

BEFORE THE NEW HAMPSHIRE  
PUBLIC UTILITIES COMMISSION

Lakes Region Water Company

*Petition for Rate Increase*

Docket No. DW 19 – 177

DIRECT TESTIMONY OF  
THOMAS A. MASON

## I. BACKGROUND

**Q. Please state your name and business address.**

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

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

A. I am President of Lakes Region Water Co., Inc. (“LRWC” or the “Company”). I also serve on its Board of Directors. I supervise LRWC’s water operations and capital projects for all of the Company’s 19 Community Water Systems, including Dockham Shores.

**Q.     What is the purpose of your testimony?**

A. I offer this testimony to explain the capital and operational improvements that LRWC has made to the Dockham Shores water system which have significantly improved the quality of service provided to customers.

## II. ACQUISITION OF THE DOCKHAM SHORES WATER SYSTEM

#### **Q. How did LRWC come to acquire the Dockham Shores water system?**

A. In 2015, Colin Robertson owned the Dockham Shores water system with his wife. He approached me and asked if LRWC was interested in purchasing the system. He indicated that the system was not profitable, and he wished to retire. The system needed significant capital improvements that had been recommended by the Department of Environmental Services. *See Attachment A, NHDES Sanitary Survey dated December 5, 2015.* Mr. Robertson did not have the financial or technical ability to make the required improvements to continue to serve customers.

Mr. Robertson agreed to sell the system to LRWC at a loss for \$60,000, which was less than its net plant of \$88,943 (2015 Form F1, Line 5) at the time. After an initial due diligence, inspections and review of the system, LRWC and Dockham Shores entered into an asset purchase agreement on April 25, 2016.

On May 31, 2016, LRWC submitted a petition to acquire the assets and franchises for approval by the Commission. On November 10, 2016, the Commission approved the acquisition and related financing.

**Q. What were LRWC plans when it acquired the system?**

A. As part of the application to the Commission, I asked LRWC Field Supervisor Justin Benes to prepare an initial capital improvements plan and cost estimate for

1           improvements required for LRWC to assume operations. Attachment B is the  
2           initial plan prepared by Justin Benes.

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4           LRWC's initial plan addressed the existing underground pit where access was  
5           extremely difficult and dangerous and did not comply with OSHA requirements.  
6           LRWC's initial plan also included telemetry, wiring, meters and replacement of  
7           electrical panels. The total costs were estimated to be \$60,000.

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9           **Q. When did LRWC acquire the system?**

- 10          A. LRWC acquired ownership of the Dockham Shores water system on July 1, 2017.

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12          **III. CHANGES FOLLOWING ACQUISTION OF DOCKHAM SHORES**

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14          **Q. How did LRWC's plans for the system change following acquisition?**

- 15          A. After acquiring the system and operating it for an initial period, it became clear  
16           that the system was in considerably worse shape than originally believed. The  
17           deteriorated condition of the system was described in detail in response to Staff  
18           Data Requests in DW 16 – 619 and in *Attachment C*. By way of summary:

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20           ○ One of the two storage tanks had failed and the second tank had  
21           deteriorated to the point where it was leaking and could not be repaired.  
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23           ○ The well yields were lower than anticipated which required LRWC to  
24           impose water use restrictions and bans.  
25  
26           ○ The system also experienced frequent electric power outages during storm  
27           events which required a portable generator to be manually set up. The  
28           frequency of power failures was unusual compared to other nearby  
29           systems operated by LRWC.

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31           If LRWC had proceeded with its initial plan, it would have only been a temporary  
32           fix. The Company would have likely needed to entirely replace the pump station  
33           3 to 4 years later. This would have had an adverse impact on both rates and  
34           service to customers.

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36          **Q. What did LRWC do as a result of the deteriorated condition of the system?**

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38          LRWC hired Lewis Engineering to reassess the pump station and provide  
39           recommendations to LRWC. Lewis Engineering's recommendations are included  
40           in Attachment C.

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42          By way of summary, Lewis Engineering recommended that the pump station be  
43           completely re-designed and re-built to meet current standards through the addition  
44           of a new water storage/pump house facility that was relocated next to the existing

1 wells to eliminate internal electrical problems. The new pump station included a  
2 reinforced concrete 15,000-gallon water storage tank, a new pump house building,  
3 booster pumps, automatic controls and related equipment. A standby generator  
4 was added to address power outages.

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6 **Q. When were the improvements to the pump station placed in service?**

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- 8 A. The improvements to the pump station were all completed and placed in service  
9 on December 30, 2018.

10

11 **Q. How do the improvements to the system made by Lakes Region benefit or  
12 improve service to customers?**

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- 14 A. The benefits to customers are described in *Attachment C*. These include but are  
15 not limited to: (a) increased well yields and storage capacity which has eliminated  
16 the need for water bans or restrictions; (b) the elimination of interruptions in  
17 service due to power outages; (c) and avoiding the risk of complete system  
18 failure.

19

20 The improvements have allowed LRWC to fully integrate Dockham Shores into  
21 its operations. The pump station is considered a model that LRWC will use as  
22 upgrades are needed at other systems.

23

24 **Q. Does this conclude your testimony?**

- 25
- 26 A. Yes