

STATE OF NEW HAMPSHIRE

Intra-Department Communication

DATE: December 20, 2022

FROM: Sean Courtois, Division of Enforcement, Audit Staff

SUBJECT: Lakes Region Water Company Inc.
DW 22-068 LRWC 2020 and 2021 Step Adjustment
Final Audit Report

TO: Thomas Frantz Director of Regulatory, NH Department of Energy
Jayson Laflamme, Director Water Group, Regulatory, Department of Energy
David Goyette, Utility Analyst, NH Department of Energy
Mathew Young, Attorney, NH Department of Energy

Introduction

Lakes Region Water Company, Inc., (LRWC, Company) on October 19, 2022 filed a step adjustment petition for recovery of 2020 and 2021 assets placed in service, as contemplated by a Settlement Agreement (SA) with Department of Energy Regulatory Staff and the Office of the Consumer Advocate (OCA) in docket DW 20-187 filed on April 28, 2022 with the PUC. The step adjustment filing was docketed as DW 22-068 and includes plant addition specifics for 2020-2021 grouped by the 20 Company divisions that includes the administrative division of LRWC. The filing also included paving costs and annual wage increases. The Settlement Agreement was approved by Commission Order 26,663 on May 27, 2022. The rate case DW 20-187 SA Attachment B schedules 1-5 identify the requirements for the step adjustment. The text below summarizes the Step Adjustment approved settlement agreement from page 6 of the SA document,

“The Settling Parties Agree that the Company shall be allowed a combined step adjustment, Step I, based on three components: (1) the costs of post-test year plant additions placed in service as of December 31, 2020 and 2021; (2) post-test year Annual Wage Expense increases that were deferred pending review in this proceeding, as set forth in Schedules 1 to 5d in Attachment B; (3) and completion of paving work associated with post-test year plant additions estimated to be completed in the second quarter of 2022. The Settling Parties agree that while the inclusion of construction work in progress in rates is prohibited, per RSA 378:30-a, the audit, review, and requested approval by the Commission will be undertaken after the paving work is completed.”

On November 4, 2022 the Company petitioned to consolidate the DW 22-068 step adjustment docket to the DW 20-187 rate case docket. On November 18, 2022 the Commission

Order 26,728 denied the motion to consolidate the step adjustment under the DW 20-187 rate case. The Company on the DW 22-068 step adjustment filing included an additional \$78,775 in plant additions that were moved out of CWIP in 2021. The resulting plant additions increased from \$670,351 to \$749,126.

The filing schedule **page 1** as filed in DW 22-068 on October 19, 2022 is summarized below:

		<u>Total</u>
2020 Plant Additions (Sch 2)	\$ 206,821	
Less: Accumulated Depreciation - 2020 Plant Additions (Sch 2)	(15,240)	
2020 Net Additions	<u>191,581</u>	191,581
2021 Plant Additions (Sch 3)	\$ 749,126	
Less: Accumulated Depreciation - 2021 Plant Additions (Sch 3)	(54,351)	
2021 Net Additions	<u>694,775</u>	694,775
Cash Working Capital Factor (75 days / 365 days)	20.55%	<u>2,237</u>
Total Addition to Rate Base		888,593
Rate of Return (Att 1; Sch 1a)		<u>8.52%</u>
Increase in Net Operating Income Requirement		\$ 75,678
Increase in Annual Wage Expense (Sch 4) - Settlement:		12,220
Depreciation Expense:		
Annual Depreciation Expense - 2020 Plant Additions (Sch 2)	\$ 15,240	
Less: Annual Depreciation Expense - 2020 Retirements (Sch 2a)	(668)	
2020 Total	<u>\$ 14,572</u>	14,572
Annual Depreciation Expense - 2021 Plant Additions (Sch 3)	\$ 54,351	
Less: Annual Depreciation Expense - 2021 Retirements (Sch 3a)	(15,365)	
2021 Total	<u>\$ 38,986</u>	38,986
2020 and 2021 Depreciaton Expense		53,558

Property Tax Expense:		
Annual Property Tax Expense - 2020 Plant Additions (Sch 2)	\$ 2,358	
Annual Property Tax Expense - 2021 Plant Additions (Sch 3)	8,591	
Total Property Tax Expense	<u>10,949</u>	10,949
Increase in Annual Payroll Tax Expense (Sch 4) - Settlement:		935
Income Tax Expense:		
Increase in Net Operating Income Requirement	\$ 75,678	
Income Tax Multiplier (Att 1; Sch 1b)	0.37142	<u>28,108</u>
Increase in Revenue Requirement	\$	181,449
Less: Increase in POASI Special Contract (Schedule 5a)		<u>(20,749)</u>
Step Increase	\$	160,700
Pro Forma Water Revenues from General Customers (Att 1; Sch 3)	\$	1,337,149
% Increase in Annual Water Revenues from General Customers		<u>12.02%</u>

Continuing Property Records

The Company uses Fixed Asset Pro for the plant accounting assets such as calculating the depreciation expense. The Fixed Asset Pro system is an all-encompassing software program which demonstrates asset, depreciation year and rate, the system and division number, descriptions and location of assets, the acquisition date, town, replacement value, cost of removal, net book value, general ledger account number for the plant, depreciation expense, and accumulated depreciation.

The Company uses the QuickBooks Pro online accounting system which is separate from the Fixed Asset Pro System used to calculate the depreciation expense and accumulated depreciation amount. The Company makes manual adjustments in the QuickBooks accounting general ledger accounts to record the depreciation expense and accumulated depreciation balance.

Because the Fixed Asset Pro system does not allow the retirement of an asset at the original book value, a manual adjustment to the Fixed Asset Pro System has been proposed to ensure the QuickBooks plant and accumulated depreciation figures, on both systems agree. The adjustment was not done during the 2019 test year, and the Utility Financial Manager indicated they still must perform manual adjustments for 2021 and other years going forward.

The Company indicated they implemented a new asset management program called Utility Cloud in September 2022. The program allows more tools for workers in the field such as entering work orders, customer work order service history, location of the assets, digital image of the water system, and digital records of assets. The Company noted that the Utility Cloud program allows the Company not to rely as much on paper records in the office and allows the Company the ability to make better analytical/management decisions.

Bid Process

The Company indicated that it does not have a formal bidding process. The Company has an affiliate agreement with LRW Water Services Inc. that was signed on February 15, 2010 and amended on October 31, 2013. LRW Water Services Inc. is an affiliate Company that charges directly.

Cost Allocations

The Company charges costs directly from an affiliate agreement with LRW Water Services Inc. most recently revised and signed on October 31, 2013. There are no specific overheads as they are included in the directly charged hourly rates. The Company charges \$50 per hour and \$75 per hour for overtime. The hourly rates include the vehicle, employee hourly pay rate, payroll taxes, employee benefits, fuel vehicle costs, truck maintenance, insurance, and depreciation. The Company has a separate fee schedule for equipment rental and a \$50 per month charge for office personal for tasks such as answering phone messages/receiving faxes.

Materials

The Company purchases assets at cost and is not authorized a markup. The Company indicated the most recent physical inventory was done on December 31, 2021.

E-22 and Construction Budgets

Audit reviewed the \$467,000 2019-2020 E-22 Yearly Report of Proposed Expenditures for additions, extensions, and capital improvements to fixed capital that was signed on August 28, 2019 by Company owner Tom Mason. The projects for 2019 included an estimated \$45,000 Wentworth Cove Pump Station Upgrades in Laconia. There were two projects in 2019-2020 for Paradise Shores in Moultonborough. The first project was estimated to cost \$96,000 for Paradise Shores Drive water main replacement. The second project was estimated to cost \$66,000 for a water main/service line replacement on Robin Lane. The last project for 2019-2020 was the Wildwood Pumpstation replacement in Albany that was estimated to cost \$260,000.

Audit reviewed the \$53,802 2021 E-22 Yearly Report of Proposed Expenditures for additions, extensions, and capital improvements to fixed capital that was signed on May 24, 2021 by Tom Mason. The lone project was for the purchase of a 2021 Ford F350 pickup truck. The Company filed an updated 2021 E-22, also signed by Tom Mason on August 11, 2021. The additional 2021 projects summed to \$193,577. The first addition was for the purchase of a RAM 1500 pickup truck that was estimated to cost \$48,669. The other projects were the Robin Lane replacement estimated to cost \$46,232, the Glen Forest main replacement estimated to cost \$37,426, and the Sunrise Drive main replacement estimated to cost \$61,250.

Summary of the 2020 Divisions

The chart below summarizes the 20 Company divisions that includes one administrative division.

Div #	Name	Div #	Name	Div #	Name	Div #	Name
1	Far Echo Harbor	6	Wentworth Cove	11	Brake Hill	16	Indian Mound
2	Paradise Shores	7	Pendelton Cove	12	Tamworth Water Works	17	Gunstock Glen
3	West Point	8	Deer Run	13	175 Estates	18	Dockham Shores
4	Waterville Valley Gateway	9	Woodland Grove	14	Deer Cove	19	Wildwood
5	Hidden Valley	10	Echo Lake Woods	15	Lake Ossipee Village	50	Administrative

Review of 2020 Project Additions

The Company on filing schedule 2 spent \$206,821 in capital additions that was unitized to plant in service as of December 31, 2020. The plant figure is the same as the Commission approved Attachment B Schedule 2 Settlement Agreement. The chart below summarizes the \$206,821 in plant additions that were booked to the 3xx plant accounts.

