

STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITIES COMMISSION

Re: Lakes Region Water Company

DW 19-_____

DIRECT PREFILED TESTIMONY OF THOMAS A. MASON

August 14, 2019

Q. What is your name and business address?

A. My name is Thomas A. Mason and my business address is 420 Governor
Wentworth Highway, PO Box 389, Moultonborough, NH 03254.

Q. What is your role at Lakes Region Water Company?

A. I am president of the Company and serve on its Board of Directors. The company
is owned by a family trust held by my mother, Barbara G. Mason.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to explain the Company's desire to secure a term
loan of up to 20 years and a maximum of \$633,000 to (1) reimburse the Company
for funds expended at Dockham Shore ("DS") in connection with the replacement
of the pump station, (2) to replace the pump station at its Wildwood ("Wd")
system, (3) to replace 1000' 4" water main on Paradise Shores Road and (4) to
replace 850' 4" water main & service connections on Robin Lane.

Q. Please provide some background information about these projects?

A. In DW 16-619, the PUC approved (PUC Order No. 25,964) LRWC's acquisition
of the assets and utility franchise of Dockham Shores Estates Water Company.
The Commission authorized LRWC to borrow \$60,000 to finance significant
improvements to the water system needed to continue to provide safe and
adequate service to DS customers. The Company expended \$274,906 of total
plant additions including a new building, new generator, new pumps and a new
tank. As such, the Company is now petitioning to reimburse itself for funds
expended at Dockham Shore ("DS") in connection with the replacement of the
pump station. It should be noted that Company plans to file a separate petition

requesting a DS rate increase to recover its investment and pay the loan. (2) In DW 17-176 the PUC approved (PUC Order #26,114) LRWC acquisition of the assets and utility franchise of Wildwood Water Company, a small water utility built in 1972-1973 and servicing 49 customer in Albany. On July 1, 2018 the Company finalized its purchase of Wildwood's utility assets. The Company has been operating the water system for a little over a year and has concluded that the current "developer-built" pump station needs replacement. The Asset Check Up report submitted in DW 17-176 identified several High-Risk assets based on year placed in service. The pump house, the storage tank and treatment equipment were identified with a high probability of failure and a high consequence of failure. The October 6, 2015 Sanitary Survey (DW 17-176-Exhibit A to the Settlement Agreement) recommended the addition of a Generator due to power loss and outages becoming more frequent. Wd Customers experience high iron and low pressure. The new pump station will provide constant pressure, adequate iron removal, larger well storage and a backup generator. In addition, the well will be located outside the pump station allowing ease of access versus the confined space at its current location. (3) Paradise Shore Rd. main needs an estimated 1000' of aging 4" main replaced with a larger 8" main to increase the flow of water servicing the system. (4) Robin Lane, over the past several years, has had numerous leaks. The replacement of 4" main and services along that road would reduce future leaks, resulting in less maintenance and water loss.

Q. What are the total costs of the Projects?

A. The total costs of the Projects are as follows:

| | |
|-----------------|-----------|
| DS Pump Station | \$215,000 |
|-----------------|-----------|

| | |
|---|------------------|
| Wd Pump Station | 260,000 |
| Paradise Shore Road main | 92,000 |
| Robin Lane main, services and gate valves | <u>66,000</u> |
| Total | <u>\$633,000</u> |

Q. How does the Company propose to finance such costs?

A. The Company proposes to borrow \$633,000 from CoBank.

Q. What are the terms and conditions of the CoBank financing?

A. The proposed terms and conditions are 20 years at an estimated 5.50% interest rate. Such terms and conditions are consistent with the PUC approved CoBank financing for the Company.

Q. Why should the Commission approve the financing?

A. The Commission should approve the financing because it is in the best interest of the Company and its customers. The replacement of DS and Wd pump stations and the PS mains and services increases reliability of the systems.

Q. How is the Company proposing to recover these investments?

A. The Company plans to file a separate DS rate petition to increase rates to DS customers. Depending on its 2019 financial results, the Company is tentatively planning to file a LRWC rate petition in 2020 to increase rates to LRWC customers.

Q. Is there anything else that you would like to address.

A. No.

Q. Does this conclude your testimony?

A. Yes.