

THE STATE OF NEW HAMPSHIRE

CHAIRMAN
Martin P. Honigberg

COMMISSIONERS
Robert R. Scott
Kathryn M. Bailey

EXECUTIVE DIRECTOR
Debra A. Howland



PUBLIC UTILITIES COMMISSION
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February 24, 2017

Debra A. Howland, Executive Director
New Hampshire Public Utilities Commission
21 South Fruit Street, Suite 10
Concord, NH 03301-2429

**RE: DW 15-209 Lakes Region Water Company, Inc.
Rate Case Expense and Temp/Perm Rate Reconciliation Surcharges**

Dear Ms. Howland:

On December 28, 2016, Lakes Region Water Company, Inc. (Lakes Region) submitted to the Commission Staff (Staff) its proposal for recovery of rate case expenses and temporary/permanent rate revenue recoupment relative to the above-referenced docket. Recovery of rate case expenses are authorized pursuant to NH Code Admin Rules Puc 1900 *et seq.* Lakes Region's submission was made in accordance with a settlement agreement which was approved by the Commission in Order No. 25,969 on November 28, 2016. Staff is recommending that the Commission approve a combined total recovery amount for Lakes Region of \$128,575 via a customer surcharge of \$9.51 to be assessed over 8 billing quarters to its 1,690 current general water customers. A discussion relative to the basis for Staff's recommendation follows.

Lakes Region's filing requested recovery of a combined total of \$174,035 consisting of rate case expenses of \$135,460 and a temporary/permanent rate reconciliation recovery of \$38,575. In order to recover this amount, Lakes Region further proposed a quarterly surcharge for its 1,690 ratepayers of \$12.87 over 8 billing quarters. Lakes Region's summary of rate case expenses and temporary/permanent rate revenue reconciliation is attached.

Lakes Region submitted copies of invoices in support of its proposed rate case expense recovery amount which Staff thoroughly reviewed. As the basis for calculating the temporary/permanent rate revenue reconciliation, Lakes Region also submitted spreadsheets detailing its customer's monthly usage for the period from the effective date of temporary rates through the date upon which the new permanent rates were billed. Based upon these spreadsheets, Staff reviewed Lakes Region's revenue recovery calculations. Staff also propounded discovery to Lakes Region relative to its filing, to which the Company responded. A copy of Lakes Region's discovery responses are also attached to this correspondence.

With regard to Lakes Region's request to recover \$38,575 as the revenue differential between temporary and permanent rates, Staff's analysis supports the Company's calculations. Therefore, Staff recommends the Commission approve recovery of \$38,575 in temporary/permanent rate revenue reconciliation surcharges for Lakes Region.

With regard to Lakes Region's request to recover \$135,460 in rate case expenses, Staff recommends that a total of \$45,460 should be deducted from this amount in order to arrive at a recovery amount of \$90,000. Staff bases this recommendation partly upon the fact that a substantial portion of Lakes Region's rate request and, thereby, a substantial portion of the rate proceeding was devoted to the Company's erroneous application of AFUDC to its proposed Mt. Roberts property acquisition. Ultimately, Lakes Region agreed to withdraw its proposed use of AFUDC from its rate proposal which led to a change in the structure of the Mt. Roberts transaction. These amendments to the original rate proposal also served to further increase Lakes Region's already substantial rate case expenses for this proceeding. A second reason that Staff feels that a significant reduction in Lakes Region's proposed rate case expenses are justified is related to the Company's continued extensive use of outside consultants in this case despite the fact that it hired a Utility Manager in 2013. In Commission Order No. 25,496 (April 23, 2013), the Commission approved the inclusion of \$59,546 in customer rates which recovers costs associated with the Company's Utility Manager.

A comparison of the proposed adjusted rate case expense amount of \$90,000 to other approved rate case expense amounts in other recent cases, see attached schedule, shows that the adjusted surcharge of \$53.25 per customer ($\$90,000 \div 1,690$) is reasonable, especially when compared to the \$80.15 ($\$135,460 \div 1,690$) total customer surcharge requested by the Company. Further, in Lakes Region's last rate case, DW 10-141, it was authorized to collect a rate case expense surcharge of \$93.10 per customer. Staff believes that it is unnecessary for Lakes Region's customers to continue to bear such a level of rate case expense when customer rates were already increased for the hiring of a business manager specifically to reduce outside consultant costs.

In conclusion, Staff recommends that Lakes Region be authorized to recover its rate case expenses of \$90,000 and temporary/permanent rate reconciliation charges of \$38,575, for a total recovery of \$128,575, through a surcharge of \$9.51 per ratepayer in 8 quarterly installments at the same time as water rates are due.

Lakes Region and the Office of Consumer Advocate (OCA) have reviewed Staff's recommendations. The OCA reluctantly agrees not to contest Staff's recommendation because the OCA believes that in the circumstances even the recovery of \$90,000 in rate cases expenses is excessive given the size of the revenue deficiency ultimately approved in the case. Lakes Region disagrees with Staff's recommendations and will be issuing a statement of their position under separate cover.

If you have any questions regarding the above, please do not hesitate to contact me.

Sincerely,



Robyn J. Descoteau

Utility Analyst, Gas & Water Division

Attachment: Lakes Region's calculation of temporary/permanent rate surcharge, Attachment A
Lakes Region's summary of rate case expenses, Attachment B
Staff discovery requests, Attachment C
Rate Case Expense comparison, Attachment D

cc: Service List

Calculation of the
Temporary/Permanent Rate Reconciliation

2015 Cycle 1 09/14/2015 - 12/31/2015			2016 Cycle 1 01/01/2016 - 01/28/2016			Grand Totals Per Cycle
Initial Rate	Permanent Rate	Difference	Initial Rate	Permanent Rate	Difference	
Paradise Shores 02	\$ 69,765.85	\$ 76,511.90	\$ 6,746.05	\$ 18,274.02	\$ 19,998.30	\$ 1,724.28
Deer Run 08	\$ 10,983.71	\$ 12,024.19	\$ 1,040.48	\$ 2,844.42	\$ 3,110.97	\$ 266.55
Woodland Grove 09	\$ 15,064.88	\$ 16,484.66	\$ 1,419.78	\$ 3,931.31	\$ 4,300.09	\$ 368.78
Echo Lake Woods 10	\$ 8,541.79	\$ 9,347.10	\$ 805.30	\$ 2,145.17	\$ 2,347.50	\$ 202.33
Total 2015		\$ 10,011.61	Total 2016		\$ 2,561.94	\$ 12,573.55

2015 Cycle 4 09/14/2015 - 12/31/2015			2016 Cycle 4 01/01/2016 - 03/31/2016			Grand Totals Per Cycle
Initial Rate	Permanent Rate	Difference	Initial Rate	Permanent Rate	Difference	
Tamworth 12	\$ 18,714.10	\$ 20,577.26	\$ 1,863.15	\$ 15,795.39	\$ 17,367.96	\$ 1,572.57
Total 2015		\$ 1,863.15	Total 2016		\$ 1,572.57	\$ 3,435.72

2015 Cycle 2 09/14/2015 - 10/31/2015			2016 Cycle 2 11/01/2015 - 01/31/2016			Grand Totals Per Cycle
Initial Rate	Permanent Rate	Difference	Initial Rate	Permanent Rate	Difference	
Far Echo 01	\$ 7,046.47	\$ 7,710.96	\$ 664.49	\$ 11,009.35	\$ 12,049.40	\$ 1,040.05
West Point 03	\$ 3,468.41	\$ 3,795.50	\$ 327.08	\$ 5,835.68	\$ 6,363.22	\$ 527.54
Hidden Valley 05	\$ 9,510.48	\$ 10,407.53	\$ 897.05	\$ 16,181.25	\$ 17,701.74	\$ 1,520.49
175 Estates 13	\$ 3,590.17	\$ 3,947.60	\$ 357.43	\$ 6,881.16	\$ 7,566.24	\$ 685.08
Lake Ossipee Village 15	\$ 18,929.99	\$ 20,814.64	\$ 1,884.65	\$ 36,438.87	\$ 40,066.68	\$ 3,627.81
Total 2015		\$ 4,130.70	Total 2016		\$ 7,400.97	\$ 11,531.67

2015 Cycle 3 09/14/2015 - 11/30/2015			2016 Cycle 3 12/01/2015 - 01/28/2016			Grand Totals Per Cycle
Initial Rate	Permanent Rate	Difference	Initial Rate	Permanent Rate	Difference	
Waterville/Gateway 04	\$ 11,108.89	\$ 12,156.60	\$ 1,047.71	\$ 8,716.15	\$ 9,539.82	\$ 823.67
Wentworth Cove 06	\$ 7,528.65	\$ 8,238.58	\$ 709.93	\$ 5,591.84	\$ 6,119.21	\$ 527.37
Pendleton Cove 07	\$ 10,118.13	\$ 11,071.94	\$ 953.81	\$ 6,943.38	\$ 7,598.34	\$ 654.96
Brake Hill 11	\$ 7,431.61	\$ 8,131.65	\$ 700.04	\$ 5,350.03	\$ 5,854.16	\$ 504.13
Deer Cove 14	\$ 6,836.48	\$ 7,517.11	\$ 680.63	\$ 5,171.18	\$ 5,686.02	\$ 514.84
Indian Mound 16	\$ 14,613.01	\$ 16,065.98	\$ 1,452.97	\$ 11,153.53	\$ 12,263.96	\$ 1,110.43
Gunstock Glen 17	\$ 7,238.62	\$ 7,959.29	\$ 720.67	\$ 5,554.75	\$ 6,131.98	\$ 577.23
Total 2015		\$ 6,265.76	Total 2016		\$ 4,712.63	\$ 10,978.39

\$ 38,519.33

2015 Cycle 3			2016 Cycle 3			
09/14/2015 - 11/30/2015			12/01/2015 - 01/28/2016			
	Initial Rate	Permanent Rate	Difference	Initial Rate	Permanent Rate	Difference
Waterville Valley Pool	\$ 310.38	\$ 342.25	\$ 31.87	\$ 234.77	\$ 258.88	\$ 24.11