Account Name	Account #	2020 Plant Additions
Structures and Improvements	304	\$ 48,319
Power Generation Equipment	310	\$ 34,350
Pumping Equipment	311	\$ 21,022
Water Treatment Equipment	320	\$ 17,690
Transmission and Distribution Mains	331	\$ 5,268
Services	333	\$ 2,455
Meters and Meter Installation	334	\$ 12,284
Other Plant and Miscellaneous Equipment	339	\$ 17,307
Tools, Shop, and Garage Equipment	343	\$ 42,283
Computer Equipment	347	\$ 5,843
2020 Total		\$ 206,821

There are 20 LRWC divisions that includes an administrative division coded as number 50. Audit performed a complete review of the projects in divisions 6, 13, 19, and 50. This specifically means Audit reviewed \$161,979 or 78% in 2020 plant additions. The review of the specific projects is discussed below.

Div #	Name	Acct #	Date	2020 Plant Additions
1	Far Echo Harbor			
	F&W Pump	311	5/22-10/1/2020	\$ 10,566
	Meters	334	5/11-10/23/2020	\$ 1,767
	Telemetry	339	4/22-5/29/2020	\$ 4,199
	Division Total			\$ 16,532

The Company unitized \$16,532 to plant in service for meters, pumps, and telemetry equipment to Far Echo Harbor. Audit did not review any specific invoices for this specific project.

Div #	Name	Acct #	Date	2020 Plant Additions
2	Paradise Shores			
	Woodstream Main - 400' of 4" Fusion	331	1/13-5/31/2020	\$ 2,514
	Main - 300' Liesure Lane	333	5/31/2020	\$ 1,389
	Meters	334	1/13-11/4/2020	\$ 5,257
	Division Total			\$ 9,160

The Company unitized \$9,160 to plant in service for the installation of 400 feet of 4-inch mains, new service lines, and meters for Paradise Shores. Audit did not review any specific invoices for this specific project.

Div #	Name	Acct #	Date	2020 Plant Additions
3	West Point			
	Meters	334	2/21-8/13/2020	\$ 540
	Storage	339	4/10/2020	\$ 648
	Division Total			\$ 1,188

The Company unitized \$1,188 to plant in service for the installation of water meters to West Point. Audit did not review any specific invoices for this specific project.

Div #	Name	Acct #	Date	2020 Plant Additions
4	Waterville Valley Gateway			
	Meters	334	8/24-9/17/2020	\$ 628

The Company unitized \$628 to plant in service for the installation of water meters for the Waterville Valley Gateway system. Audit did not review any specific invoices for this specific project.

Div #	Name	Acct #	Date	2020 Plant Additions
5	Hidden Valley			
	Meters	334	3/26-12/16/2020	\$ 1,625

The Company unitized \$1,625 to plant in service installation of water meters for Hidden Valley. Audit did not review any specific invoices for this specific project.

Div #	Name	Acct #	Date	2020 Plant Additions
6	Wentworth Cove			
	REPCO Panel	304	8/1/2020	\$ 8,963
	Pumpstation upgrades	304	8/1/2020	\$ 29,633
	Submersible Pump	311	8/1/2020	\$ 3,630
	Water-Right Customer Care Unit	320	8/1/2020	\$ 10,237
	Meters	334	6/15-9/11/2020	\$ 502
	Telemetry	339	8/1/2020	\$ 3,952
	Pressure Tank	339	8/1/2020	\$ 2,241
	Compressor	339	8/1/2020	\$ 1,008
	Division Total			<u>\$ 60,166</u>

Audit reviewed one hundred percent of the \$60,166 cost detail for the Wentworth Cove 2020 additions. The Company unitized all assets to plant in service on August 1, 2020, except for meters which were replaced throughout the year June 15-September 11, 2020. Audit verified the CPR/GL detail that indicated the Company debited the Plant asset account and credited the 105 CWIP account. The Company did not retire any meters.

304 account

Audit verified the \$8,963 Repco Panel invoice details that were booked to the 304 account. The first invoice, dated November 2015 was a \$8,899 R.E. Prescott Co, Inc. for a multi-Plex Repco panel, enclosure, and front-end inner door. The second invoice from November 2015 was for \$65 for pressure treated lumber from A&B Lumber. The Company indicated the panel was basically inventoried until the Wentworth Cove upgrades were completed in 2020. The LRWC Utility Financial Manager has developed procedures so water treatment operations staff provides invoices to ensure projects can be completed in a more timely basis. Audit discussed the lack of appropriate capital budgeting with the Utility Financial Manager.

Audit reviewed all the 2019 and 2020 invoices for a the \$29,633 Pumpstation upgrades booked to account 304. The invoices were for lumber, materials, labor, electrical work, sand and gravel, loam, and flanges. The invoices are summarized below.

<u>Name</u>	<u>Amount</u>
A & B Lumber	\$ 85
Bruce Robinson Company	\$ 116
R.E. Prescott	\$ 2,510
Evans Brothers Sand and Gravel	\$ 201
F.W. Webb Company	\$ 5,747
Lowes	\$ 88
Mass Tank Sales Corp.	
Needham Electric Supply, LLC	\$ 4
Nutter Enterprises LLC	\$ 703
Premier Pump and Supply Inc.	\$ -
Rotten Rock Concrete Construction	\$ 1,048
Sanbourn Electrical	\$ 11,232
Water Industries	\$ 115
Labor	\$ 7,785
Total	\$ 29,634

311 Account

Audit reviewed three invoices and associated labor that summed to \$3,630 for the Submersible pump booked to account 311. The first R.E. Prescott Co., Inc invoice from June 2019 was for \$2,504 for the Badger Mag Flow Meter, nuts, bolts, and flange gasket. The Company spent \$113 in associated labor charges. The second R.E. Prescott Co, Inc invoice from September 2019 was for an inline meter with meter controls for \$370. The final R.E. Prescott Co., Inc. invoice was \$643 for a 50-foot KPSI Submersible transmission cable.

320 Account

Audit reviewed the labor charges and invoice detail for the \$10,237 Water Right Care Treatment Unit booked to account 320. Audit reviewed an August 2019 \$7,863 Premier Pump and Supply Inc invoice that was for the purchase of the Water Right Customer Care-Unit, valve, valve flow control, and chemical feed tank. The Company spent \$856 on electrical work from Sabourn Electric. The remaining \$1,518 were labor charges for installation work.

334 Account

Audit reviewed the \$502 in meters that were booked to account 334. The Company performed multiple meter entries from June 15, 2020 through September 11, 2020. The Company installed three meters for \$145 each or \$435 with the remaining \$67 dollars being the labor installation. Audit verified the Company debited the meters 334 account for \$502 and credited the 105 CWIP account.

339 Account

Audit reviewed the \$3,952 in telemetry equipment the Company booked to account 339 from R.E. Prescott Co, Inc. The invoices from June 2019 were for the purchase of the GS400 remote telemetry unit, cord, data plan, power supply, box setup, amp breaker, and assembly.

Audit reviewed the \$2,241 the Company spent on a pressure tank that was booked to the 339 account. The Company spent \$1,950 on the pressure tank from Mass Tank Sales Corp. and \$291 in labor installing the pressure tank in 2019/2020.

The Company in July 2020 booked \$1,008 on a Vac Air Compressor to the 339 account. The Company purchased the new air vac compressor from R.E. Prescott that was purchased because they old one died.

Div #	Name	Acct #	Date	2020 Plant Additions
7	Pendelton Cove			
	Meters	334	4/6-9/24/2020	\$ 708

The Company unitized \$708 to plant in service for the installation of water meters to Pendelton Cove. Audit did not review any specific invoices for this specific project.

Div #	Name	Acct #	Date	2020 Plant Additions
8	Deer Run			
	Meters	334	6/12-7/16/2020	\$ 351

The Company unitized \$351 to plant in service as of for the installation of water meters to Deer Run. Audit did not review any specific invoices for this specific project.

Div #	Name	Acct #	Date	2020 Plant Additions
9	Woodland Grove			
	Meters	334	2/24-3/3/2020	\$ 458

The Company unitized \$458 to plant in service for the installation of water meters to Woodland Grove. Audit did not review any specific invoices for this specific project.

Div #	Name	Acct #	Date	2020 Plant Additions
10	Echo Lake Woods			
	Meters	334	10/1-11/23/2020	\$ 448

The Company unitized \$448 to plant in service for the installation of water meters for Echo Lake Woods. Audit did not review any specific invoices for this specific project.

Div #	Name	Acct #	2020 Plant Additions
11	Brake Hill		
	No additions		\$ -

Div #	Name	Acct #	Date	2020 Plant Additions
12	Tamworth Water Works			
	Well Pump	311	4/2-6/17/2020	\$ 4,665
	Transducer	339	6/17/2020	\$ 1,703
	Division Total			\$ 6,368

The Company unitized \$6,368 to plant in service for the installation of a well pump and transducer for Tamworth Water Works. Audit did not review any specific invoices for this specific project.

