

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

1 **I. BACKGROUND**

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

3
4 A. My name is Thomas A. Mason and my business address is 420 Governor
5 Wentworth Hwy, PO Box 389, Moultonborough, NH 03254.
6

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

8
9 A. I am President of Lakes Region Water Co., Inc. (“LRWC” or the “Company”). I
10 also serve on its Board of Directors. I supervise LRWC’s water operations and
11 capital projects for all of the Company’s 19 Community Water Systems, including
12 Dockham Shores.
13

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

15
16 A. I offer this testimony to explain the capital and operational improvements that
17 LRWC has made to the Dockham Shores water system which have significantly
18 improved the quality of service provided to customers.
19

20 **II. ACQUISITION OF THE DOCKHAM SHORES WATER SYSTEM**

21
22 **Q. How did LRWC come to acquire the Dockham Shores water system?**

23
24 A. In 2015, Colin Robertson owned the Dockham Shores water system with his wife.
25 He approached me and asked if LRWC was interested in purchasing the system.
26 He indicated that the system was not profitable, and he wished to retire. The
27 system needed significant capital improvements that had been recommended by
28 the Department of Environmental Services. *See Attachment A, NHDES Sanitary*
29 *Survey dated December 5, 2015.* Mr. Robertson did not have the financial or
30 technical ability to make the required improvements to continue to serve
31 customers.
32

33 Mr. Robertson agreed to sell the system to LRWC at a loss for \$60,000, which
34 was less than its net plant of \$88,943 (2015 Form F1, Line 5) at the time. After
35 an initial due diligence, inspections and review of the system, LRWC and
36 Dockham Shores entered into an asset purchase agreement on April 25, 2016.
37

38 On May 31, 2016, LRWC submitted a petition to acquire the assets and franchises
39 for approval by the Commission. On November 10, 2016, the Commission
40 approved the acquisition and related financing.
41

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

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44 A. As part of the application to the Commission, I asked LRWC Field Supervisor
45 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.

3
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.
8

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

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11 A. LRWC acquired ownership of the Dockham Shores water system on July 1, 2017.
12

13 **III. CHANGES FOLLOWING ACQUISITION OF DOCKHAM SHORES**

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

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

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

32
33 If LRWC had proceeded with its initial plan, it would have only been a temporary
34 fix. The Company would have likely needed to entirely replace the pump station
35 3 to 4 years later. This would have had an adverse impact on both rates and
36 service to customers.

37
38 **Q. What did LRWC do as a result of the deteriorated condition of the system?**

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

43
44 By way of summary, Lewis Engineering recommended that the pump station be
45 completely re-designed and re-built to meet current standards through the addition
46 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.

5

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?**

13

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

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