Grad Total WVG Pool \$ 55.97

\$ 38,575.31

Total Including WVG Pool

2015

DW15-209 Temporary Rates

Cycle 1							
9/14/2015				12/31/2015			
#	Division	Base	Metered	Base	Base Increase	Metered	Metered Increase
2	Paradise Shores	123.58	4.81	135.26	11.68	5.26	0.45
8	Deer Run	123.58	4.81	135.26	11.68	5.26	0.45
9	Woodland Grove	123.58	4.81	135.26	11.68	5.26	0.45
10	Echo Lake Woods	123.58	4.81	135.26	11.68	5.26	0.45
Cycle 4 billed with Cycle 1 9/14/2015				12/31/2015			
12	Tamworth Water Works	156.39	NA	171.96	15.57	NA	NA
Cycle 2							
9/14/2015				10/31/2015			
#	Division	Base	Metered	Base	Base Increase	Metered	Metered Increase
1	Far Echo Harbor	123.58	4.81	135.26	11.68	5.26	0.45
3	West Point	123.58	4.81	135.26	11.68	5.26	0.45
5	Hidden Valley	123.58	4.81	135.26	11.68	5.26	0.45
13	175 Estates	156.39	NA	171.96	15.57	NA	NA
15	Lake Ossipee Village	156.39	NA	171.96	15.57	NA	NA
Cycle 3							
9/14/2015				11/30/2015			
#	Division	Base	Metered	Base	Base Increase	Metered	Metered Increase
4	Waterville Valle Pool	362.11		399.29	37.18		
4	Waterville Valley/Gatev	123.58	4.81	135.26	11.68	5.26	0.45
6	Wentworth Cove	123.58	4.81	135.26	11.68	5.26	0.45
7	Pendleton Cove	123.58	4.81	135.26	11.68	5.26	0.45
11	Brake Hill	123.58	4.81	135.26	11.68	5.26	0.45
14	Deer Cove	156.39	NA	171.96	15.57	NA	NA
16	Indian Mound	156.39	NA	171.96	15.57	NA	NA
17	Gunstock Glen	156.39	NA	171.96	15.57	NA	NA

2016

DW15-209 Temporary Rates

Cycle 1							
1/1/2016				1/28/2016			
#	Division	Base	Metered	Base	Base Increase	Metered	Metered Increase
2	Paradise Shores	123.58	4.81	135.26	11.68	5.26	0.45
8	Deer Run	123.58	4.81	135.26	11.68	5.26	0.45
9	Woodland Grove	123.58	4.81	135.26	11.68	5.26	0.45
10	Echo Lake Woods	123.58	4.81	135.26	11.68	5.26	0.45
Cycle 4 billed with Cycle 1 1/1/2016				3/31/2016			
12	Tamworth Water Works	156.39	NA	171.96	15.57	NA	NA
TWW was never billed for FEB & March temporary Rates							
Cycle 2							
11/1/2015				1/31/2016			
#	Division	Base	Metered	Base	Base Increase	Metered	Metered Increase
1	Far Echo Harbor	123.58	4.81	135.26	11.68	5.26	0.45
3	West Point	123.58	4.81	135.26	11.68	5.26	0.45
5	Hidden Valley	123.58	4.81	135.26	11.68	5.26	0.45
13	175 Estates	156.39	NA	171.96	15.57	NA	NA
15	Lake Ossipee Village	156.39	NA	171.96	15.57	NA	NA
Cycle 3							
12/1/2015				1/28/2016			
#	Division	Base	Metered	Base	Base Increase	Metered	Metered Increase
4	Waterville Valle Pool	362.11		399.29	37.18		
4	Waterville Valley/Gatev	123.58	4.81	135.26	11.68	5.26	0.45
6	Wentworth Cove	123.58	4.81	135.26	11.68	5.26	0.45
7	Pendleton Cove	123.58	4.81	135.26	11.68	5.26	0.45
11	Brake Hill	123.58	4.81	135.26	11.68	5.26	0.45
14	Deer Cove	156.39	NA	171.96	15.57	NA	NA
16	Indian Mound	156.39	NA	171.96	15.57	NA	NA
17	Gunstock Glen	156.39	NA	171.96	15.57	NA	NA

DW 15-209
12/27/2016

Calculation of the Temporary/Permanent Rate Reconciliation

Attachment A

Lakes Region Water Co., Inc.
Summary of Billing Activity 2015
Volume and Cust Count

12/27/2016 11:43:21

Note: TWW (12) 175 Estates (13) DC (14) LOV (15) IM (16) GC (17) are non metered systems

Division	1 feh	2 ps	3 wp	4 wvg	5 hv	6 wc	7 pc	8 dr	9 wg	10 elw	11 bh	12 tww	13 175	14 dc	15 lov	16 im	17 gg	Total
Volume /100 cf - [from customer billings]																		
1st qtr																		
2nd qtr																		
3rd qtr		3589						457	825	717		0						5588
4th qtr	624	1680	303	562	758	413	630	404	727	304	595	0	0	0	0	0	0	7000
Total	624	5269	303	562	758	413	630	861	1552	1021	595	0	0	0	0	0	0	12588
Customer Count																		
1st qtr												101						0
2nd qtr												101						101
3rd qtr		398						59	74	44		101						676
4th qtr	85	401	42	83	118	55	71	59	74	44	47	0	44	51	232	109	54	1569
Total	85	799	42	83	118	55	71	118	148	88	47	202	44	51	232	109	54	2346

Lakes Region Water Co., Inc.
Summary of Billing Activity 2016
Volume and Cust Count

Division	1 feh	2 ps	3 wp	4 wvg	5 hv	6 wc	7 pc	8 dr	9 wg	10 elw	11 bh	12 tww	13 175	14 dc	15 lov	16 im	17 gg	Total
Volume /100 cf - [from customer billings]																		
1st qtr	105		104	663	331	380	428	405	754	319	508	0	0	0	0	0	0	
2nd qtr	98	2632	108	618	345	380	471	415	885	523	528	0	0	0	0	0	0	
3rd qtr	566	3658	290	723	766	723	966	460	835	784	1117	0	0	0	0	0	0	
4th qtr	563		316	631	711	346	716				654	0	0	0	0	0	0	
Total	1332	8309	818	2635	2153	1829	2581	1280	2474	1626	2807	0	0	0	0	0	0	27844
Customer Count																		
1st qtr	85	402	43	83	118	55	70	59	74	44	47	101	44	51	233	110	55	1674
2nd qtr	85	403	43	83	118	55	70	59	74	44	49	101	44	51	233	110	55	1677
3rd qtr	85	404	43	83	118	55	70	59	74	44	50	101	44	51	233	110	55	1679
4th qtr	85		43	83	118	55	72				53	101	44	52	233	110	55	1104
Total	340	1209	172	332	472	220	282	177	222	132	199	404	176	205	932	440	220	6134

12/27/2016

Lakes Region Water Co., Inc.
Summary of Billing for 2015

Division	1 feh	2 ps	3 wp	4 wvg	5 hv	6 wc	7 pc	8 dr	9 wg	10 elw	11 bh	12 tww	13 175	14 dc	15 lov	16 im	17 gc	Total
Normal Metered (Unmetered) Income																		
1st bill																		0.00
2nd bill												\$ 15,795.39						15795.39
3rd bill		\$ 66,296.14						\$ 9,466.55	13113.17	\$ 8,886.29		\$ 15,795.39						113557.54
4th bill	\$ 13,505.74	\$ 57,515.48	\$ 6,647.79	\$ 12,960.37	\$ 18,228.42	\$ 8,783.43	\$ 11,804.48	\$ 9,234.46	12641.79	\$ 6,899.76	\$ 8,670.21	\$ -	\$ 6,881.16	\$ 7,975.89	\$ 36,282.48	\$ 17,048.51	\$ 8,445.06	243525.03
Total	\$ 13,505.74	\$ 123,811.62	\$ 6,647.79	\$ 12,960.37	\$ 18,228.42	\$ 8,783.43	\$ 11,804.48	\$ 18,701.01	25754.96	\$ 15,786.05	\$ 8,670.21	\$ 31,590.78	\$ 6,881.16	\$ 7,975.89	\$ 36,282.48	\$ 17,048.51	\$ 8,445.06	372877.96

Normal Income Prorated Beg.Sept.14th

1st bill												\$ 2,918.71						0.00
2nd bill												\$ 15,795.39						2918.71
3rd bill		\$ 12,250.37						\$ 1,749.25	\$ 2,423.09	\$ 1,642.03		\$ 15,795.39						33860.14
4th bill	\$ 7,046.47	\$ 57,515.48	\$ 3,468.41	\$ 11,108.89	\$ 9,510.48	\$ 7,528.65	\$ 10,118.13	\$ 9,234.46	\$ 12,641.79	\$ 6,899.76	\$ 7,431.61	\$ -	\$ 3,590.17	\$ 6,836.48	\$ 18,929.99	\$ 14,613.01	\$ 7,238.62	193712.40
Total	\$ 7,046.47	\$ 69,765.85	\$ 3,468.41	\$ 11,108.89	\$ 9,510.48	\$ 7,528.65	\$ 10,118.13	\$ 10,983.71	\$ 15,064.88	\$ 8,541.79	\$ 7,431.61	\$ 18,714.10	\$ 3,590.17	\$ 6,836.48	\$ 18,929.99	\$ 14,613.01	\$ 7,238.62	230491.25

Temporary Metered (unmetered) Income

1st bill												\$ 17,367.96						0.00
2nd bill												\$ 17,367.96						17367.96
3rd bill		\$ 72,711.62						\$ 10,384.16	\$ 14,348.74	\$ 9,722.86		\$ 17,367.96						124535.34
4th bill	\$ 14,779.34	\$ 63,076.06	\$ 7,274.70	\$ 14,182.70	\$ 19,947.76	\$ 9,611.68	\$ 12,917.26	\$ 10,105.38	\$ 13,833.26	\$ 7,550.48	\$ 9,486.92	\$ -	\$ 7,566.24	\$ 8,769.96	\$ 39,894.72	\$ 18,743.64	\$ 9,285.84	267025.94
Total	\$ 14,779.34	\$ 135,787.68	\$ 7,274.70	\$ 14,182.70	\$ 19,947.76	\$ 9,611.68	\$ 12,917.26	\$ 20,489.54	\$ 28,182.00	\$ 17,273.34	\$ 9,486.92	\$ 34,735.92	\$ 7,566.24	\$ 8,769.96	\$ 39,894.72	\$ 18,743.64	\$ 9,285.84	408929.24

Calculation of the Temporary/Permanent Rate Reconciliation

Temporary Income Prorated Beg.Sept 14th

1st bill																			0.00
2nd bill																			3209.30
3rd bill		\$ 13,435.84						\$ 1,918.81	\$ 2,651.40	\$ 1,796.62			\$ 3,209.30						37170.63
4th bill	\$ 7,710.96	\$ 63,076.06	\$ 3,795.50	\$ 12,156.60	\$ 10,407.53	\$ 8,238.58	\$ 11,071.94	\$ 10,105.38	\$ 13,833.26	\$ 7,550.48	\$ 8,131.65	\$ -	\$ 3,947.60	\$ 7,517.11	\$ 20,814.64	\$ 16,065.98	\$ 7,959.29		212382.55
Total	\$ 7,710.96	\$ 76,511.90	\$ 3,795.50	\$ 12,156.60	\$ 10,407.53	\$ 8,238.58	\$ 11,071.94	\$ 12,024.19	\$ 16,484.66	\$ 9,347.10	\$ 8,131.65	\$ 20,577.26	\$ 3,947.60	\$ 7,517.11	\$ 20,814.64	\$ 16,065.98	\$ 7,959.29		252762.47