Div #	Name	Acct #	Date	2020 Plant Additions
13	175 Estates			
	Anion Softeners	320	1/1/2020	\$ 7,453

Audit reviewed one hundred percent of \$7,453 anion water softener charges that were booked to the 320 Water Treatment Plant account on January 1, 2020 to the 175 Estates water system. Audit reviewed a November 2018 R.E Prescott Co., Inc invoice for \$5,951 for the purchase of quad-non regenerating anion softeners. Audit reviewed a \$426 F.W.Webb Company invoice for the purchase of plumbing materials. The Company spent \$1,075 on the treatment system installation in November 2018. Audit verified the Company debited the 320, Water Treatment Equipment account and credited the 105 CWIP account. As was noted within the section of this report related to Division #6, the untimely use of assets purchased, appears to be the result of a lack of appropriate capital budgeting.

Div #	Name	Acct #	2020 Plant Additions
14	Deer Cove		
	No additions		\$ -

Div #	Name	Acct #	Date	2020 Plant Additions
15	Lake Ossipee Village			
	Telemetry	339	4/3/2020	\$ 3,556

The Company unitized \$3,556 to plant in service as of April 3, 2020 for the installation of water telemetry equipment at Lake Ossipee Village. Audit did not review any specific invoices for this specific project.

Div #	Name	Acct #	Date	2020 Plant Additions
16	Indian Mound			
	Main - Richard Rd 550 2" HDPE	331	7/1/2020	\$ 2,754
	Richard Rd - 3 Services / 1 Blowoff	333	7/1/2020	\$ 1,066
	Division Total			\$ 3,820

The Company unitized \$3,820 to plant in service as of July 1, 2020 for the installation of 550 feet of main and 3 service line connections in the Indian Mound system. Audit did not review any specific invoices for this specific project.

Div #	Name	Acct #	2020 Plant Additions
17	Gunstock Glen		
	No additions		\$ -

Div #	Name	Acct #	2020 Plant Additions
18	Dockham Shores		
	No additions		\$ -

Div #	Name	Acct #	Date	2020 Plant Additions
19	Wildwood			
	Subdrive	311	1/1/2020	\$ 1,864
	Sump Pump	311	6/9/2020	\$ 297
	Division Total			\$ 2,161

The Company unitized \$2,161 to plant in service for the installation of sump pumps to the 311 account that is part of the Wildwood system. The Company debited 311, Pumping Equipment, for \$1,864 and credited the 105 CWIP account for the same amount. Audit reviewed two Premier Pump and Supply, Inc. invoices that summed to \$2,005 for the purchase of Booster Pumps, tanks, pressure gauges, valves, and other part to install the pump. The Company spent \$166 in labor charges to install the new sump pump in the Wildwood Water system.

Div #	Name	Acct #	Date	2020 Plant Additions
50	Administrative			
	Driveway - paving	304	5/10/2020	\$ 9,723
	Portable Generator	310	2/20/2020	\$ 34,350
	Hypotherm 45 Plasma Cutter	343	2/28/2020	\$ 2,483
	2011 Vermeer Vacuum	343	7/29/2020	\$ 35,000
	TEGA Electrofusion Processor	343	10/30/2020	\$ 4,800
	Utility Cloud	347	1/27/2020	\$ 5,000
	Front Desk Computer	347	9/25/2020	\$ 843
	Division Total			<u>\$ 92,199</u>

Audit reviewed one hundred percent of the \$92,199 costs associated with administrative division in 2020. Audit verified the Company booked the plant in service charges by debiting the plant asset account listed and crediting the 105 CWIP account.

304 Account

Audit reviewed the \$9,723 the Company booked to the 304 Structures and Improvements on May 10, 2020 for the administrative office driveway paving. Audit reviewed a \$9,660 May 2020 Bryant Paving, LLC invoice that was for paving work and a \$63 Bruce Robinson Company May 2020 invoice for gravel.

310 Account

Audit reviewed a February 2020 Milton Cat invoice for \$34,350 for the purchase of an XQ60 portable generator that the Company booked to the 310 Power Generation Equipment account.

343 Account

Audit reviewed a February 2020 Maine Oxy plasma cutter invoice for \$2,483 that the Company booked to the 343, Tools, Shop and Garage Equipment account.

Audit reviewed a July 29, 2020 Bill of Sale from Tom Mason the Owner of LRWC selling the Company a 2011 McLaughlin/Vermeer vacuum for \$35,000 that was booked to the 343 account.

The Company spent \$4,800 Everett J. Prescott Company in October 2020 for a new TEGA Electrofusion processor that was booked to the 343 account.

347 Account

Audit reviewed a \$5,000 invoices and associated contract for the Utility Cloud base implementation that is to be used for the new Company mapping and work order management system. The Company had previously relied on a legacy spreadsheet work order system that was created by a former financial consultant. The Company booked the Utility Cloud charges to the 347 Computer Equipment account.

Audit reviewed a September 2020 \$843 Lakes Region Computer LLC invoice for the purchase of a new front desk computer that was booked to the 347 account.

Review of 2021 Project Additions

The Company, on filing schedule 3, included \$670,351 in capital additions that were unitized to plant in service as of December 31, 2021. Those assets agree with Attachment B, Schedule 3 of the Commission approved Settlement Agreement. The chart below summarizes the total filing figures, which sum to \$749,126. The Company included \$78,775 additional plant investments that were booked to plant in service after the Settlement Agreement was approved. Refer to the Review of Additional 2021 Project Unitized after PUC approved Settlement Agreement portion of this report for review of those additional assets.

Account Name	Account #	2021 Additions per Filing Schedule 3		2021 Additions per Settlement Agreement Schedule 3	Difference
Structures and Improvements	304	\$	180,861	\$ 167,416	\$ 13,445
Power Generation Equipment	310	\$	23,628	\$ 23,628	\$ -
Pumping Equipment	311	\$	68,917	\$ 39,375	\$ 29,542
Water Treatment Equipment	320	\$	48,737	\$ 38,963	\$ 9,774
Distribution Reservoirs and Standpipes	330	\$	36,127	\$ 36,127	\$ -
Transmission and Distribution Mains	331	\$	172,368	\$ 162,128	\$ 10,240
Services	333	\$	35,401	\$ 30,000	\$ 5,401
Meters and Meter Installation	334	\$	7,240	\$ 4,010	\$ 3,230
Other Plant and Miscellaneous Equipment	339	\$	18,904	\$ 14,833	\$ 4,071
Transportation Equipment	341	\$	143,658	\$ 140,586	\$ 3,072
Tools, Shop, and Garage Equipment	343	\$	13,285	\$ 13,285	\$ -
2021 Total		\$	749,126	\$ 670,351	\$ 78,775

Audit performed a complete review of the Settlement Agreement projects in divisions 1, 2, 7, 13, 17, 18, 19, and 50. This specifically means Audit reviewed \$636,749 or 95% of the \$670,351 in 2021 plant additions per schedule 3 of the 2021 SA. The review of the specific projects is discussed below.

Div #	Name	Acct #	Date	Settlement Agreement Schedule 3
1	Far Echo Harbor			
	Bed Rock Well Pump	311	7/12/2021	\$ 510
	Bosster #2 (transferred from CWIP)	311	12/31/2021	
	Meters	334	4/16-7/14/2021	\$ 916
	Transducer	339	5/21/2021	\$ 915
	Total			<u>\$ 2,341</u>

Audit reviewed one hundred percent of the Far Echo Harbor cost detail for the \$2,341 in Bed Rock Well Pumps, meters, and transducers. Audit verified the CPR/GL amounts and accounts were unitized to plant in service by debiting the plant asset accounts above and crediting the 105 CWIP account.

The Company on the DW 20-187 Settlement Agreement booked \$510 in Bedwell Rock pumps to the 311 accounts. This figure reflects the \$510 CWIP charges at the time allocated to a Water Industries LLC invoice for two water pumps. The Company in the October 2022 filing schedule 3 reduced the allocation to one pump that is \$270, thereby reducing the Settlement Agreement amount by \$(240).

The Company during the year booked \$916 in meter charges to the 334 account April 16-July 14, 2021. The Company changed five meters that were \$145 each plus the \$191 in labor installation charges to install the meters.

The Company spent \$916 on a Keller Submersible transducer purchased from Premier Pump and Supply Inc that was booked to the 339.04 Transducer account on September 19, 2021.

Refer to the Review of Additional 2021 Project Unitized after PUC approved Settlement Agreement portion of this report for \$3,594 of additional assets booked after the Settlement Agreement.

Div #	Name	Acct #	Date	Settlement Agreement Schedule 3
2	Paradise Shores			
	Well #5 Electrical Upgrades (transferred from CWIP)	304	12/31/2021	
	Mt. Roberts Badger M2000 Meter	311	9/16/2021	\$ 2,704
	Well #5 Pump (transferred from CWIP)	311	12/31/2021	
	T&D mains - Robin Lane	331	7/31/2021	\$ 58,763
	Paving - Robin Lane (Spring '22) - Settlement	331	8/31/2022	\$ 12,050
	T&D mains - Sunrise Dr.	331	7/31/2021	\$ 41,523
	Paving - Sunrise Dr. (Spring '22) - Settlement	331	8/31/2022	\$ 12,050
	T&D mains - Glen Forest Dr.	331	7/31/2021	\$ 25,692
	Paving - Glen Forest Dr. (Spring '22) - Settlement	331	8/31/2022	\$ 12,050
	Services - Robin Lane	333	7/31/2021	\$ 10,000
	Services - Sunrise Dr.	333	7/31/2021	\$ 15,000
	Services - Glen forest	333	7/31/2021	\$ 5,000
	Services - Blueberry Ln (12/21/21)	333	12/21/2021	
	Well #5 transducer (transferred from CWIP)	339	12/31/2021	\$ 2,269
	Meters	334	1/11-10/14/2021	
	Total			<u>\$ 197,101</u>

Audit reviewed one hundred percent of the \$197,101 Paradise Shores meter, mains, and service line replacements on filing. Audit verified the plant charges were unitized to plant by reviewing the CPR/GL journal entries that debit the plant account and credit the 105 CWIP account.

