

BEFORE THE NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

Lakes Region Water Co., Inc.
Wildwood Water Company, Inc.

Petition to Transfer Utility Assets and Franchise and for Related Approvals

Docket No. DW 17 – _____

NOW COME Lakes Region Water Co., Inc. (“Lakes Region”), by and through Upton & Hatfield, LLP, and Wildwood Water Company, Inc., (“Wildwood”), by and through Cooper Cargill Chant, P.A., and petition the Commission for approval to: (1) transfer Wildwood’s water utility assets and franchise to Lakes Region pursuant to RSA 374:22 & 30 and as set forth in the Asset Purchase Agreement (the “APA”) (Exhibit A); (2) discontinue Wildwood’s operation as a public water utility following the transfer pursuant RSA 374:28; and (3) authorize Lakes Region to make minor modifications to Wildwood’s existing tariff pursuant to RSA 378:3. In support hereof, Lakes Region and Wildwood state as follows:

I. PARTIES

1. Lakes Region is a New Hampshire corporation and public water utility. Lakes Region serves a total of approximately 1,760 customers in 18 separate systems located in the Lakes Region and Mt. Washington Valley of New Hampshire.

2. Wildwood is a New Hampshire corporation and public water utility that provides water service to 49 customers in the Town of Albany, New Hampshire. Wildwood is owned by Bernard E. Quint and Robert Letoile, who are its shareholders.

II. TRANSFER OF UTILITY ASSETS AND FRANCHISE

3. RSA 374:22 requires approval by the Commission to engage in the business of a public utility as follows:

374:22 Other Public Utilities. –

I. No person or business entity ... shall commence business as a public utility within this state, or shall engage in such business, ... or shall exercise any right or privilege under any franchise not theretofore actually exercised in such town, without first having obtained the permission and approval of the commission.

4. RSA 374:30 requires approval for the transfer of the franchise, works, or system of an existing public utility as follows:

374:30 Other Public Utility Leases, Etc. –

I. Any public utility may transfer or lease its franchise, works, or system, or any part of such franchise, works, or system, exercised or located in this state, ... when the commission shall find that it will be for the public good and shall make an order assenting thereto, but not otherwise

5. The Supreme Court has interpreted these provisions to require that “all sales or transfers of regulated public utility property must be approved by the PUC after a finding that the sales are for the public good.” *Appeal of Verizon New Eng., Inc.*, 153 N.H. 50, 62 (2005) *citing Appeal of Public Serv. Co. of N.H.*, 124 N.H. 479, 483 (1984). In making this determination, the Commission “consider[s] all the interests involved and all the circumstances in determining what is reasonable.” *Pennichuck Water Works, Order No. 25,292* (November 23, 2011) *citing Grafton County Electric Light and Power Co. v. State*, 77 N.H. 539, 540 (1915); *Parker-Young Co. v. State*, 83 N.H. 551, 561-562 (1929); *Appeal of Pinetree Power*, 152 N.H. 92, 97 (2005). The Commission also “has a longstanding practice of evaluating the managerial, financial, and technical ability of the proposed transferee to operate a public utility.” *Eastman Sewer Company, Order No. 25,634* (March 11, 2014).

6. Lakes Region and Wildwood request that the Commission approve the transfer of Wildwood assets and franchise to Lakes Region as set forth in the APA. The transfer of the Wildwood water system and franchise to Lakes Region is in the public good because it will benefit customers of both Wildwood and Lakes Region. These benefits include the following:

- **Increased Experience.** Lakes Region has significant expertise operating small water systems in New Hampshire that are similar to the Wildwood water system. It employs a staff of 7 professionals who specialize in operation of small community water systems. It also employs an office staff that includes: a Utility Manager; an Office Manager; and an administrative assistant. Two of Lakes Region's office staff are certified water system operators with a 1A Water Operators Certificate. Lakes Region's field staff includes: a Field Supervisor with a Level 2 Distribution and Level 2 Treatment certification; two Water Operators with a 1A Water Operator certification. By comparison, Wildwood employs only one (1) certified operator.
- **Increased Technical, Emergency and Administrative Support.** Lakes Region's professional certified water operators and other staff are available to support normal operations for all of its systems. Lakes Region has technical staff available on a 24/7 basis in the event of an emergency. It has the ability to provide information in real time to customers using its web site and One-Call Notification system.
- **Improved Efficiencies and Economies of Scale.** Lakes Region expects to improve administration and provide greater economies of scale by serving Wildwood with Lakes Region's professional staff. The addition of 49 existing

Wildwood customers to Lakes Region will provide a larger customer base and thereby lessen future costs per customer.

- **Reduced Costs of Capital and Rate Impacts.** Wildwood’s capital structure as of 12/31/2016 is 100% equity. . Lakes Region has access to lower cost debt financing through CoBank ACB which it expects to use to finance upgrades and improvements to the Wildwood system based on a capital improvements plan to be prepared in consultation with the New Hampshire Department of Environmental Services.¹ Use of lower cost debt financing will benefit customers by improving service at lower cost to customers.

7. As a result of the foregoing, Lakes Region and Wildwood submit that, consistent with the provisions of RSA 374:22 & 30: (1) transfer of the Wildwood water system and franchise to Lakes Region as set forth in the APA is in the public good; and (2) Lakes Region has the managerial, financial, and technical ability to operate the Wildwood public water utility.

III. PETITION TO DISCONTINUE OPERATION AS A PUBLIC UTILITY

8. RSA 374:28 allows Wildwood to discontinue operations as a public utility “whenever it shall appear that the public good does not require the further continuance of such service.” The APA provides for Wildwood to transfer all of its utility assets and franchise to Lakes Region. Once transfer has been completed, there is no reason to “require the further continuance of [Wildwood’s] service” as a public utility. *See e.g. Eastman Sewer, Order No. 25,634*, Pages 19 to 21. As a result, Lakes Region and Wildwood petition the Commission to authorize Wildwood to discontinue operation as a public utility following the transfer of its assets and franchise as provided by the APA.

¹ Lakes Region anticipates providing a draft capital improvements plan at the time of the Commission holds a prehearing or technical conference in this proceeding.

IV. TARIFF MODIFICATIONS.

9. Lakes Region requests that the Commission authorize Lakes Region to modify Wildwood's existing tariff to reflect Lakes Region as the owner of the Wildwood water system and to reflect Lakes Region's existing, approved terms and conditions, pursuant to RSA 378:3. This will enable Lakes Region to operate all of its water systems using consistent terms and conditions.

WHEREFORE Lakes Region Water Co., Inc., and Wildwood Water Company, Inc., respectfully request that the Commission:

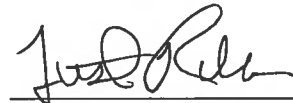
- (1) Approve the transfer Wildwood's water utility assets and franchise to Lakes Region as set forth in the APA and pursuant to RSA 374:22 & 30;
- (2) Authorize Wildwood to discontinue operation as a public water utility following the transfer pursuant RSA 374:28;
- (3) Authorize Lakes Region to modify Wildwood's existing tariff as set forth herein; and
- (4) Grant such other relief as justice may require.

Respectfully submitted,

Lakes Region Water Company

By Its Counsel,

UPTON & HATFIELD, LLP



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Date: November 9, 2017

By:

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By Its Counsel,

COOPER CARGILL CHANT, P.A.

Date: November 9, 2017

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