2015 Difference \$ 664.49 \$ 6,746.05 \$ 327.08 \$ 1,047.71 \$ 897.05 \$ 709.93 \$ 953.81 \$ 1,040.48 \$ 1,419.78 \$ 805.30 \$ 700.04 \$ 1,863.15 \$ 357.43 \$ 680.63 \$ 1,884.65 \$ 1,452.97 \$ 720.67 \$ 22,271.22

Lakes Region Water Co., Inc.
Summary of Billing for 2016

Division	1 feh	2 ps	3 wp	4 wvg	5 hv	6 wc	7 pc	8 dr	9 wg	10 elw	11 bh	12 twv	13 175	14 dc	15 lov	16 im	17 gc	Total
<u>Normal Metered (Unmetered) Income</u>																		
1st bill	\$ 11,009.35	\$ 18,274.02	\$ 5,835.68	\$ 8,716.15	\$ 16,181.25	\$ 5,591.84	\$ 6,943.38	\$ 2,844.42	\$ 3,931.31	\$ 2,145.17	\$ 5,350.03	\$ 15,795.39	\$ 6,881.16	\$ 5,171.18	\$ 36,438.87	\$ 11,153.53	\$ 5,554.75	\$ 167,817.47
2nd bill																		\$ -
3rd bill																		\$ -
4th bill																		\$ -
Total	\$ 11,009.35	\$ 18,274.02	\$ 5,835.68	\$ 8,716.15	\$ 16,181.25	\$ 5,591.84	\$ 6,943.38	\$ 2,844.42	\$ 3,931.31	\$ 2,145.17	\$ 5,350.03	\$ 15,795.39	\$ 6,881.16	\$ 5,171.18	\$ 36,438.87	\$ 11,153.53	\$ 5,554.75	\$ 167,817.47

Temporary Metered (Unmetered) Income

1st bill	\$ 12,049.40	\$ 19,998.30	\$ 6,363.22	\$ 9,539.82	\$ 17,701.74	\$ 6,119.21	\$ 7,598.34	\$ 3,110.97	\$ 4,300.09	\$ 2,347.50	\$ 5,854.16	\$ 17,367.96	\$ 7,566.24	\$ 5,686.02	\$ 40,066.68	\$ 12,263.96	\$ 6,131.98	
2nd bill																		
3rd bill																		
4th bill																		
Total	\$ 12,049.40	\$ 19,998.30	\$ 6,363.22	\$ 9,539.82	\$ 17,701.74	\$ 6,119.21	\$ 7,598.34	\$ 3,110.97	\$ 4,300.09	\$ 2,347.50	\$ 5,854.16	\$ 17,367.96	\$ 7,566.24	\$ 5,686.02	\$ 40,066.68	\$ 12,263.96	\$ 6,131.98	\$ 184,065.58
2016 Difference	\$ 1,040.05	\$ 1,724.28	\$ 527.54	\$ 823.67	\$ 1,520.49	\$ 527.37	\$ 654.96	\$ 266.55	\$ 368.78	\$ 202.33	\$ 504.13	\$ 1,572.57	\$ 685.08	\$ 514.84	\$ 3,627.81	\$ 1,110.43	\$ 577.23	\$ 16,248.11
Grand Total 2015 / 2016	\$ 1,704.54	\$ 8,470.33	\$ 854.62	\$ 1,871.38	\$ 2,417.54	\$ 1,237.30	\$ 1,608.78	\$ 1,307.03	\$ 1,788.56	\$ 1,007.63	\$ 1,204.17	\$ 3,435.72	\$ 1,042.51	\$ 1,195.47	\$ 5,512.46	\$ 2,563.40	\$ 1,297.90	\$ 38,519.33

As of December 01, 2016

Name/Description of Service	Total
Norman Roberge Outside Consulting & Accounting Service	\$12,840.00
Steve P. St. Cyr Outside Consulting & Accounting Service	\$49,884.43
Upton & Hatfield - Justin Richardson Legal Counsel & Legal Service	\$68,639.45
Union Leader Posting of Notice	\$494.55
Steven E. Patenaude, CSR Transcription of Hearing	\$695.45
Rate Case Audit Adjustments	\$2,906.25
Grand Total of Rate Case Expenses	\$135,460.13

DW 15-209

Lakes Region Water Company
Request for Change in Rates

Lakes Region Water Company's Responses to
Staff Data Requests, Set 4

Date Request Received: 01/09/2017
Request No. 4-1

Date of Response:
Witness: Leah Valladares

Request:

Please provide an electronic version of Attachment A: Temporary/Permanent Rate Reconciliation calculation.

Response:

Electronically filed on January 18, 2017

Calculation of the
Temporary/Permanent Rate Reconciliation

2015 Cycle 1 09/14/2015 - 12/31/2015			2016 Cycle 1 01/01/2016 - 01/28/2016			Grand Totals Per Cycle
Initial Rate	Permanent Rate	Difference	Initial Rate	Permanent Rate	Difference	
Paradise Shores 02	\$ 69,765.85	\$ 76,511.90	\$ 6,746.05	\$ 18,274.02	\$ 19,998.30	\$ 1,724.28
Deer Run 08	\$ 10,983.71	\$ 12,024.19	\$ 1,040.48	\$ 2,844.42	\$ 3,110.97	\$ 266.55
Woodland Grove 09	\$ 15,064.88	\$ 16,484.66	\$ 1,419.78	\$ 3,931.31	\$ 4,300.09	\$ 368.78
Echo Lake Woods 10	\$ 8,541.79	\$ 9,347.10	\$ 805.30	\$ 2,145.17	\$ 2,347.50	\$ 202.33
Total 2015		\$ 10,011.61	Total 2016		\$ 2,561.94	\$ 12,573.55
2015 Cycle 4 09/14/2015 - 12/31/2015			2016 Cycle 4 01/01/2016 - 03/31/2016			
Tamworth 12	\$ 18,714.10	\$ 20,577.26	\$ 1,863.15	\$ 15,795.39	\$ 17,367.96	\$ 1,572.57
Total 2015		\$ 1,863.15	Total 2016		\$ 1,572.57	\$ 3,435.72
2015 Cycle 2 09/14/2015 - 10/31/2015			2016 Cycle 2 11/01/2015 - 01/31/2016			
Far Echo 01	\$ 7,046.47	\$ 7,710.96	\$ 664.49	\$ 11,009.35	\$ 12,049.40	\$ 1,040.05
West Point 03	\$ 3,468.41	\$ 3,795.50	\$ 327.08	\$ 5,835.68	\$ 6,363.22	\$ 527.54
Hidden Valley 05	\$ 9,510.48	\$ 10,407.53	\$ 897.05	\$ 16,181.25	\$ 17,701.74	\$ 1,520.49
175 Estates 13	\$ 3,590.17	\$ 3,947.60	\$ 357.43	\$ 6,881.16	\$ 7,566.24	\$ 685.08
Lake Ossipee Village 15	\$ 18,929.99	\$ 20,814.64	\$ 1,884.65	\$ 36,438.87	\$ 40,066.68	\$ 3,627.81
Total 2015		\$ 4,130.70	Total 2016		\$ 7,400.97	\$ 11,531.67
2015 Cycle 3 09/14/2015 - 11/30/2015			2016 Cycle 3 12/01/2015 - 01/28/2016			
Waterville/Gateway 04	\$ 11,108.89	\$ 12,156.60	\$ 1,047.71	\$ 8,716.15	\$ 9,539.82	\$ 823.67
Wentworth Cove 06	\$ 7,528.65	\$ 8,238.58	\$ 709.93	\$ 5,591.84	\$ 6,119.21	\$ 527.37
Pendleton Cove 07	\$ 10,118.13	\$ 11,071.94	\$ 953.81	\$ 6,943.38	\$ 7,598.34	\$ 654.96
Brake Hill 11	\$ 7,431.61	\$ 8,131.65	\$ 700.04	\$ 5,350.03	\$ 5,854.16	\$ 504.13
Deer Cove 14	\$ 6,836.48	\$ 7,517.11	\$ 680.63	\$ 5,171.18	\$ 5,686.02	\$ 514.84
Indian Mound 16	\$ 14,613.01	\$ 16,065.98	\$ 1,452.97	\$ 11,153.53	\$ 12,263.96	\$ 1,110.43
Gunstock Glen 17	\$ 7,238.62	\$ 7,959.29	\$ 720.67	\$ 5,554.75	\$ 6,131.98	\$ 577.23
Total 2015		\$ 6,265.76	Total 2016		\$ 4,712.63	\$ 10,978.39
2015 Cycle 3 09/14/2015 - 11/30/2015			2016 Cycle 3 12/01/2015 - 01/28/2016			\$ 38,519.33
Initial Rate	Permanent Rate	Difference	Initial Rate	Permanent Rate	Difference	
Waterville Valley Pool	\$ 310.38	\$ 342.25	\$ 31.87	\$ 234.77	\$ 258.88	\$ 24.11

Grad Total WVG Pool \$ 55.97

\$ 38,575.31
Total Including WVG Pool

2015

DW15-209 Temporary Rates

Cycle 1							
9/14/2015				12/31/2015			
#	Division	Base	Metered	Base	Base Increase	Metered	Metered Increase
2	Paradise Shores	123.58	4.81	135.26	11.68	5.26	0.45
8	Deer Run	123.58	4.81	135.26	11.68	5.26	0.45
9	Woodland Grove	123.58	4.81	135.26	11.68	5.26	0.45
10	Echo Lake Woods	123.58	4.81	135.26	11.68	5.26	0.45
Cycle 4 billed with Cycle 1				9/14/2015			
12	Tamworth Water Work:	156.39	NA	171.96	15.57	NA	NA
Cycle 2							
9/14/2015				10/31/2015			
#	Division	Base	Metered	Base	Base Increase	Metered	Metered Increase
1	Far Echo Harbor	123.58	4.81	135.26	11.68	5.26	0.45
3	West Point	123.58	4.81	135.26	11.68	5.26	0.45
5	Hidden Valley	123.58	4.81	135.26	11.68	5.26	0.45
13	175 Estates	156.39	NA	171.96	15.57	NA	NA
15	Lake Ossipee Village	156.39	NA	171.96	15.57	NA	NA
Cycle 3							
9/14/2015				11/30/2015			
#	Division	Base	Metered	Base	Base Increase	Metered	Metered Increase
4	Waterville Valle Pool	362.11		399.29	37.18		
4	Waterville Valley/Gatev	123.58	4.81	135.26	11.68	5.26	0.45
6	Wentworth Cove	123.58	4.81	135.26	11.68	5.26	0.45
7	Pendleton Cove	123.58	4.81	135.26	11.68	5.26	0.45
11	Brake Hill	123.58	4.81	135.26	11.68	5.26	0.45
14	Deer Cove	156.39	NA	171.96	15.57	NA	NA
16	Indian Mound	156.39	NA	171.96	15.57	NA	NA
17	Gunstock Glen	156.39	NA	171.96	15.57	NA	NA