Refer to the Review of Additional 2021 Project Unitized after PUC approved Settlement Agreement portion of this report for \$37,120 of additional assets booked after the Settlement Agreement.

311 Account

Audit reviewed the \$2,704 LRWC spent in September 2021 on Badger M200 meters that were booked to the 311 Pumping Equipment-Source of Supply and Pumping Plant account. Audit reviewed the \$2,584 R.E. Prescott Co, Inc. invoice that listed the Badger M200, and the Company spent \$120 to install the Badger M200 meters.

331 Account

Audit reviewed the \$58,763 LRWC spent on Robin Lane main replacements that were unitized to plant in July 2021. The Company spent \$50,464 on work performed by the affiliate company, LRW Water Services, Inc. The July 2021 invoice indicates 562 feet of 4" dimension ratio (DR) main pipe was replaced. The remaining \$8,299 on the invoices are construction supplies from Core and Main, Everett J. Prescott Company, and Pipe Connections related to the main installation. The Company retired 562 feet of 1973 Robin Lane mains that was priced at

\$5.34 per foot for the retirement entry. The retirement entries debited the 108 Accumulated Depreciation account for \$3,001 and credited the 331 Transmission and Distribution account for the same amount.

The Company spent \$15,417 on Robin Lane paving costs in July 2022 that are discussed in the Paving Section of this audit report.

Audit reviewed the \$41,523 LRWC spent on Sunrise Drive main replacements that were unitized to plant in service account 331 in July 2021. The Company allocated \$34,200 for main replacement work performed by the affiliate company LRW Water Services, Inc. per the July 2021 invoice. The affiliate Company installed 475 feet of 4" DR main pipe. The remaining \$7,322 on the invoices are construction supplies from Core and Main, Everett J. Prescott Company, and Pipe Connections related to the main installation. The Company retired 475 feet of 1973 Robin Lane mains that was priced at \$5.34 per foot for the retirement entry. The posting to the general ledger of the retirement debited the 108 Accumulated Depreciation account for \$2,537 and credited the 331 plant account for the same amount.

The Company spent \$11,719 on Sunrise Drive paving costs in July 2022 that are discussed in the Paving Section of this report.

Audit reviewed the \$25,692 LRWC spent on Glen Forest Drive main replacements that were unitized to plant in service account 331 in July 2021. The Company allocated \$20,376 for main replacement work performed by the affiliate Company LRW Water Services Inc. per the July 2021 invoice. The affiliate Company installed 283 feet of 4" DR main pipe. The remaining \$5,316 on the invoices are construction supplies from Core and Main, Everett J. Prescott Company, and Pipe Connections related to the main installation. The Company retired 475 feet of 1973 Robin Lane mains that was priced at \$5.34 per foot for the retirement entry. The retirement entry debited the 108 Accumulated Depreciation account for \$1,511 and credited the 331 plant account for the same amount.

The Company spent \$9,014 on Glen Forest Drive paving costs in July 2022 that are discussed in the Paving Section of this report.

333 Account

Audit reviewed the \$10,000 LRWC spent on 4 Robin Lane service line connections that were unitized to plant in service account 333, Services in July 2021. The service line connection work was performed by the affiliate company LRW Water Services, Inc. per the July 2021 invoice. The Company retired four 1987 service line connections. The Company on the retirement entries debited the 108 Accumulated Depreciation account for \$920 and credited the 333 services account for the same amount.

Audit reviewed the \$15,000 LRWC spent on 6 Sunrise Drive service line connections that were unitized to plant in service account 333 in July 2021. The service line connection work was performed by the affiliate Company LRW Water Services Inc. per the July 2021 invoice. The Company retired 6 1987 service line connections. The Company on the retirement entries

debited the 108 Accumulated Depreciation account for \$1,380 and credited the 333 services account for the same amount.

Audit reviewed the \$5,000 LRWC spent on 2 Glen Forest Drive service line connections that were unitized to plant in service account 333 in July 2021. The service line connection work was performed by the affiliate company LRW Water Services, Inc. per the July 2021 invoice. The Company retired two 1987 service line connections. The Company on the retirement entries debited the 108 Accumulated Depreciation account for \$460 and credited the 333 services account for the same amount.

334 Account

The Company during the year booked \$2,269 in meter charges to the 334 account January 6-October 14, 2021. The Company changed 12 meters that were \$145 each plus the \$529 in labor installation charges to install the meters.

Div #	Name	Acct #	Date	Filing Sch 3 2021 Plant Additions agrees with SA
3	West Point Meters	334	4/15-8/25/2021	\$ 526

The West Point meters were unitized to plant in service April 15-August 25, 2021. Audit did not review this specific project.

Div #	Name	Acct #	Date	Filing Sch 3 2021 Plant Additions agrees with SA
4	Waterville Valley Meters	334	6/1/2021	\$ 188

The Water Valley meters were unitized to plant in service as of June 1, 2021. Audit did not review this specific project.

Div #	Name	Acct #	Date	Filing Sch 3 2021 Plant Additions agrees with SA
5	Hidden Valley Meters	334	4/19-8/4/2021	\$ 535

The Hidden Valley meters were unitized to plant in service April 19-August 4, 2021. Audit did not review this specific project.

Div #	Name	Acct #	Date	Filing Sch 3 2021 Plant Additions agrees with SA
6	Wenworth Cove Meters	334	2/4-7/1/2021	\$ 565

The meters and pumps for Wentworth Cove were unitized to plant in service February 4-July 1, 2021. Audit did not review this specific project.

Div #	Name	Acct #	Filing Sch 3 2021 Plant Additions agrees with SA
7	Pendleton Cove		
	1" Well Meter	311	\$ 420
	Meters	334	\$ 746
	Division Total		\$ 1,166

Audit reviewed one hundred percent of the \$1,166 in meters and pumping equipment for Pendleton Cove. Audit reviewed a \$420 Premier Pump and Supply Inc for a new well pumping meter that was unitized to the 311 account on February 4, 2021. The Company during the year booked \$746 in meter charges to the 334 account May 27-June 8, 2021. The Company changed 4 meters that were \$145 each plus the \$166 in labor installation charges to install the meters. Audit verified the additions work booked correctly by debiting the plant asset and crediting the 105 CWIP account.

Refer to the Review of Additional 2021 Project Unitized after PUC approved Settlement Agreement portion of this report for \$145 of additional assets booked after the Settlement Agreement.

Div #	Name	Acct #	Date	Filing Sch 3 2021 Plant Additions agrees with SA
8	Deer Run BRW #1 Meters	334	10/1/2021	\$ 250

The pumps for the Deer Run water system were unitized to plant in service on October 1, 2021. Audit did not review this specific project.

Div #	Name	Acct #	Date	Filing Sch 3 2021 Plant Additions agrees with SA
9	Woodland Grove Meters	334	7/26/2021	\$ 170

The meters for Woodland Grove were unitized to plant in service on July 26, 2021. Audit did not review this specific project.

Div #	Name	Acct #	Date	Filing Sch 3 2021 Plant Additions agrees with SA
10	Echo Lake Woods no additions in 2021			\$ -

Div #	Name	Acct #	Date	Filing Sch 3 2021 Plant Additions agrees with SA
11	Brake Hill			
	Pump BRW #1	311	10/31/2021	\$ 4,257
	Meters	334	6/16-6/24/2021	\$ 364
	Division Total			\$ 4,621

The Brake Hill pumps were unitized to plant in service on October 31, 2021. The meters were unitized to plant in service June 16-24, 2021. Audit did not review this specific project.

Div #	Name	Acct #	Date	Filing Sch 3 2021 Plant Additions agrees with SA
12	Tamworth Water Works no additions in 2021			\$ -

Div #	Name	Acct #	Filing Sch 3 2021 Plant Additions agrees with SA
13	175 Estates		
	1" Inline Meter	311	\$ 420
	Transducer	339	\$ 905
	Division Total		\$ 1,325

The Company spent \$420 for a 1" Inline Meter that was unitized to the plant in service 311 pumps account on June 23, 2021 for 175 Estates. The Company purchased the inline meter from R.E. Prescott Co., Inc for \$248 and incurred labor costs internally of \$172 per the work order.

The Company spent \$905 on an invoice from Premier Pump and Supply Inc for a Keller Level Transducer that was booked to the 339 account on June 18, 2021.

Div #	Name	Acct #	Filing Sch 3 2021 Plant Additions agrees with SA
14	Deer Cove		
	no additions in 2021		

Div #	Name	Acct #	Filing Sch 3 2021 Plant Additions agrees with SA
15	Lake Ossipee		
	Pumps	311	\$ 8,508
	Treatment Equipment	334	\$ 18,239
	Division Total		\$ 26,747

The Lake Ossipee pumps were unitized to plant in service May 31-September 30, 2021. The treatment equipment was unitized to plant in service on May 31, 2021. Audit did not review this specific project.

