service charges for shutoffs, connections, disconnections and reconnections. Currently, Lakes Region charges a new customer service fee of \$18.00, which the Company seeks to increase to \$25.00. Lakes Region currently imposes service charges for shutoffs, connections, and disconnections that range from \$40.00 to \$60.00 depending on how far away the water system is located from Lakes Region's main office.

On February 7, 2007, Commission Staff (Staff) filed a letter recommending approval of the proposed fees. Staff concluded that Lakes Region's request is reasonable because the proposed charges would more accurately reflect the cost of providing the services involved. Staff also noted that the current fees have been in effect for over ten years without adjustment to reflect increased costs. According to Lakes Region, its office staff labor rate is now

approximately \$14.00 per hour, which is significantly more than it was at the time the current customer service fee was established.

With respect to the service charge applicable to shutoffs, connections, and reconnections, Staff prepared the following chart to summarize the present and proposed charges by system:

<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

As with the new customer service fee, Lakes Region states the service charges have also not been adjusted in years to reflect increases in costs. Several of the systems -- Indian Mound, Deer Cove, Lake Ossipee Village, and Gunstock Glen -- are recent acquisitions, with service fees that were set under a prior owner.

In Order No. 24,692 (October 31, 2006), we approved a general rate increase for Lakes Region without revising the fees at issue here. According to Staff, Lakes Region's annual income from the currently effective fees is approximately \$40,000, or about 5.5 percent, of the Company's total operating revenues. Staff estimated that the proposed fee increases would generate approximately \$10,000 in additional revenue. According to Staff, this increase would

not cause Lakes Region to earn a return on investment in excess of that already authorized because planned capital improvement projects, such as installing meters and constructing a water storage facility, would likely absorb the additional revenue. *See Lakes Region Water Company, Inc.*, 88 NH PUC 653 (2003) (approving projects) and Order No. 24,693, slip op. at 9 (describing current financial effects of these projects and approving step adjustment to general rates).

Based on our review of the filing and Staff's analysis, and pending any requests for further proceedings, we find that the proposed fees are lawful, just and reasonable. Although Lakes Region requested an effective date of December 1, 2006, RSA 378:3 requires at least 30 days' notice to the Commission prior to a change in any rates. We thus adopt an appropriate effective date on a nisi basis to allow an opportunity for public comment.

Based upon the foregoing, it is hereby

ORDERED NISI, that subject to the effective date below, Lakes Region Water Company, Inc., is authorized to revise its new customer service fee and service charges as identified above; and it is

FURTHER ORDERED, that Lakes Region Water Company, Inc. shall cause a copy of this Order *Nisi* to be published once in a state-wide newspaper of general circulation or of circulation in those portions of the state where operations are conducted, with a copy mailed to the Town Clerk in each town served, such publication to be no later than February 26, 2007 and to be documented by affidavit filed with this office on or before March 16, 2007; and it is

FURTHER ORDERED, that all persons interested in responding to this Order *Nisi* be notified that they may submit their comments or file a written request for a hearing which states

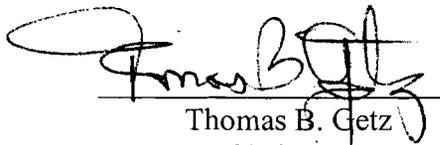
the reason and basis for a hearing no later than March 5, 2007 for the Commission's consideration; and it is

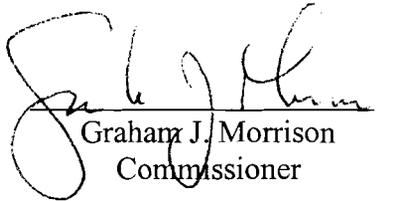
FURTHER ORDERED, that any party interested in responding to such comments or request for hearing shall do so no later than March 12, 2007; and it is

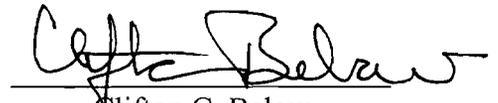
FURTHER ORDERED, that this Order *Nisi* shall be effective March 16, 2007, unless Lakes Region Water Company, Inc. fails to satisfy the publication obligation set forth above or the Commission provides otherwise in a supplemental order issued prior to the effective date; and it is

FURTHER ORDERED, that Lakes Region Water Company, Inc. file a compliance tariff on or before March 16, 2007 in accordance with N.H. Admin. Rule Puc 1605.02.

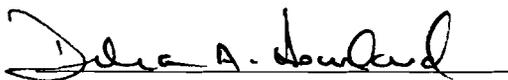
By order of the Public Utilities Commission of New Hampshire this sixteenth day of February 2007.


Thomas B. Getz
Chairman


Graham J. Morrison
Commissioner


Clifton C. Below
Commissioner

Attested by:


Debra A. Howland
Executive Director & Secretary