2016

DW15-209 Temporary Rates

Cycle 1							
1/1/2016				1/28/2016			
#	Division	Base	Metered	Base	Base Increase	Metered	Metered Increase
2	Paradise Shores	123.58	4.81	135.26	11.68	5.26	0.45
8	Deer Run	123.58	4.81	135.26	11.68	5.26	0.45
9	Woodland Grove	123.58	4.81	135.26	11.68	5.26	0.45
10	Echo Lake Woods	123.58	4.81	135.26	11.68	5.26	0.45
Cycle 4 billed with Cycle 1				1/1/2016			
12	Tamworth Water Work:	156.39	NA	171.96	15.57	NA	NA
TWWW was never billed for FEB & March temporary Rates							
Cycle 2							
11/1/2015				1/31/2016			
#	Division	Base	Metered	Base	Base Increase	Metered	Metered Increase
1	Far Echo Harbor	123.58	4.81	135.26	11.68	5.26	0.45
3	West Point	123.58	4.81	135.26	11.68	5.26	0.45
5	Hidden Valley	123.58	4.81	135.26	11.68	5.26	0.45
13	175 Estates	156.39	NA	171.96	15.57	NA	NA
15	Lake Ossipee Village	156.39	NA	171.96	15.57	NA	NA
Cycle 3							
12/1/2015				1/28/2016			
#	Division	Base	Metered	Base	Base Increase	Metered	Metered Increase
4	Waterville Valle Pool	362.11		399.29	37.18		
4	Waterville Valley/Gatev	123.58	4.81	135.26	11.68	5.26	0.45
6	Wentworth Cove	123.58	4.81	135.26	11.68	5.26	0.45
7	Pendleton Cove	123.58	4.81	135.26	11.68	5.26	0.45
11	Brake Hill	123.58	4.81	135.26	11.68	5.26	0.45
14	Deer Cove	156.39	NA	171.96	15.57	NA	NA
16	Indian Mound	156.39	NA	171.96	15.57	NA	NA
17	Gunstock Glen	156.39	NA	171.96	15.57	NA	NA

DW 15-209
12/27/2016

Calculation of the Temporary/Permanent Rate Reconciliation

Attachment A

Lakes Region Water Co., Inc.
Summary of Billing Activity 2015
Volume and Cust Count

12/27/2016 11:43:21

Note: TWW (12) 175 Estates (13) DC (14) LOV (15) IM (16) GC (17) are non metered systems

Division	1 feh	2 ps	3 wp	4 wvg	5 hv	6 wc	7 pc	8 dr	9 wg	10 ehw	11 bh	12 tww	13 175	14 dc	15 lov	16 im	17 gc	Total
Volume /100 cf - (from customer billings)																		
1st qtr																		5588
2nd qtr		3589						457	825	717		0						7000
3rd qtr		1680	303	562	758	413	630	404	727	304	595	0	0	0	0	0	0	12588
4th qtr	624																	
Total	624	5269	303	562	758	413	630	861	1552	1021	595	0	0	0	0	0	0	12588

Customer Count

1st qtr																		0
2nd qtr												101						101
3rd qtr		398						59	74	44		101						678
4th qtr	85	401	42	83	118	55	71	59	74	44	47	0	44	51	232	109	54	1569
Total	85	799	42	83	118	55	71	118	148	88	47	202	44	51	232	109	54	2346

Lakes Region Water Co., Inc.
Summary of Billing Activity 2016
Volume and Cust Count

Division	1 feh	2 ps	3 wp	4 wvg	5 hv	6 wc	7 pc	8 dr	9 wg	10 ehw	11 bh	12 tww	13 175	14 dc	15 lov	16 im	17 gc	Total
Volume /100 cf - (from customer billings)																		
1st qtr	105		104	663	331	380	428	405	754	319	508	0	0	0	0	0	0	0
2nd qtr	98	2632	108	818	345	380	471	415	885	523	528	0	0	0	0	0	0	0
3rd qtr	566	3658	290	723	766	723	966	460	835	784	1117	0	0	0	0	0	0	0
4th qtr	563		318	631	711	346	718				654	0	0	0	0	0	0	0
Total	1332	6309	818	2635	2153	1829	2581	1280	2474	1626	2807	0	0	0	0	0	0	27844
Customer Count																		
1st qtr	85	402	43	83	118	55	70	59	74	44	47	101	44	51	233	110	55	1674
2nd qtr	85	403	43	83	118	55	70	59	74	44	49	101	44	51	233	110	55	1677
3rd qtr	85	404	43	83	118	55	70	59	74	44	50	101	44	51	233	110	55	1679
4th qtr	85		43	83	118	55	72				53	101	44	52	233	110	55	1104
Total	340	1209	172	332	472	220	282	177	222	132	199	404	176	205	932	440	220	6134

12/27/2016

Lakes Region Water Co., Inc.
Summary of Billing for 2015

Division	1 feh	2 ps	3 wp	4 wvg	5 hv	6 wc	7 pc	8 dr	9 wg	10 ehw	11 bh	12 tww	13 175	14 dc	15 lov	16 im	17 gc	Total
Normal Metered (Unmetered) Income																		0.00
1st bill																		15795.39
2nd bill																		113557.54
3rd bill		\$ 66,296.14						\$ 9,466.55	13113.17	\$ 8,886.29		\$ 15,795.39						113557.54
4th bill	\$ 13,505.74	\$ 57,515.48	\$ 6,647.79	\$ 12,960.37	\$ 18,228.42	\$ 8,783.43	\$ 11,804.48	\$ 9,234.46	12641.79	\$ 8,899.76	\$ 8,670.21	\$ -	\$ 6,881.16	\$ 7,975.89	\$ 36,282.48	\$ 17,048.51	\$ 8,445.06	372877.96
Total	\$ 13,505.74	\$ 123,811.62	\$ 6,647.79	\$ 12,960.37	\$ 18,228.42	\$ 8,783.43	\$ 11,804.48	\$ 18,701.01	25754.96	\$ 15,786.05	\$ 8,670.21	\$ 31,590.78	\$ 6,881.16	\$ 7,975.89	\$ 36,282.48	\$ 17,048.51	\$ 8,445.06	372877.96
Normal Income Prorated Beg Sept 14th																		0.00
1st bill																		2918.71
2nd bill																		33860.14
3rd bill		\$ 12,250.37						\$ 1,749.25	\$ 2,423.09	\$ 1,642.03		\$ 15,795.39						193712.40
4th bill	\$ 7,046.47	\$ 57,515.48	\$ 3,468.41	\$ 11,108.89	\$ 9,510.48	\$ 7,528.65	\$ 10,118.13	\$ 9,234.46	\$ 12,641.79	\$ 8,899.76	\$ 7,431.61	\$ -	\$ 3,590.17	\$ 6,836.48	\$ 18,929.99	\$ 14,613.01	\$ 7,238.62	230491.25
Total	\$ 7,046.47	\$ 69,765.85	\$ 3,468.41	\$ 11,108.89	\$ 9,510.48	\$ 7,528.65	\$ 10,118.13	\$ 10,983.71	\$ 15,064.88	\$ 6,541.79	\$ 7,431.61	\$ 16,714.10	\$ 3,590.17	\$ 6,836.48	\$ 18,929.99	\$ 14,613.01	\$ 7,238.62	230491.25
Temporary Metered (unmetered) Income																		0.00
1st bill																		17367.96
2nd bill																		124535.34
3rd bill		\$ 72,711.62						\$ 10,384.16	\$ 14,348.74	\$ 9,722.88		\$ 17,367.96						267025.94
4th bill	\$ 14,779.34	\$ 63,078.06	\$ 7,274.70	\$ 14,182.70	\$ 19,947.76	\$ 9,611.68	\$ 12,917.26	\$ 10,105.38	\$ 13,833.26	\$ 7,550.48	\$ 9,486.92	\$ -	\$ 7,566.24	\$ 8,769.96	\$ 39,894.72	\$ 18,743.64	\$ 9,285.84	406929.24
Total	\$ 14,779.34	\$ 135,789.68	\$ 7,274.70	\$ 14,182.70	\$ 19,947.76	\$ 9,611.68	\$ 12,917.26	\$ 20,489.54	\$ 28,182.00	\$ 17,273.34	\$ 9,486.92	\$ 34,735.92	\$ 7,566.24	\$ 8,769.96	\$ 39,894.72	\$ 18,743.64	\$ 9,285.84	406929.24

DW 15-209
12/27/2016

Calculation of the Temporary/Permanent Rate Reconciliation

Attachment A

Temporary Income Prorated Beg Sept 14th

1st bill																		0.00
2nd bill																		3209.30
3rd bill		\$ 13,435.84						\$ 1,918.81	\$ 2,651.40	\$ 1,798.62								37170.63
4th bill	\$ 7,710.96	\$ 63,076.06	\$ 3,795.50	\$ 12,156.60	\$ 10,407.53	\$ 6,238.58	\$ 11,071.94	\$ 10,105.38	\$ 13,833.28	\$ 7,550.48	\$ 8,131.65	\$ -	\$ 3,947.60	\$ 7,517.11	\$ 20,814.64	\$ 16,065.98	\$ 7,959.29	212382.55
Total	\$ 7,710.96	\$ 76,511.90	\$ 3,795.50	\$ 12,156.60	\$ 10,407.53	\$ 6,238.58	\$ 11,071.94	\$ 12,024.19	\$ 16,484.66	\$ 9,347.10	\$ 8,131.65	\$ 20,577.26	\$ 3,947.60	\$ 7,517.11	\$ 20,814.64	\$ 16,065.98	\$ 7,959.29	252762.47

2015 Difference \$ 664.49 \$ 6,746.05 \$ 327.08 \$ 1,047.71 \$ 897.05 \$ 709.93 \$ 953.81 \$ 1,040.48 \$ 1,419.78 \$ 805.30 \$ 700.04 \$ 1,863.15 \$ 357.43 \$ 680.63 \$ 1,684.65 \$ 1,452.97 \$ 720.67 \$ 22,271.22