Div #	Name	Acct #	Filing Sch 3 2021 Plant Additions agrees with SA
16	Indian Mound		
	no additions in 2021		

Div #	Name	Acct #	Filing Sch 3 2021 Plant Additions agrees with SA
17	Gunstock Glen		
	no additions in 2021		

Div #	Name	Acct #	Filing Sch 3 2021 Plant Additions agrees with SA
18	Dockham Shore no additions in 2021		

Div #	Name	Acct #	Filing Sch 3 2021 Plant Additions agrees with SA
19	Wildwood		
	Pumpstation	304	\$ 167,416
	Power Generation Equipment	310	\$ 23,628
	Pumping Equipment	311	\$ 22,306
	Treatment Equipment	320	\$ 20,724
	Tank	330	\$ 36,127
	Misc. Equipment	339	\$ 3,488
	Division Total		\$ 273,689

Audit reviewed one hundred percent of the \$273,689 Wildwood asset additions that were unitized fully to plant in service as of on May 31, 2021 for all assets except for the pumping equipment that were unitized to plant in service May 31, 2021 through October 31, 2021. Audit verified the additions were correctly posted by the Company debiting the plant asset account and crediting the 105 CWIP account.

304 Account

Audit reviewed all the invoices for the \$167,416 pumpstation total that were booked to plant in service account 304, Structures and Improvements on May 31, 2021. The vendors' invoices consisted of construction materials, concrete, epoxy, crane, construction work, HVAC, lumber, propane tank, engineering, electrical, plumbing, tree removal, floor work, inspection fees, building permits, disposal charges, and labor. The invoices vendors are summarized below:

<u>Name</u>	<u>Amount</u>	<u>Name</u>	<u>Amount</u>
Alan Hamel Trucking Co.	\$ 850	Lewis Engineering, PLLC	\$ 7,520
Alvin J. Coleman and Son, Inc.	\$ 5,408	LRW Water Services Inc.	\$ 54,070
ARM-HVAC Inc.	\$ 3,467	Northern Woods Tree Servi	\$ 6,700
ARMORPOX	\$ 1,020	R.E. Prescott Co. Inc.	\$ 2,853
CED Conway	\$ 519	Rockingham Electric	\$ 445
Coleman Concrete Inc.	\$ 403	Rotten Rock Concrete Cons	\$ 3,190
Coleman Rental and Supply Inc.	\$ 468	Sanbourn Electric, Inc.	\$ 22,691
Core and Main	\$ 2,283	Testing and Coring Co. LLC	\$ 1,600
East Coast Foundation	\$ 2,625	the Granite Group	\$ 934
Eastern Corners Construction	\$ 29,450	Town of Albany	\$ 110
Everett J Prescott	\$ 5,144	Water Industries	\$ 539
F.W. Webb Company	\$ 8,430	Internal Labor charges	\$ 6,512
Home Depot	\$ 185	Total	\$ 167,416

The Company retired \$54,984 in assets booked to the 304 Structures and Improvements account on May 31, 2021. The Company retired the 1972 Well House and Pumps for \$47,144, the 2003 Bulkhead for \$4,207, the 2009 walls/insulation for \$1,984, and 2013 Gate Valve on Pressure Tank for \$1,649. The Company on the retirement journal entries debited the 108 accumulated depreciation account and credited the 304 plant account.

310 Account

Audit reviewed the \$23,628 in plant additions that were booked for a new generator to the 310 Power Generation Equipment plant account on May 31, 2021. The Company purchased the 48KW Briggs and Stratton generator from Sabourn Electric for \$18,125 per the invoice. The Company spent \$5,293 on a 1,000-gallon underground propane tank from Eastern Propane that also included setup and installation. The Company spent \$209 on internal labor related to the installation of the new generator in the pump station.

311 Account

Audit reviewed the \$22,306 pumping equipment expenses that were unitized to plant in service May 31, 2021 through October 31, 2021 to the 311 Pumping Equipment accounts. On May 31, 2021 the Company spent \$16,001 on 2 horsepower pumps, valves, fittings, valve pipes, and adapters purchased from Premier Pump and Supply Inc in May 2021. The Company in February and March 2021 purchased \$4,929 worth of Badger M200 Magnetic Pump Meters from R.E. Prescott Co. Inc. In October 2021 the Company purchased a \$1,217 Keller Level Transducer from Premier Pump and Supply Inc and spent \$159 installing the Transducer. The Company retired \$7,935 old utility pumps from the 2000s by debiting the 108 Accumulated Depreciation account and crediting the plant account for the same amount.

320 Account

The Company unitized to plant in service \$20,724 in Water Treatment to account 320 on May 31, 2021. The Company spent \$12,673 on water treatment equipment from Premier Pump and Supply, Inc. that included containment pallets, capacity drains, feed pumps, tanks, and Potassium Carbonate. The Company spent \$1,230 on water treatment equipment from R.E. Prescott Co. Inc. per the April 2021 invoice. The Company spent \$5,000 on site preparation and construction work from LRW Water Services Inc. The Company spent \$1,821 in April and May 2021 on internal labor charges related to construction. The Company retired \$5,197 in water treatment equipment that consisted of a 1999 treatment control valve, and old pump injectors from 2007-2010. The Company on the retirement journal entries debited the 108 Accumulated Depreciation account for \$5,197 and credited the 320-Water Treatment Equipment plant account for the same amount.

330 Account

The Company unitized a \$36,128 water tank in the Wildwood pumpstation on May 31, 2021 to the 330 Distribution Reservoirs and Standpipes plant account. The Company spent \$26,690 on concrete and concrete setting charges for the 15,000-gallon water tank from George R. Roberts Co. and The Step Guys. The invoice indicates the Company's other charges consist of culvert and sealant charges. The Company spent \$850 in Wildwood block work from masonry contractor Jim Huston. The Company spent \$1,619 on a water tank cover made of aluminum from Mt. Washington Valley Fabrication LLC and labor charges to fabricate the cover. The Company spent \$2,000 in March 2021 on a crane rental to set the water tank from Over All Crane Service. The Company spent \$3,330 on concrete pad work for the water tank from TDC, LLC. The remaining \$1,670 in charges were internal work orders related to labor for the new water tank for Wildwood.

<u>Vendor</u>	<u>Amount</u>
George R Roberts Co.	\$26,690
Jim Huston	\$850
Mt. Washington Valley Fabrication	\$1,619
Overall Crane	\$2,000
TPC LLC	\$3,300
Labor	<u>\$1,670</u>
Total	\$36,128

339.02 Account

The Company unitized \$3,488 in Miscellaneous Equipment to the 339.02 account on May 31, 2021 for the new pump station. The invoices from R.E. Prescott Co, Inc indicate the charges were for water softener and filters for the new Wildwood pumpstation.

			Filing Sch 3 2021 Plant Additions agrees with SA	
Div #	Name	Acct #		
50	General Administration			
	Leak Detector w/Headset	339	\$	5,672
	Magnetic Locator	339	\$	1,584
	2021 Sure Trac Alum 7x12 Trailer	341	\$	4,378
	2021 Sure Trac LP Dump Trailer 6x10 w/tarp	341	\$	8,231
	2021 Ford F350	341	\$	57,308
	2021 Dodge Ram 1500	341	\$	70,669
	2021 Vermeer Vac Restoration	343	\$	13,285
	Division Total		\$	161,127

Audit reviewed one hundred percent of the General Administrative assets that were unitized to plant in service for \$161,127. Audit verified LRWC unitized the asset to plant in service correctly by debiting the plant asset and crediting the 105 CWIP account.

339 Account

Audit reviewed a \$5,672 HL 700 Leak Detector with headset that was booked to the 339 Other Plant and Miscellaneous Equipment account. Audit reviewed two invoices from Utilitronics that summed to \$5,672. The invoices from February 2021 indicated charges for a headset, a Schonstedt Maggie Metered Magnetic Locator, and HL 700 Digital Leak Detector.

Audit reviewed a \$1,584 Magnetic Locator that was booked to the 339 account on September 18, 2021. Audit reviewed the September 2021 Utilitronics invoice that was for a net \$184 that indicated the new magnetic locator was priced at \$884 but the Company traded in an old instrument for \$700 towards the new magnetic locator. The Company booked a \$1,060 entry to record the trade allowance on the GL. This was done by the Company debiting the 339.04 Transmission and Distribution main for \$700 as well as the 108 Accumulated Depreciation account for \$360 and crediting the 339.04 account for \$1,060. The entry overstates the 339 account by \$700. **Audit Issue #1**

341 Account

Audit reviewed a \$4,378 April 2021 Central New Hampshire Trailers invoice for the purchase of a new 2021 7x12 Sure-trac aluminum trailer that was booked to the 341 Transportation Equipment account. Audit reviewed an \$8,231 April 2021 Central New Hampshire Trailers invoice for the purchase of a 2021 Sure-trac LP Tele Dump Trailer with Tarp that was booked to the 341 account.

Audit reviewed the purchase of a new 2021 Ford F-350 diesel pickup truck that was booked on the GL/CPR records for \$57,308 in the 341 Transportation Equipment account. The Company purchased the truck from Grappone Automotive Group for \$53,802 in May 2021. The Company spent \$1,874 in July 2021 to remove the utility service body from the old vehicle and

install it on the new 2021 Ford F-350 at Candia Trailers and Snow Equipment Company Inc. On a June 2021 Truck Trends Accessory Stores invoice, the Company spent \$1,632 to modify the suspension and electrical system for the magnum rack strobes, wireless connection, and load lifter. The Company record the retirement of the 2015 Ford F-350 Pickup truck by debiting the 108 Accumulated Depreciation account for \$12,000 and crediting the 341 account for the same amount. The \$12,000 was the original book value of the 2015 Ford F-350.