Lakes Region Water Co., Inc. Summary of Billing for 2016

Division	1 feh	2 ps	3 wp	4 wvg	5 hv	6 wc	7 pc	8 dr	9 wg	10 elw	11 bh	12 fww	13 175	14 dc	15 lov	16 im	17 gc	Total
<u>Normal Metered (Unmetered) Income</u>																		
1st bill	\$ 11,009.35	\$ 18,274.02	\$ 5,835.68	\$ 8,716.15	\$ 16,181.25	\$ 5,591.84	\$ 6,943.38	\$ 2,844.42	\$ 3,931.31	\$ 2,145.17	\$ 5,350.03	\$ 15,795.39	\$ 6,881.16	\$ 5,171.18	\$ 36,438.87	\$ 11,153.53	\$ 5,554.75	\$ 167,817.47
2nd bill																		\$ -
3rd bill																		\$ -
4th bill																		\$ -
Total	\$ 11,009.35	\$ 18,274.02	\$ 5,835.68	\$ 8,716.15	\$ 16,181.25	\$ 5,591.84	\$ 6,943.38	\$ 2,844.42	\$ 3,931.31	\$ 2,145.17	\$ 5,350.03	\$ 15,795.39	\$ 6,881.16	\$ 5,171.18	\$ 36,438.87	\$ 11,153.53	\$ 5,554.75	\$ 167,817.47

Temporary Metered (Unmetered) Income

1st bill	\$ 12,049.40	\$ 19,998.30	\$ 6,363.22	\$ 9,539.82	\$ 17,701.74	\$ 6,119.21	\$ 7,598.34	\$ 3,110.97	\$ 4,300.09	\$ 2,347.50	\$ 5,854.16	\$ 17,367.96	\$ 7,566.24	\$ 5,686.02	\$ 40,066.68	\$ 12,263.96	\$ 6,131.98	
2nd bill																		
3rd bill																		
4th bill																		
Total	\$ 12,049.40	\$ 19,998.30	\$ 6,363.22	\$ 9,539.82	\$ 17,701.74	\$ 6,119.21	\$ 7,598.34	\$ 3,110.97	\$ 4,300.09	\$ 2,347.50	\$ 5,854.16	\$ 17,367.96	\$ 7,566.24	\$ 5,686.02	\$ 40,066.68	\$ 12,263.96	\$ 6,131.98	\$ 184,065.58
2016 Difference	\$ 1,040.05	\$ 1,724.28	\$ 527.54	\$ 823.67	\$ 1,520.49	\$ 527.37	\$ 654.96	\$ 266.55	\$ 368.78	\$ 202.33	\$ 504.13	\$ 1,572.57	\$ 685.08	\$ 514.84	\$ 3,627.81	\$ 1,110.43	\$ 577.23	\$ 16,248.11
Grand Total 2015 / 2016	\$ 1,704.54	\$ 6,470.33	\$ 854.62	\$ 1,871.38	\$ 2,417.54	\$ 1,237.30	\$ 1,608.78	\$ 1,307.03	\$ 1,788.56	\$ 1,007.63	\$ 1,204.17	\$ 3,435.72	\$ 1,042.51	\$ 1,195.47	\$ 5,512.46	\$ 2,563.40	\$ 1,297.90	\$ 38,519.33

DW 15-209

Lakes Region Water Company
Request for Change in Rates

Lakes Region Water Company's Responses to
Staff Data Requests, Set 4

Date Request Received: 01/09/2017
Request No. 4-2

Date of Response:
Witness: Leah Valladares

Request:

Re: Cycle 2 billings: For the quarter ended 1/31/16, did the company prorate these billings between the prior rates and temporary rates: ie, 89 days at prior rate and 3 days at temporary rate? Please explain.

Response:

No, the Company billed Cycle 2 billing using the prior rate as follows;
Metered base charge: \$123.58 Metered usage per 100ccf: ~~\$4.87~~.
Unmetered base charge: \$156.39

typo - she used
4.81

DW 15-209

Lakes Region Water Company
Request for Change in Rates

Lakes Region Water Company's Responses to
Staff Data Requests, Set 4

Date Request Received: 01/09/2017
Request No. 4-3

Date of Response:
Witness: Leah Valladares

Request:

Rule PUC 1905.01 (a) requires "a detailed description of rate case expenses actually incurred as of the date of the filing and projected total rate case expenses" periodically throughout each rate case. Please provide copies of all such reports related to this request for change in rates submitted to the Commission.

Response:

The Company provided copies periodically of the rate case expenses to the Staff at the Technical Sessions throughout the case. Attached are the Schedules for 2015 and 2016 expenses.

Lakes Region Water Co Inc. 2016

Leone,McDonnell & Roberts				Norman Roberge				Steve St.Cyr				Upton & Hatfield				
Outside Services Accounting 50-631-923-8				Outside Services Accounting 50-631-923-8 Def. Rate Case 15-209 50-153-186-6				Outside Services Accounting 50-631-923-8 Def. Rate Case 15-209 50-153-186-6 Unamort. Debt Exp LoBank 50-153-181-3 Def. Exp. Acquisition A & B 50-153-186-7				Outside Services General Law 50-634-923-8 Def. Rate Case 50-153-186-6 Mt.Roberts Project 50-153-186-4 Def. Exp. Acquisition A & B 50-153-186-7				
January	Invoice # 627308	\$ 195.00		Invoice # 1302016 1312016	\$ 9,920.00	\$ 520.00		Invoice # 13016 02-631-923-8	\$ 187.50	\$ 4,125.00		123443RCL 2015	Invoice # 123686 123687 123688	\$ 1,764.00	\$ 7,290.00	\$ 342.00
February		\$		2292016 3312016	\$ 2,000.00	\$ 680.00		22916	\$ 3,437.50	\$ 1,828.13		124093 124094 124095	\$ 504.00	\$ 8,580.95	\$ 234.00	
March	625800	\$ 945.00		3282016 33016	\$ 1,840.00	\$ 720.00		3312016 3282016 3182716	\$ 1,828.13 \$ 1,671.87 \$ 31.25	\$ 671.88		124765 124766 124767	\$ 576.00	\$ 6,402.00	\$ 2,052.00	
April				472016	\$ 640.00			Postage RCL To Office Exp. RC43016 RCAB843016	\$ 40.97 \$ 140.97 \$ 562.50			124965 124966 124967 124968	\$ 540.00	\$ 1,431.86	\$ 2,691.00 \$ 1,026.00	
May	630290	\$ 4,885.00						RC1605 DS1605 DSCB1605	\$ 2,906.25 \$ 218.00	\$ 1,093.75		125495 125496 125497	\$ 375.00	\$ 2,078.15	\$ 2,743.50	
June								DW15-209 6316 DW16-619 DS 63016	\$ 2,062.50			125813 125814	\$	\$ 3,258.00	\$ 556.63	
July	630767	\$ 978.00						DW15-209 73116 DW16-619 73116	\$ 609.38	\$ 578.12		126390 126391	\$	\$ 846.00	\$ 1,512.00	
August	631192	\$ 410.00						DW15-209 9/2/16 DS DW16-619 9/2/16	\$ 5,765.63	\$ 484.37		126439 126440	\$	\$ 2,388.25	\$ 1,023.00	
September								DW15-209 Sept 2016 DW16-619 Sept 2016	\$ 1,546.88	\$ 62.50						
October								Oct-16 DW15-209 Oct 2016 DW16-619 Oct 2016	\$ 93.75 \$ 1,359.38	\$ 765.63		127350 127359	\$	\$ 3,460.94	\$ 2,788.29	
November								Dockham Paradise Lowell Lane	\$ 192.71 \$ 192.71 \$ 192.70			127400 (02) 127400 (02) 127400 (15) 127400 (50) 127400 (14)	\$ 758.69 \$ 38.41 \$ 249.50 \$ 537.40 \$ 36.00		\$ 1,242.00	\$ 145.50 \$ 800.00
December								November Inv (02) Correction Adj.	\$ 31.25 \$ (93.75)	\$ 1,546.87		127673 (02) 127674 127676 127677 (02) 127675	\$ 1,800.00	\$ 468.00		
\$ 7,413.00				\$ 14,400.00 \$ 1,920.00				\$ 24,359.40 \$ 2,124.99 \$ 4,234.38				\$ 4,396.40 \$ 3,839.10 \$ 36.00 \$ 249.50				
Total SO G/L Account Accounting \$ 24,016.12				Def Rate Case \$ 62,489.55				Acquisition A & B \$ 22,065.30				\$ 8,421.00				
02 G/L Account \$ 31.25				Steven E.Patnaud \$ 695.45				Union Leader \$ 508.68 Steven E.Patnaud \$ 259.00				2015 Fr.GL / To Aqu.				
Total Acct Exp \$ 24,047.37								Total Acquisition \$ 22,832.98				Total G/L SO General Law \$ 4,033.90				

* 50 = General Law here - not accounting

Lakes Region Water Company Inc 2015

Leone,McDonnell & Roberts				Norman Roberge				Steve St.Cyr				Upton & Hatfield				
Outside Services Accounting 50-631-923-8				Outside Services Accounting 50-631-923-8 Def. Rate Case 50-153-186-6				Outside Services Accounting 50-631-923-8 Def. Rate Case 50-153-186-6 Unamor. Debt Exp CoBank 50-155-181-1				Outside Services General Law 50-634-923-8 Def. Rate Case 50-153-186-6 Unamor. Debt Exp CoBank 50-155-181-1				
Invoice #				Invoice #				Invoice #				Invoice #				
January	622131	\$	240.00	13971	\$	4,720.00		14183	\$	57.50	\$	57.50	118922	\$	140.00	
													118923	\$	42.00	
													118924			\$ 822.50
													118925			\$ 910.00
February	622415	\$	1,078.00	14166	\$	1,360.00		14184	\$	100.62	\$	100.63	119276	\$	764.98	
				14167	\$	2,000.00							119277			\$ 2,080.00
				14165	\$	1,400.00							119278			\$ 1,645.00
March	623254	\$	735.00	14190	\$	2,560.00		14363	\$	2,622.66	\$	71.88	120008	\$	26.90	
													120009			\$ 280.00
April	623283	\$	1,845.00	14408	\$	1,640.00		15028			\$	687.50	120487	\$	1,477.00	
				14450			\$ 280.00						120488			\$ 1,270.00
				14410	\$	400.00										
				14449			\$ 1,360.00									
May	624816	\$	4,930.00	14451	\$	750.00		14664	\$	562.50			120624	\$	87.50	
				14689	\$	1,240.00		14665			\$	31.25	120625			\$ 192.50
				14688			\$ 1,880.00	14666			\$ 3,406.25		120626	\$	245.00	
								14663			\$ 8.38					
June		\$		14792			\$ 1,360.00	14974	\$	312.50			120981	\$	1,284.09	
				14885	\$	2,080.00		14989			\$ 4,125.00		120982			\$ 68.99
July		\$		14925	\$	1,360.00		14923			\$ 1,734.38		120983	\$	350.00	
													121494			33.99
				14924			\$ 240.00						121495			\$ 4,620.00
August	625655	\$	244.00	15374			\$ 80.00	15184			\$ 1,890.63		121789	\$	52.50	
				15375	\$	880.00							121790			\$ 1,347.50
													121791			\$ 1,330.00
September	626113	\$	390.00	2015-11-01	\$	1,800.00		15285	\$	31.25		\$ 1,703.13	122139	\$	70.00	
													122140			\$ 262.50
								15286			\$ 1,406.25		122141			\$ 1,732.50
October	626556	\$	440.00	2015-11-09	\$	6,040.00		15279	\$	437.50		\$ 31.25	122142	\$	3,166.00	
				2015-11-08			\$ 3,800.00						122574			\$ 324.75
													122575			\$ 87.50
								15280			\$ 3,078.13		122576	\$	6,937.06	
								15437					122577	\$	262.50	
November	626811	\$	294.00	2015-12-01	\$	400.00		15438			\$ 3,187.50		122902			\$ 716.00
				2015-12-07			\$ 1,000.00						122903	\$	105.00	
													122904	\$	6,327.00	
December	627159	\$	403.00	2015-12-30	\$	3,760.00		15549	\$	93.75		\$ 15.63	123442	\$	2,816.24	
				2015-12-31			\$ 920.00	15550			\$ 2,296.87		123443	\$	262.50	
\$ 10,599.00				\$ 32,390.00 \$ 10,920.00				\$ 4,218.28 \$ 22,539.65 \$ 1,970.64				\$ 4,415.47 \$ 25,896.30 \$ 11,773.73				
①				① ②				① ② ③				④ ② ③				
Accounting 47,207.28				Def. Rate Case \$ 59,355.95				*Unamor. Debt Exp \$ 13,744.37				*General Law \$ 4,415.47				
①				②				③				④				
Total				JE 7926 Fr. Retained Earnings \$ 431.25				AP 7843 Union Leader \$ 494.55				Total are Fr. Upton & Hatfield and/ or Steve St.Cyr Invoices				
				\$ 258.75												
				\$ 1,767.50												
				\$ 28.75												
				Total GL Rate Case \$ 62,336.75												

DW 15-209

Lakes Region Water Company
Request for Change in Rates

Lakes Region Water Company's Responses to
Staff Data Requests, Set 4

Date Request Received: 01/09/2017
Request No. 4-4

Date of Response:
Witness: Leah Valladares

Request:

Please provide a copy of the contract between Lakes Region Water Company and Norman Roberge. Was this contract obtained after negotiations or competitive bid? If not, please explain why not.

Response:

Contract copy attached. This contract was obtained after negotiations.

NORMAN E. ROBERGE
Tax and Administrative Services

90 Airport Road, #2
Concord, N H 03301-5356
Tel (603) 496-7907
NRoberge@KidsVax.org

May 14, 2015

Lakes Region Water Company, Inc
PO Box 389
Moultonboro, NH

After discussions with Thomas Mason, President of Lakes Region Water Company, Inc., I agree to maintain my \$80 per hour rate for work on Rate Case 15-209. It is anticipated that total billings would not exceed \$10,000.

DW 15-209

Lakes Region Water Company
Request for Change in Rates

Lakes Region Water Company's Responses to
Staff Data Requests, Set 4

Date Request Received: 01/09/2017
Request No. 4-5

Date of Response:
Witness: Leah Valladares

Request:

Please provide a copy of the contract between Lakes Region Water Company and Stephen P. St. Cyr. Was this contract obtained after negotiations or competitive bid? If not, please explain why not.

Response:

Contract copy attached. Contract was obtained after competitive bid.

Stephen P. St. Cyr & Associates
17 Sky Oaks Drive
Biddeford, Me. 04005
207-423-0215
stephenpstcyr@yahoo.com

May 14, 2015

Tom Mason, President
Lakes Region Water Company
P. O. Box 389
Moultonborough, N. H. 03254

Re: Proposal for Accounting / Rates Technical Professionals for Regulatory Filings,
Testimony and Representation before the New Hampshire Public Utilities Commission

Dear Mr. Mason:

I appreciate the opportunity to prepare and submit a proposal for Accounting / Rates Technical Services for a 2015 Rate Case based on 2014 Test Year before the NHPUC. I specialize in providing regulatory services (franchises, financings, rate cases, etc.) before the NHPUC for NH water companies. I have been providing such services since 1993, when I started St. Cyr & Associates.

St. Cyr & Associates provides accounting, tax, regulatory and management services, primarily to water companies. I review / finalize company financial statements, prepare federal and state tax returns, prepare NHPUC Annual Reports, prepare Form PA-20s and various regulatory filings. Regulatory filings include preparing petition and supporting documents for establishing / expanding franchise area, preparing petition and supporting documents and financial exhibits for debt financings and preparing petition, testimony and exhibits and other requirements for rate cases.

I have specifically prepared LRWC's PUC Annual Report for more than a decade. I have been involved in a number of regulatory proceedings before the NHPUC on behalf of LRWC including financings, purchase and sales agreements for the acquisition of water companies and rate cases. If you need the specific proceedings, please let me know and I will compile them.

I have (and continue to) work well with you, your finance manager and your outside accountant on meeting the Company's accounting and year end financial and regulatory reporting requirements. I also have (and continue to) work well with your outside legal counsel on regulatory matters. In addition, I have a good rapport with the NHPUC staff.

Stephen P. St. Cyr & Associates
17 Sky Oaks Drive
Biddeford, Me. 04005
207-423-0215
stephenpstcyr@yahoo.com

I have also done similar work for water and sewer companies throughout N. H. before the NHPUC. If you need specific company names, the nature of the work and references, I can provide them.

Prior to starting St. Cyr & Associates, I worked 5 years for Baltimore Gas & Electric Company (now part of Exelon Corporation) and 11 years for Public Service of New Hampshire holding various accounting research, plant accounting, nuclear accounting, budgeting, regulatory accounting, general accounting and financial reporting positions including supervisory and management positions.

I have a B. S. degree in business administration with a major in accounting from Northeastern University in Boston, Ma. I also have a master level certificate in taxation from N. H. College (now Southern New Hampshire University) in Hooksett, N. H.

I have enclosed a sample, draft engagement letter, which better defines what I can do in the context of a rate case, for your consideration. I would be the individual involved in the planning, filing and participating in the rate case proceeding. My hourly rate is \$125 / hour. There is no "fixed administrative fee for each billing."

If you have any questions or comments, please let me know. Also, if you need additional information, please let me know.

Sincerely,

Stephen P. St. Cyr

Stephen P. St. Cyr & Associates
17 Sky Oaks Drive
Biddeford, Me. 04005
207-423-0215
stephenpstcyr@yahoo.com

May 14, 2015

Tom Mason, President
Lakes Region Water Company
P. O. Box 389
Moultonborough, N. H. 03254

Re: Lakes Region Water Company – 2015 Rate Case

Dear Mr. Mason:

This letter states my understanding of the objectives of the engagement, the nature of the service and the terms of the arrangement.

1. Review the financial statements and PUC Annual Report and supporting financial data for the twelve months ended December 31, 2014.
2. Determine the actual rate of return and revenue deficiency for the twelve months ended December 31, 2014.
3. Prepare (or assist Company personnel or Company legal counsel) notice of intent to file for change in rates and request for waiver of certain PUC 1604.01 requirements.
4. Prepare (or assist personnel or Company legal counsel) initial rate filing including the following:
 - (1) Introductory Letter
 - (2) Report of Proposed Rate Change
 - (3) Proposed Tariff Rate Page
 - (4) Direct Testimony of Stephen P. St. Cyr
 - (5) Rate Case Exhibits (including proforma adjustments)
 - (6) Proposed Statement to be transmitted to customers
 - (7) Response to certain NHPUC 1604.01 requirements
 - (8) An attestation regarding the rate filing being an accurate reflection of the Company's books
5. Prepare for and participate in prehearing conference and technical session.

Stephen P. St. Cyr & Associates
17 Sky Oaks Drive
Biddeford, Me. 04005
207-423-0215
stephenpstcyr@yahoo.com

6. Assist in NHPUC Audit. Review/Respond to Audit Requests.
Review/Respond to Audit Report.
7. Review/Respond to Staff/Intervener Data Requests.
8. Prepare for and participate in Settlement Conference. Negotiate Settlement Agreement.
9. Prepare for and participate at hearing on merits.
10. Review NHPUC order. Assist in implementation of NHPUC order.

The hourly fee for preparation of the rate filing and work performed in connection with the rate filing is \$125.00 per hour. Out of pocket expenses (i.e., mileage, copies, postage, telephone, etc.) will also be billed. It assumes that the financial information is readily available, properly recorded and reasonably accurate. It also assumes that you and/or your staff work cooperatively with me in obtaining the financial information required for the preparation of the initial filing and throughout the rate proceeding. Billing for such services will be monthly in arrears at \$125.00 per hour. Payment is due upon receipt of billing.

I appreciate the opportunity to be of service to you. I believe this letter accurately summarizes the significant tasks and terms of the engagement. If you have any questions, please call me at 207-423-0215 or email me at stephenpstcyr@yahoo.com. If you agree with the tasks and terms of the engagement as described in this letter, please sign the letter and return it to me.

Very truly yours,

Stephen P. St. Cyr

Stephen P. St. Cyr & Associates
17 Sky Oaks Drive
Biddeford, Me. 04005
207-423-0215
stephenpstcyr@yahoo.com

This letter sets forth the tasks and terms of the service to be performed and the fee and billing arrangement by Stephen P. St. Cyr & Associates for Lakes Region Water Company.

Tom Mason, President

DW 15-209

Lakes Region Water Company
Request for Change in Rates

Lakes Region Water Company's Responses to
Staff Data Requests, Set 4

Date Request Received: 01/09/2017
Request No. 4-6

Date of Response:
Witness: Leah Valladares

Request:

Please provide a copy of the contract between Lakes Region Water Company and Upton & Hatfield. Was this contract obtained after negotiations or competitive bid? If not, please explain why not.

Response:

Contract copy attached. Contract was obtained after competitive bid.



**Upton
& Hatfield^{LLP}**
ATTORNEYS AT LAW

Please respond to the Portsmouth office

May 14, 2015

Lakes Region Water Company
c/o Thomas A. Mason, Sr.
PO Box 389
Moultonborough, NH 03254

RE: Proposal for Legal Services, Lakes Region Water Company

Dear Mr. Mason:

I am pleased to present Upton & Hatfield, LLP's *Proposal for Legal Services* in response to Lakes Region Water Co., Inc.'s ("Company") recent *Request for Proposals*. This proposal provides a general overview of Upton & Hatfield, LLP; a response to the questions in the Company's RFP; and general terms and conditions of representation.

I. About Upton & Hatfield, LLP

Upton & Hatfield, LLP has practiced law in New Hampshire since 1908, representing its residents, businesses and municipalities, originally as Niles & Upton. The firm has an interesting connection to public utilities as Edward Niles became the first chairman of the Public Service Commission when it was established in 1911. On July 28, 1949, Richard Upton, then Speaker of the House, led the efforts to adopt a *Joint Resolution to Establish an Interim Commission to Study the Laws of the State Pertaining to Public Utilities*. On January 3, 1951, the Interim Commission published its report and recommendations which established the Public Utilities Commission we know today.