Audit reviewed the purchase of a new 2021 Dodge RAM 1500 pickup truck that was booked on the GL/CPR records for \$70,669 in the 341 Transportation Equipment account. The Company on July 30, 2021 purchased the vehicle from Hillsboro Chrysler, Dodge, Jeep, and RAM for \$70,669 that included a \$22,000 trade in of a 2016 Ford F-150. This brought the net purchase price to \$48,669. The Company recorded the purchase by debiting the 341 Transportation Equipment account for \$48,669 and crediting the 131.01 Bank of NH Cash Operating account. The Company recorded the trade in allowance and retirement entries as part of a \$75,539 combined journal entry. The Company debited the 341 Transportation Equipment account for \$22,000 and credited the 108 Accumulated Depreciation account for the same amount to record the trade in value. The Company booked the retirement of the 2016 F-150 by debiting the 101-utility plant account for \$53,339 and crediting the 341 Transportation account.

343 Account

The Company booked \$13,285 on June 29, 2021 Vermeer Restoration charges to the 343 Shop Equipment account. Audit reviewed a \$7,870 JW Fleet invoice from May 2021 that was for materials, welding, fabrication, sandblasting, prep, prime, and paint. The second \$5,415 invoice was a June 2021 Smitty Diesel Repair and Welding Fabrication for materials, prepping the trailer to be sandblasted, replacement of engine compartment enclosure, and the assembly of the trailer after paint.

Review of Additional 2021 Project Unitized After PUC approved Settlement Agreement

The filing schedule 1 indicates the increase in the revenue requirement for the step increase is \$160,700. This is an increase of \$15,837 compared to the \$144,863 that was contemplated in the approved Attachment B Schedule 1 in the DW 20-187 Settlement Agreement. The Company indicated that the reason for the increase in the revenue requirement amount was due to additional projects being moved out of CWIP after the Settlement Agreement was reached on April 28, 2022. The Company indicated the settlement agreement was based on the year-end cost data that was unitized to plant in service at that time.

The Company spent an additional \$78,775 in net plant additions in 2021 that were not included on Attachment B Schedule 3 of the DW 20-187 Settlement Agreement. This means that plant in service included in the filing was increased from \$670,351 to \$749,126. Refer to the *Review of 2021 Project Additions* earlier in this report. The Company indicated to Audit they will only seek recovery for the \$144,863 revenue requirement agreed to in the DW 20-187 Commission approved Settlement Agreement. Audit encourages the Company to communicate clearly with the Department of Energy Water staff as well as with the PUC.

The additional projects done in 2021 were for well/booster pump in the Far Echo Harbor division. The Company added new wells, meters, and service lines in the Paradise Shores division in 2021. The Company added meters to the Pendleton Cove division. The Company spent additional money on water treatment and transducers for the 175 Estates. The Company added service lines to Gunstock Glen. The Company spent additional money on 200 feet of water main in Dockham Shores. The Company incurred additional expenses for a new cable puller and a new 2021 Ford F-350 motor. Review of these additional \$78,775 projects, not contemplated in the SA, are reviewed below.

Account Name	Account #	2021 Additions Sch 3 Revised	2021 Additions Sch 3 SA	Difference
Structures and Improvements	304	\$ 180,861	\$ 167,416	\$ 13,445
Power Generation Equipment	310	\$ 23,628	\$ 23,628	\$ -
Pumping Equipment	311	\$ 68,917	\$ 39,375	\$ 29,542
Water Treatment Equipment	320	\$ 48,737	\$ 38,963	\$ 9,774
Distribution Reservoirs and Standpipes	330	\$ 36,127	\$ 36,127	\$ -
Transmission and Distribution Mains	331	\$ 172,368	\$ 162,128	\$ 10,240
Services	333	\$ 35,401	\$ 30,000	\$ 5,401
Meters and Meter Installation	334	\$ 7,240	\$ 4,010	\$ 3,230
Other Plant and Miscellaneous Equipmen	339	\$ 18,904	\$ 14,833	\$ 4,071
Transportation Equipment	341	\$ 143,658	\$ 140,586	\$ 3,072
Tools, Shop, and Garage Equipment	343	\$ 13,285	\$ 13,285	\$ -
2021 Total		\$ 749,126	\$ 670,351	\$ 78,775

Div #	Name	Acct #	Date	Filing Schedule 3	Settlement Agreement Schedule 3	Difference
1	Far Echo Harbor					
	Bed Rock Well Pump	311	7/12/2021	\$ 270	\$ 510	\$ (240)
	Bosster #2 (transferred from CWIP)	311	12/31/2021	\$ 3,834		\$ 3,834
	Meters	334	4/16-7/14/2021	\$ 916	\$ 916	\$ -
	Transducer	339	5/21/2021	\$ 915	\$ 915	\$ -
	Total			\$ 5,935	\$ 2,341	\$ 3,594

Audit reviewed one hundred percent of the \$3,594 in Far Echo Harbor asset additions. Audit verified the Company booked the additions by debiting the 311 plant account and crediting the 105 CWIP account. The Company reduced labor charges from \$510 to \$270 that was for the installation of a pump. The reason for the change was the correction of an allocation of \$240 in labor charges to another project.

The Company added an additional booster that was unitized to plant in service on December 31, 2021 for \$3,834. The Company spent \$1,326 on a Franklin P Series standalone booster pump and airtrol tank from Premier Pump and Supply Inc. and Water Industries in

December 2021. The remaining \$2,508 in labor charges were for the installation of the booster pump in the Far Echo Harbor water system.

The Company retired the original pump that was damaged from a power surge. The Company debited the 108 Accumulated Depreciation account for \$1,124 and credited the 311-plant account for the same amount.

Div #	Name	Acct #	Date	Filing Schedule 3	Settlement Agreement Schedule 3	Difference
2	Paradise Shores					
	Well #5 Electrical Upgrades (transferred from CWIP)	304	12/31/2021	\$ 13,445		\$ 13,445
	Mt. Roberts Badger M2000 Meter	311	9/16/2021	\$ 2,704	\$ 2,704	\$ -
	Well #5 Pump (transferred from CWIP)	311	12/31/2021	\$ 18,696		\$ 18,696
	T&D mains - Robin Lane	331	7/31/2021	\$ 58,763	\$ 58,763	\$ -
	Paving - Robin Lane (Spring '22) - Settlement	331	8/31/2022	\$ 15,417	\$ 12,050	\$ 3,367
	T&D mains - Sunrise Dr.	331	7/31/2021	\$ 41,523	\$ 41,523	\$ -
	Paving - Sunrise Dr. (Spring '22) - Settlement	331	8/31/2022	\$ 11,719	\$ 12,050	\$ (331)
	T&D mains - Glen Forest Dr.	331	7/31/2021	\$ 25,692	\$ 25,692	\$ -
	Paving - Glen Forest Dr. (Spring '22) - Settlement	331	8/31/2022	\$ 9,014	\$ 12,050	\$ (3,036)
	Services - Robin Lane	333	7/31/2021	\$ 10,000	\$ 10,000	\$ -
	Services - Sunrise Dr.	333	7/31/2021	\$ 15,000	\$ 15,000	\$ -
	Services - Glen forest	333	7/31/2021	\$ 5,000	\$ 5,000	\$ -
	Services - Blueberry Ln (12/21/21)	333	12/21/2021	\$ 2,050		\$ 2,050
	Well #5 transducer (transferred from CWIP)	339	12/31/2021	\$ 2,113	\$ 2,269	\$ (156)
	Meters	334	1/11-10/14/2021	\$ 3,085		\$ 3,085
	Total			\$ 234,221	\$ 197,101	\$ 37,120

Audit reviewed one hundred percent of the \$37,120 Paradise Shores asset additions unitized to plant in service through December 31, 2021. Audit verified the Company booked the plant additions correctly by debiting the 311 Pumping Equipment account and crediting the 105 CWIP account.

304 Account

The Company added \$13,445 in electrical upgrades on Well #5 that were unitized to plant in service on December 31, 2021 to the 304 Structures and Improvements account. The invoices consist of charges for PVC conduit from Needham Electric Supply, LLC, 1,200 feet of ground wire from Premier Pump and Supply, construction supplies from Aubuchon Hardware, electrical work performed by Sabourn Electric, and adding 108 yards of sand by the affiliate Company LRW Water Services Inc. The chart below is a summary of the invoices from 2020 through 2021.

<u>Vendor</u>	<u>Amount</u>
Needham Electric Supply	\$4,744
Premier Pump and Supply	\$6,000
Sabourn Electric	\$1,192
Aubuchon Hardware	\$86
LRW Water Services	<u>\$1423</u>
Total	\$14,445

311 Account

LRWC spent an additional \$18,696 on pumping equipment for well #5 that was unitized to plant in service on December 31, 2021 to the 311 pumping equipment account. The invoices from 2019 through 2021 summed to \$14,208 were for the purchase of Franklin P. Series pumps, amps, wire, and construction materials from Premier Pump and Supply Inc. The Company spent \$4,488 on PVC/conduit from Needham Electric Supply LLC. The Company retired old pumping equipment from 1973 from Well #5. On the December 31, 2021 retirement entry, the Company debited the 108 Accumulated Depreciation account for \$20,279 and credited the 311-pumping equipment account for the same amount.