Upton & Hatfield, LLP continues to represent individuals, businesses and local governments with distinction. We have 21 attorneys admitted to practice in New Hampshire with offices in Concord, Portsmouth and Hillsborough. We are both specialists and a general practice law firm, which allows us to best serve clients as needs may arise in all areas of the law, including labor, employment, land use, financial management, real estate, property taxation, contracts, bankruptcy, civil rights litigation, general liability matters, insurance, and of

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Charles W. Grau
Heather M. Burns
Lauren Simon Irwin
Matthew R. Serge
Michael S. McGrath*
Marilyn Billings McNamara
Jeanne S. Saffan*
Lisa M. Hall
Kimberly A.W. Peaslee***
Sandra H. Kenney**
Michael P. Courtney*

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Robert Upton, II
Gary B. Richardson
John F. Teague
Bridget C. Ferns

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Of Counsel

Douglas S. Hatfield

Portsmouth Office

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Portsmouth, NH 03801
603-436-7046
1-877-436-6206
Fax 603-369-4645

Attorneys At Law

Russell F. Hilliard
Justin C. Richardson

www.uptonhatfield.com
law@uptonhatfield.com

*Also admitted in MA

**Also admitted in MA & NY

***Admitted only in DC, ME
MA, US Patent/Trademark

particular relevance to the Company, public utility, drinking water supply and administrative agency law.

II. Proposal for Legal Services.

A. Upton & Hatfield, LLP's Qualifications and Experience

Upton & Hatfield, LLP proposes that I will continue to serve as the lead attorney for the Company and will ensure that all of the Company's legal needs are met in a timely and cost effective manner. I will charge the Company a *reduced* hourly rate of \$175 per hour subject to the terms and conditions set forth in the attached Statement of Billing Practices. This rate will remain in effect until our rates are adjusted on December 31, 2015. However, my hourly rate will not exceed \$180 per hour for the duration of the rate case.

As your lead attorney, I will represent the Company before the Commission on all utility, administrative and general matters. In the event that specialized legal issues arise in areas such as finance, insurance, labor and employment or other areas, other Upton & Hatfield, LLP attorneys will be available to assist the Company on an "as needed basis." Upton & Hatfield, LLP will charge the Company at the regular "C" or municipal rate for each attorney. Based on our experience in the most recent rate case and related matter, charges for other attorneys are not expected to be significant.

I expect that you are aware of Upton & Hatfield, LLP's qualifications and experience based on legal services we have provided since 2011. However, I offer the following brief summary for the purpose of responding to the Company's RFP:

Justin C. Richardson. I practice municipal, utility, environmental, and administrative agency law. Since 2011, I have represented the Company in its most recent rate case before the Commission, which included approval of rate increases, financing, and an affiliate agreement. The results speak for themselves: after the Company obtained rate increases, it was able to restructure and refinance its debts, reduce its Federal and State tax liabilities and its accounts payable. This is not to say that all goals were met or that Upton & Hatfield, LLP deserves all the credit. Rather, the results demonstrate Upton & Hatfield, LLP's commitment to its clients through hard work, loyalty and cost-effective solutions.

I have also represented the City of Nashua in its acquisition of Pennichuck Corporation; the Fryeburg Water Company and the Concord Steam Corporation before the Commission. In addition, I have represented numerous municipal water and sewer utilities, including Newmarket, Rollinsford, Hillsborough (Emerald Lake) and others. My practice includes representation of municipal and private clients before state boards and agencies, including the Wetlands and Water

Councils, the Site Evaluation Committee, the Department of Environmental Services and the State Board of Education. I also represent municipal land use boards and governing bodies.

Steven J. Venezia. Steve will be available to support the Company on an as needed basis. Steve's practice includes business formation and planning, commercial and real estate transactions, bankruptcy and commercial litigation. For example, he successfully represented the Company in the *Lewis Engineering* bankruptcy matter, which resulted in dismissal of all claims against the Company. Steve is actively involved in several business and community organizations, including: President of the Greater Hillsborough Area Chamber of Commerce Board of Directors and as Chairman of the Hillsborough Economic Development Commission. He has also served on the Comprehensive Economic Development Strategy Team for Central and Southern New Hampshire, the Hillsboro-Deering School District Policy Committee, and the First Colebrook Bank Advisory Board. Steve's hourly rate is currently \$175 per hour.

Others Partners and Associates of Upton & Hatfield, LLP are not expected to provide significant legal services to the Company for its rate case. In our experience, it is not cost effective to have more than one attorney directly involved in representing the Company before the Commission because it would result in duplication of effort and legal costs to the Company and its customers. However, we invite you to review the experience and qualifications of each of our 21 attorneys on our web site: www.UptonHatfield.com.

B. Estimated Mix (Partner versus staff) of attorney time (as a percentage) for the following efforts:

- Rate case planning
- Rate case filing
- Rate case meetings/hearings
- Discovery review, comments and filing of data responses

As part of Upton & Hatfield, LLP's representation of the Company, Justin C. Richardson (a partner) will represent the Company. Steven Venezia will be available on an as needed basis. In our experience, it is not cost effective to have more than one attorney directly involved in representing the Company before the Commission because it would result in duplication of effort and legal costs to the Company and its customers. We believe this approach to be the most cost effective approach for the Company.

In addition, Upton & Hatfield, LLP will seek to have the Company staff engaged in discovery tasks as much as possible in order to reduce legal costs. In our experience, discovery practice before the Commission represents a substantial, if not inordinate, portion of the total rate case expense and should be minimized to the maximum extent practical due to its impact on the

Company and its customers.

C. Does your firm bill a fixed administrative fee for each billing?

No. As set forth in Upton & Hatfield, LLP's Statement of Billing Practices, our costs are limited to actual expenses incurred on each case such as copying, filing fees, etc.

III. General Terms and Conditions.

Upton & Hatfield, LLP will charge you on an hourly basis for the time of the lawyers and paralegals who work on the case, as well as reimbursement for the expenses that are incurred. The charges will reflect the rates in effect for the individuals involved at the time the services are performed. These rates are adjusted periodically, and my current hourly rate is \$175. Rates for the other attorneys and paralegals may be higher or lower than my rate. We will bill you periodically for our time and expenses, and payment is expected upon receipt of the statement. In the event that outstanding legal fees remain unpaid, Upton & Hatfield, LLP reserves the right to charge interest at a rate of 4% on the unpaid balance beyond 60 days.

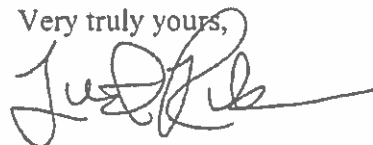
The attorneys of this firm are members of the New Hampshire Bar. You understand and agree that, as officers of the court, attorneys may extend to opposing counsel those professional courtesies consistent with local practice and the administration of justice which do not affect your substantial rights, including but not limited to the New Hampshire Bar Association Litigation Guidelines as adopted by the Board of Governors on December 3, 1999. For example, continuance or postponements of hearings will generally be accommodated to accept scheduling changes by any party.

Our general practice has been to send copies of letters and documents relating to your file to you by U.S. mail. Since many clients prefer to receive this information by email, we now offer this option. If you would elect to have us communicate with you by email, please fully complete the section at the end of this letter.

If you have any questions concerning the terms of our representation, please contact me promptly. Otherwise, please sign both duplicate original letters, keep one original for your records, and return one original to me in the self-addressed, stamped envelope enclosed for your convenience. I am also enclosing a copy of our Statement of Billing Policies for your reference.

Thank you for considering Upton & Hatfield, LLP as your legal counsel.

Very truly yours,



Justin C. Richardson

jrichardson@upton-hatfield.com

JCR/sem
Enclosures

ACCEPTED:

Date

Thomas A. Mason, Sr.
Lakes Region Water Company

I elect to receive copies of the following by email (please check the appropriate item):

- ☐ correspondence
- ☐ bills
- ☐ both correspondence and bills

I understand that employer owned email addresses are not secure and should not be used to communicate with an attorney.

Please use the following email address for me: _____



Upton & Hatfield^{LLP}

ATTORNEYS AT LAW

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Marilyn Billings McNamara
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Lisa M. Hall
Kimberly A.W. Peaslee***
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Gary B. Richardson
John F. Teague
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Attorneys At Law

Steven J. Venezia*

Of Counsel

Douglas S. Hatfield

Portsmouth Office

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Portsmouth, NH 03801
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Fax 603-369-4645

Attorneys At Law

Russell F. Hilliard
Justin C. Richardson

www.uptonhatfield.com
law@uptonhatfield.com

*Also admitted in MA

**Also admitted in MA & NY

***Admitted only in DC, ME
MA, US Patent/Trademark

STATEMENT OF BILLING POLICIES

The following policies regarding fees and other charges apply to our performance of legal services on behalf of our clients, unless other arrangements are made in writing.

1. Consistent with ethical standards applicable to New Hampshire lawyers, we charge reasonable fees for our legal services. Numerous factors go into the establishment of a reasonable fee, and the primary factor in non-contingent fee cases will normally be our customary hourly rates and the number of hours expended. Our customary hourly rates vary in accordance with the experience and expertise of the person performing a particular service. At present, our standard rates, with certain exceptions, are as follows:

Partners	\$350-\$125 per hour
Associates	\$290-\$115 per hour
Paralegals	\$125-\$ 80 per hour

2. We normally review and, if appropriate, revise our hourly rates on an annual basis. Adjustments are usually effective January 1, the beginning of our fiscal year.
3. Attorneys and Paralegals maintain contemporaneous time records to record their time expended.
4. Although hourly rates are the primary factor used in computing a reasonable fee, additional factors may be considered, which include the following:
 - Difficulty of a particular project and expertise required;
 - Result obtained;
 - Efficiency with which it is obtained; and
 - Extent to which a project requires special or expedited attention or precludes other legal work.
5. We also charge for the following items, among others, incurred in connection with a particular matter:
 - Long distance telephone calls and facsimiles;
 - Photocopying;

Statement of Billing Policies

Page 2

- Travel expenses;
 - Parking and mileage;
 - Special delivery, courier, express delivery, and extraordinary mailing costs;
 - Computer research charges;
 - Court costs and deposition charges; and Filing and recording fees.
6. For disbursement items that exceed \$100, we will generally transmit invoices to a client for direct payment. For lesser disbursements, we will generally advance the amount and include a charge for reimbursement in our statement.
 7. We will normally submit monthly statements for our fees for services and other charges for which payment is expected upon receipt of the statement. These statements will contain a detailed description of the services performed, and other charges. If a client's special needs require a particular form of statement, we will make every reasonable effort to fill those needs. We welcome the opportunity to discuss our statements with a client or answer any questions a client has.
 8. We are proud of the promptness with which we attend to our clients' legal needs and ask that our clients reciprocate by promptly remitting payment of our statements. We ask that all statements be paid in full within 30 days of their receipt. If an account remains unpaid, we reserve the right, consistent with ethical requirements, to terminate work until the account is brought current.
 9. For new clients, as well as special projects for existing clients, we customarily request an appropriate retainer as a deposit against fees and other charges. Any balance remaining from the retainer deposit at the conclusion of a project will be promptly refunded.

We appreciate the opportunity to represent you, and we look forward to working with you.

Upton & Hatfield, LLP

(March 2015)

Lakes Region Water Company
Request for Change in Rates

Lakes Region Water Company's Responses to
Staff Data Requests, Set 4

Date Request Received: 01/09/2017
Request No. 4-7

Date of Response:
Witness: Leah Valladares

Request:

Please provide copies of the following Stephen P. St. Cyr and Upton & Hatfield LLP invoices, including backup:

a. Stephen P. St. Cyr	03/03/15	\$288.75
b. Upton & Hatfield	03/03/15	\$4,760.00

Response:

There are no actual invoices for these amounts. They total the remaining balance along with \$420.00 Adj. for account # 50-153-186-4 Def Rate Expense-Mt Roberts total \$5468.75 (The remaining balance after the discounts offered by the vendors) that is in the itemized expenses. See Audit issue #4 pg 62 & 63-Company response. "50-153-186-4 held rate case expenses that were associated with Mt. Roberts and where expected to be reviewed for potential surcharge at some time during the purchase process of Mt. Roberts." (Copy attached) Also refer to Testimony of Jason P. Laflamme, August 3, 2016, Attachment JPL-6 (47) pg 241 (Copy attached)

0 • A

288 • 75 +
4,760 • 00 +
5,048 • 75 +

0 • *

5,468 • 75 +
420 • 00
5,048 • 75 +

AUDIT ISSUE #4

Deferrals and Related Offsetting Accounts

Background

Negotiated reductions to amounts owed to Legal and Accounting service providers were recorded in the Company's general ledger.

As discussed in the testimony of Mr. St. Cyr, \$32,019 represents the negotiated reduction to the \$81,921 deferral related to DW07-105. The balance and activity was noted in account 186-3. Total debits of \$37,509 and total credits of \$69,528 net to the stated reduction of \$32,019.

Issue

The debit total of \$37,509 was traced to a year-end entry LRWYE14-389, which increased the two deferred accounts and reduced the Regulatory Commission expense account. The one debit entry to account 186-4 of \$5,469 was identified as a final adjustment to vendor credits.

<u>Debit 50-153-186-3</u>	<u>Debit 50-153-186-4</u>	<u>Credit 50-665-928-8</u>
\$37,509.18	\$ 5,468.75	\$42,977.93

Audit also reviewed year-end entry LRWYE14-357 which identified the credit totals for both 186-3 and most of 186-4, which were offset to Non-utility Income, reducing that account by \$78,542:

	<u>Credit 50-153-186-3</u>	<u>Credit 50-153-186-4</u>	<u>Debit 50-490-421-0</u>
Shaheen	\$27,689.23	\$3,605.00	\$31,294.23
St. Cyr	\$ 6,916.56	\$ 288.75	\$ 7,205.31
Roberge	\$ 7,210.00	\$ 360.00	\$ 7,570.00
Upton	<u>\$27,712.62</u>	<u>\$4,760.00</u>	<u>\$32,472.62</u>
Total	\$69,528.41	\$9,013.75	\$78,542.16

The activity in the 186-5 account was reviewed. The beginning balance of \$59,501.11 was credited by year-end entry LRWYE14-358. The debit posted to Regulatory Commission Expense 50-665-928-8, but was not included in the proforma reduction to that account.

Finally, activity within account 186-1, which reflected both debits and credits in the amount of \$104,774 reflected zero at year end. Audit requested clarification of offsetting entries. Subsequent requests for clarification were made as to why certain entries were booked and to what offsetting accounts, but were not adequately answered.

Audit Recommendation

The Regulatory Commission Expense account 50-665-928-8 should have reflected a proforma reduction of \$16,523, which is the net of the \$59,501 debit and \$42,977 credit.

The \$78,542 negotiated reductions should not have reduced the Non-utility Income, rather should have reduced the Accounts Payable balance. A request for the reasoning behind the credit to Non-utility Income has not been answered as of the date of this report.

Finally, the \$104,774 activity noted in the Deferred account 186-1 could not be traced to offsetting accounts. On November 9, 2015 the Company provided the response below.

The Company must be able to support and explain the entries made to the books and records. Further, the activity within all accounts must comply with applicable USoA standards.

Company Comment

Since the last rate case DW 10-141 the Company has had several deferred rate items on its books. In previous years the Company maintained all of its deferred rate expenses in one general ledger account 50-153-186-1, at the beginning of 2014 the Company reclassified the deferred rate expenses from 50-153-186-1 to accounts 50-153-186-2, -3, -4, and -5.

50-153-186-2 was for DW 10-141 and ended the year with a zero balance after the final transfer to rate case expenses that matched the authorized revenue from the rate case surcharge for DW 10-141.

50-153-186-3 held the NHPUC reviewed rate case expenses for case DW 07-105 and had a balance at 01/01/14 of \$81,921.

50-153-186-4 held rate case expenses that were associated with Mt. Roberts and were expected to be reviewed for potential surcharge at some time during the purchase process of Mt. Roberts.

50-153-186-5 held rate case expenses associated with DW 13-041 Petition for Emergency Rates with a balance of \$59,501 at 01/01/14

During the year the Company was successful in acquiring a loan from CoBank with NHPUC approval that would fully pay 4 professionals that had combined outstanding balances of \$433,938. The 4 vendors agreed as part of the full payment to discount their outstanding balances by a combined \$115,128. As such the Company made the net payments to the 4 professionals in the amount of \$318,810 and distributed the discount received to the following accounts:

Shaheen-Gordon \$31,294 total discount which accounted for reductions of \$27,689 in deferred rate case expense DW 07-105 (acct 50-153-186-3) and \$3,605 deferred expenses -Mt Roberts (acct 50-153-186-4)

St Cyr \$14,875 total discount which accounted for reductions of \$7,205 in deferred rate case expense DW 13-041 (acct 50-153-186-5) and \$7,670 reduction in operating expense account number 50-631-623-8 accounting.

Pg-62 -
States this was
50-153-186-3
50-153-186-4

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XX-632-928-8 Rate Case Expense	\$77,389
XX-665-928-8 Regulatory Commission Expense	<u>\$20,985</u>
Total Account 928	\$98,374

Audit verified that the \$77,389 was pro-formed out of the expense summary of the current rate case, and concurs with the removal of these costs. See proforma #8.

Within the XX-665-928-8 Regulatory Commission Expense, Audit verified that the PUC assessment total of \$4,042 was reflected (across all divisions) without exception.

Also noted within the XX-665-928-8 account were three year end entries, reflected below, which increased the Regulatory Commission expense by a net \$16,943. **Audit Issue #4**

The first entry, a year end adjustment, reflected a reduction to the Deferred accounts, and a debit to the Administrative division Regulatory Commission account:

50-665-928-8 Irwye14-358	\$ 420.00	— Mt Roberts
50-665-928-8 Irwye14-358	\$59,501.11	— DW 13 -
50-153-186-4 Irwye14-358	\$ (420.00)	—
50-153-186-5 Irwye14-358	<u>\$(59,501.11)</u>	
	\$59,921.11	\$(59,921.11)

The second entry then reclassified the \$59,921 out of the Administrative account and spread it among the seventeen divisions:

XX-665-928-8 Irwye14-371	\$59,921.00
50-665-928-8 Irwye14-371	<u>\$(59,921.00)</u>
	\$59,921.00 \$(59,921.00)

The final year end entry reduced the Administrative Regulatory Commission Expense account and increased the Deferred Accounts:

50-153-186-3 Irwye14-389	\$37,509.18
50-153-186-4 Irwye14-389	\$ 5,468.75
50-665-928-8 Irwye14-389	<u>\$(42,977.93)</u>
	\$42,977.93 \$(42,977.93)

Account 930 Miscellaneous General Expenses - \$85.441

Audit reviewed seven invoices from the Miscellaneous General Expenses. Invoices reviewed were for credit card payments, landscaping services at the office, call answering service, and permit to operate fee.

Audit also requested supporting documentation for a bank service charge. The transaction was for a non-sufficient fund charge received for a bounced check from a Paradise Shores customer. This \$20 fee was the only entry for the month and a step-down was performed to allocate the cost to all 17 divisions. Audit questioned why it is allocated to all operating divisions and not just expensed to Paradise Shores. LRWC stated that step downs are performed

Rate Case Expense Analysis
Small Companies

Attachment D

Company	Docket	Order	# of Customers	Total Rate Case Expense Allowed	Recovery Period	Recovery per Customer per Qtr/Mo *	Total Rate Case Expense Per Customer
Dockham Shores	DW12-355	25,616	60	\$ 7,486	8	\$ 15.60	\$ 124.77
Forest Edge	DW12-254	25,612	42	\$ 15,083	16	\$ 22.44	\$ 359.12
Rosebrook **	DW12-306	25,635	404	\$ 1,178	1	\$ 2.92	\$ 2.92
Hampstead ***	DW12-170	25,564	3175	\$ 38,143	6	\$ 2.00	\$ 12.01
Abenaki ****	DW15-199	25,945	466	\$ 75,389	30	\$ 5.39	\$ 161.78
Lakes Region	DW10-141	25,454	1643	\$ 152,966	8	\$ 11.64	\$ 93.10

* Recovery per Customer may differ from rate in order: temp/perm differential excluded.

** Rosebrook would have been \$15.42 for 4 quarters (\$141.68/cust) if St. Cyr charges had not been disallowed.
The St. Cyr charges were disallowed because they were paid by a third party, not Rosebrook.

*** Hampstead has in-house accounting and in-house legal departments.

**** Abenaki residential customers paid \$5.77/month for 30 months. % of revenue allocation was used.

SERVICE LIST - EMAIL ADDRESSES - DOCKET RELATED

Pursuant to N.H. Admin Rule Puc 203.11 (a) (1): Serve an electronic copy on each person identified on the service list.

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Docket #: 15-209-1 Printed: February 24, 2017

FILING INSTRUCTIONS:

- a) Pursuant to N.H. Admin Rule Puc 203.02 (a), with the exception of Discovery, file 7 copies, as well as an electronic copy, of all documents including cover letter with:**

DEBRA A HOWLAND
EXECUTIVE DIRECTOR
NHPUC
21 S. FRUIT ST, SUITE 10
CONCORD NH 03301-2429

- b) Serve an electronic copy with each person identified on the Commission's service list and with the Office of Consumer Advocate.**
- c) Serve a written copy on each person on the service list not able to receive electronic mail.**