331 Account

The adjustment for the paving costs that were done in July 2022 on Robin Lane, Sunrise Drive, and Glen Forest Drive netted to zero as the Company still spent \$36,150. Please see the paving section in this report for more information about the review of the paving costs.

333 Account

On December 21, 2021 the Company spent an additional \$2,050 adding a service line connection to Blueberry Lane that was unitized to the 333 services account. The work was performed by the affiliate LRW Water Services Inc. that included labor to install the service line, sand, gravel, and an excavator.

339 Account

The Company received a credit of (\$156) for R.E. Prescott Co. Inc for a wire shield that was returned on December 31, 2021 to the 339 Transducers account.

334 Account

The Company added \$3,085 in meters to plant in service throughout 2021. The meters were fully unitized to the 334 meters account on October 14, 2021 that had previously been transferred from CWIP. The Company changed 18 source meters for \$145 each and spent \$475 on meter installation charges.

Div #	Name	Acct #	Date	Filing Schedule 3	Settlement Agreement Schedule 3	Difference
7	Pendleton Cove					
	1" Well Meter	311	2/4/2021	\$ 420		
	Meters	334	5/27-7/1/2021	\$ 891	\$ 1,166	\$ 145
	Total			\$ 1,311	\$ 166	\$ 145

The Company transferred an additional \$145 Pendleton Cove meter charges out of the CWIP 105 account and unitized to the 334 meters account on July 1, 2021. The Company

recorded the addition by debiting the 334 meters account and crediting the 105 CWIP for the same amount.

Div #	Name	Acct #	Date	Filing Schedule 3	Settlement Agreement Schedule 3	Difference
13	175 Estates					
	1" Inline Meter	311	6/23/2021	\$ 420	\$ 420	\$ -
	BRW#1	311	3/21/2021	\$ 7,252		\$ 7,252
	Treatment	320	7/1/2021	\$ 9,774		\$ 9,774
	Transducer	339	6/18/2021	\$ 905	\$ 905	\$ -
	Transducer BRW1	339	7/1/2021	\$ 3,254		\$ 3,254
	Total			\$ 21,605	\$ 1,325	\$ 20,280

Audit reviewed one hundred percent of the \$20,180 increase in division 175 Estates asset additions that were unitized to plant in service fully as of July 1, 2021. Audit verified LRWC booked the additions by debiting the 3xx plant accounts and crediting the 105 CWIP account.

311 Account

The unitized \$7,252 in source pumping equipment to the 311 plant account on March 21, 2021. The Company spent \$582 for a source treatment filter from Sabourn Electric. LRWC spent \$2,479 on Skillings and Sons, LLC service calls, crane labor, wiring, electrical tape, and check valves. The remaining \$4,191 was spent on Premier Pump and Supply, LLC for construction materials. The Company retired old water pumps on July 1, 2021 by debiting the 108 Accumulated Depreciation account for \$10,331 and crediting the 311 plant account for the same amount.

320 Account

The Company added \$9,774 in water filtration system equipment to the 320 Water Treatment account on July 1, 2021. The Company spent \$5,236 on Premier Pump and Supply, Inc filters, adapters, chemicals, chemical feed tank, and mineral treatment. The Company spent \$1,037 on Sabourn Electric charges for filters. The Company spent \$215 on a 1" Inline Meter with meter controls from R.E. Prescott Co. Inc. and the remaining \$3,286 in charges were construction materials from F.W. Webb. The Company retired a 2007 Water Treatment System on July 1, 2021 by debiting the 108 Accumulated Depreciation account for \$15,656 and crediting the 339.03 Plant Treatment account for the same amount.

339 Account

The Company added \$3,254 for a Keller Level Transducer from Premier Pump and Supply, Inc. that was unitized to plant in service on July 1, 2021 to the 339.02 plant account.

Div #	Name	Acct #	Date	Filing Schedule 3	Settlement Agreement Schedule 3	Difference
17	Gunstock Glen					
	Services	333	12/21/2021	\$ 3,351	\$ -	\$ 3,351

Audit reviewed one hundred percent of the Gunstock Glen asset additions that were unitized to plant for \$3,351 for a new service connection to the 333 plant account on December 21, 2021. The Company spent \$750 in charges for Benton Construction LLC to excavate a water service patch, compact, and pave over the new service line area with 3 feet of binder course mix. The remaining \$2,601 in charges to install the service line that also included labor were performed by LRW Water Services Inc. The Company booked the plant additions by debiting the 333 Services plant account for \$3,351 and crediting the 105 CWIP account for the same amount.

Div #	Name	Acct #		Filing Schedule 3	Settlement Agreement Schedule 3	Difference
18	Dockham Shores					
	200' HDPE 2" Water Main	331	12/21/2021	\$ 10,240	\$ -	\$ 10,240

Audit reviewed one hundred percent of the Dockham Shores asset additions that were unitized to plant for \$10,240 for a new service connection to the 331 plant account on December 21, 2021. The Company spent \$10,240 in charges to install 200 feet of water main that also included labor were performed by LRW Water Services Inc. The Company booked the plant additions by debiting the 331 Mains plant account for \$10,240 and crediting the 105 CWIP account for the same amount.

Div #	Name	Acct #		Filing Schedule 3	Settlement Agreement Schedule 3	Difference
50	General Administration					
	Leak Detector w/Headset	339	2/18/2021	\$ 5,672	\$ 5,672	\$ -
	Magnetic Locator	339	9/10/2021	\$ 1,584	\$ 1,584	\$ -
	Cable puller	339	12/30/2021	\$ 973		\$ 973
	2021 Sure Trac Alum 7x12 Trailer	341	4/2/2021	\$ 4,378	\$ 4,378	\$ -
	2021 Sure Trac LP Dump Trailer 6x10 w/tarp	341	4/2/2021	\$ 8,231	\$ 8,231	\$ -
	2021 Ford F350	341	5/18/2021	\$ 57,308	\$ 57,308	\$ -
	2021 Dodge Ram 1500	341	8/3/2021	\$ 70,669	\$ 70,669	\$ -
	2021 Ford 350 New Motor	341	12/30/2021	\$ 3,072		\$ 3,072
	2021 Vermeer Vac Restoration	343	6/29/2021	\$ 13,285	\$ 13,285	\$ -
	Total			\$ 165,172	\$ 161,127	\$ 4,045

Audit reviewed the additional \$4,045 in 2021 assets that were unitized to plant in service on December 31, 2020. The assets consisted of a puller cable and a new motor for the Ford F350 pickup truck.

339 Account

The Company purchased the \$973 puller cable from Pollardwater. The puller cable was unitized to plant in service on December 30, 2021 by debiting the 339.02 plant account for \$973 and crediting the 105 CWIP account for the same amount.

341 Account

The Company added \$3,072 to plant in service on December 30, 2021 for a new motor that broke on a 2021 Ford F-350 pickup truck that was purchased from Nucar Ford of Plymouth. The Plymouth Ford invoice also included charges for labor to install the new motor. The new motor was unitized to plant in service on December 30, 2021 by debiting the 341 Transportation Equipment account for \$3,072 and crediting the 105 CWIP account for the same amount.

The Company was dissatisfied with Ford for having a brand-new motor break as the 2021 Ford F-350 was nearly brand new. The Company believed they should not have to pay for a new engine as it should be covered under the warranty. After many emails and phone calls back and forth the best offer Ford would make would be for a replacement motor that was for \$2,274.55 on a motor that cost \$12,240. The Company believes that the new motor is a prudent business decision as the Company needs work trucks to conduct day to day business on the utility system and cannot spend time without proper working vehicles for a long period of time. Audit notes the new \$3,072 Ford F-350 Motor was unitized to plant after the DW 20-187 SA was approved by the Commission on April 28, 2022 and as a result the Company *is not seeking recovery* for the project.

Retirements

Audit reviewed the \$20,903 December 31, 2020 retirements on filing schedule 2a to the Fixed Asset Pro Disposition Report and the 2020 GL accounts. Audit also verified the \$229,066 December 31, 2021 retirements to the Fixed Asset Pro Disposition Report and the 2021 GL accounts. The charts below summarizes the 2020 and 2021 retirements.

<u>Retirements as of December 31, 2020</u>			<u>Retirements as of December 31, 2021</u>		
Account #	Account Description	Cost	Account	Account Description	Costs
311	Pumps	\$ 5,874	304	Structures	\$ 54,984
331	Mains	1,600	311	Pumps	56,189
334	Meters	13,884	320	Treatment Equipment	5,197
339	Misc Equipment	3,952	331	Mains	7,049
347	Computer Equipment	2,593	333	Services	2,760
Total		\$ 27,903	334	Meters	7,865
			339	Misc Equipment	17,359
			341	Transportation Equipment	71,793
			347	Computer Equipment	5,870
			Total		\$ 229,066

The Company on DW 22-068 filing schedules 2a and 2b, retirements and related depreciation, calculated the depreciation expense and accumulated depreciation expense using 2019 depreciation expenses to reduce the 2019 test year depreciation expenses in 2020 and 20201 retired assets. The retired assets should have reflected depreciation expenses using the half year convention rather than a full year in the years the assets were retired.

Payroll

Audit reviewed Attachment B Schedule 4 of the Commission approved DW 20-187 Settlement Agreement in the LRWC rate case that authorized a 3% pay increase for LRWC Water Staff. The increase that summed to \$12,497 in Column A, based on 2019 gross payroll, is explained in Energy 2-18 of the SA. Column B was a (\$648) credit based on 5.22% 2019 capitalized wages that resulted in \$11,769 increase in annual wages. In Column C the \$900 increase in annual payroll tax represents the 2019 wages multiplied by the 7.65% combined Social Security and FICA taxes.

The Company on the DW 22-068 filing schedule 4 used 2021 wage data applying the same methodology that was agreed to using 2019 wage data in the DW 20-187 rate case. Audit verified the \$429,762 in 2021 actual wages for the President, Field Supervisor, Utility Manager, Field Staff, and Office Staff to the payroll reconciliation summary and verified the SS/FICA taxes to the employee 2021 W-2s. Audit verified the Company used the correct 3% wage increase in column A on Schedule 4 for the \$12,893 wage increase. Audit verified the Company calculated the (\$672) capitalized wage reduction using the 5.22% correct capitalized wage adjustment percentage per the approved SA to arrive at the \$12,220 increase in annual wages. Column C used the correct the \$935 increase in annual payroll tax represents the 2021 wages multiplied by the 7.65% combined Social Security and FICA taxes.

Paving

The Company per the Commission approved DW 20-187 Settlement Agreement Attachment B was authorized to spend \$36,150 on final paving on Robin Lane allocated \$15,417, Sunrise Drive allocated \$11,719, and Glen Forest Drive allocated \$9,014 in the Paradise Shores division. The paving costs were delayed repaving at the request of the homeowners' association, Balmoral Improvement Association (BIA), that owns the roads and right of way, due to threatened litigation by a homeowner due to right of way related issues. The Company on Schedule 3 of the October 2022 filing allocated \$12,050 to each of the roads for final paving costs that summed to \$36,150. The Company indicated the changed allocation on the filing was due to prorating the costs between the three roads when the Company's financial consultant prepared the filing.

Audit reviewed the Bryant Paving, LLC invoices for the final paving work. The first invoice from July 2022 was for \$43,725. The second invoice received at the end of July was for \$1,347. The two Bryant Paving invoices summed to \$45,072. Audit reviewed the August 2022 LRWC \$8,922 invoice to the BIA for their portion of the paving costs. The \$36,150 in final paving costs were booked to the CPR/GL on August 31, 2022 to the 331 mains account.

Summary of Bryant Paving, LLC invoice allocation

Road	Percentage	Total Cost	Less Balmoral	Final Cost
Robin Lane	54%	\$ 24,339	\$ 8,922	\$ 15,417
Sunrise Dr	26%	\$ 11,719		\$ 11,719
Glen Forest	20%	\$ 9,014		\$ 9,014
		\$ 45,072	\$ 8,922	\$ 36,150

Summary of paving costs booked to CPR/GL

Date	Road	Account Name	Account#	Amount
8/31/22	Robin Ln	Mains	331	\$15,147
	Sunrise Dr.	Mains	331	\$11,719
	Glen Forest Dr.	Mains	331	<u>\$9,014</u>
				\$36,150

Financing

On Schedule 3 Column G the Company spent \$326,000 in CoBank T-06 loan charges on 2021 capital additions. The \$633,000 loan was approved by Commission Order 26,447 that was part of docket DW 19-035. The Company in 2021 spent \$260,000 of the loan proceeds on the Wildwood additions and \$66,000 on Robin Lane mains/services line connections. The remaining 2020 and 2021 additions used internal Company funds. The Company indicated none of the 2020/2021 additions were funded using the 271 CIAC account.

Growth Assets

The filing schedule 3 column E indicates the Company spent \$855 in growth assets that were meters. The specific growth meters are revenue producing assets because they are house meters that record the customers' water usage. The growth meters were excluded from recovery on the step adjustment. The Company included non-growth source meters that are installed in pump houses in the step adjustment.

Property Taxes

The DW 20-187 SA Attachment B filing schedule 2 Column K indicates the total property taxes for 2020 plant additions were \$2,358. The \$764 state utility property tax was calculated by multiplying the net plant additions by \$6.60 the statewide utility tax rate. The \$1,594 local property taxes were calculated multiplying the 2020 net plant multiplied by the 2020 2nd half issuance municipal property tax bills. Audit reviewed the property tax bills to verify they used the correct mil rate. The Company on the DW 22-068 filing schedule 2 2020 plant additions used the same calculations as approved in the DW 20-187 Settlement Agreement.

The DW 20-187 Attachment B filing schedule 3 Column N indicates the total property taxes for 2021 plant additions were \$7,353. The \$3,244 state utility property tax was calculated

by multiplying the net plant additions by \$6.60 the statewide utility tax rate. The \$4,109 local property tax were calculated multiplying the 2021 net plant multiplied by the 2021 2nd half issuance municipal property tax bills.

The Company on the DW 22-068 Filing Schedule 3 increased the 2021 net plant additions on Column J to \$694,775 compared to the \$621,551 2021 net plant additions on Attachment B filing schedule 3. The \$73,224 increase is due to additional plant additions that were moved out of CWIP since the SA was approved. As a result of the additional plant additions the net property taxes increased to \$8,591. This is allocated \$3,705 to state utility taxes and \$4,885 to local property taxes. Audit verified the Company used the correct 6.60 statewide utility property tax to calculate the property tax expense. The \$4,885 local property tax were calculated multiplying the 2021 net plant multiplied by the 2021 2nd half issuance municipal property tax bills. Audit reviewed the property tax bills to verify they used the correct mil rate.

Depreciation Expense/Accumulated Depreciation

Audit reviewed the 2020 \$15,240 Depreciation Expense/Accumulated charge on Column F that is the same on the DW 22-068 filing schedule 2 and the Commission approved DW 20-187 Attachment B schedule 2. Audit reviewed the \$15,240 2020 depreciation expense to the Fixed Asset Pro plant asset report and CPR records/GL that were \$15,290. This is an immaterial \$50 difference. Audit verified the Company used the approved Commission depreciation rates. The depreciation expense represents the full year convention depreciation expense on the filing so that the entire year annual depreciation is reflected in rates.

Audit reviewed the 2021 capital additions Settlement Agreement Attachment B schedule 3 Columns H/I that indicated the 2021 annual depreciation on non-growth/proformed revenue producing assets is \$48,800. The DW 22-068 filing schedule 3 increased the proformed non-growth 2021 depreciation expense to \$54,351. The reason for the increase was due to \$78,995 in plant additions moved out of CWIP since the Commission approved DW 20-187 SA.

The 2021 Fixed Asset Pro plant asset report and GL/CPR records were \$27,276 that were based on the correctly booked Commission approved half year convention rates. The Company Consultant indicated the full year convention was used for the \$54,351 proformed depreciation expense that also included \$722 for the paving costs done in 2022. This is a (\$26,352) difference as the filing used the full year convention rather than the half year. The Company consultant indicates this is because, *“The Company is using the full depreciation expense for new additions in 2021 so that the annual depreciation will be reflected in rates. Otherwise, if the Company used the half year depreciation, then only the half year would be reflected in rates. The rates are designed to allow the Company full recovery of the net plant by including a full year depreciation. This is consistent with what the Company and the DOE agreed to, and the PUC approved in the settlement agreement. It is also consistent with past practices of the PUC.”*

Annual Report

Audit verified \$206,821 2020 plant additions on F-8 of the 2020 Annual Report to the filing schedule 2 and CPR/GL records.

The 2021 Annual Report F-8 indicates there were \$712,973 in 2021 plant additions that were verified to the CPR/GL accounts. The DW 22-068 filing schedule 3 indicates there are \$749,126 in 2021 plant additions. This is a \$36,150 difference that is because of approved paving costs that were not booked to the GL/CPR records until August 2022.

Summary

Audit verified the \$206,821 in 2020 plant additions were unitized to plant in service per the continuing property records and the general ledger.

Audit verified the initial \$670,351 in 2021 plant additions that were unitized to plant in service per Attachment B Schedule 3 of the DW 20-187 Settlement Agreement to the CPR/GL.

The Company on the DW 22-068 filing schedule 3 moved an additional \$78,775 out of CWIP in 2021 that increased plant additions to \$749,126 for 2021 per the CPR/GL. Audit verified the additional 2021 plant project were in service in used/useful.

Audit verified the Company spent solely \$36,150 on Commission approved paving projects that were completed in July 2022 and unitized to plant on CPR/GL in August 2022.

Audit verified the payroll backup for the 3% wage increases authorized per the Settlement agreement.

While all of the plant additions reviewed appear to be used, useful, and in service, Audit recommends recovery based on the \$670,351 in 2021 plant additions as that is what the Commission approved and what NH DOE Regulatory Staff agreed to with LRWC in the DW 20-187 Attachment B Schedules 1-5.

Audit Issue #1
Regarding Overstatement of Plant in Service

Background

Within division 50, Administration, account 339 an addition of \$1,584 was reviewed.

Issue

The Company combined a trade-in value of a magnetic locator, \$700 with the cost of a new magnetic locator, \$884 and reflected the sum of \$1,584 as the value of the new locator. The invoice however, reflected:

New magnetic locator price	\$ 884
Trade-in allowance for old	<u>\$(700)</u>
Amount owed to Utilitronics	\$ 184

Based on the information provided, the filing, and general ledger appear to reflect \$884 + \$700 = \$1,584, thus overstating the plant in service account by \$700.

Recommendation

The Company should update the filing with the correct amount of \$884 and adjust the general ledger and continuing property records to reflect the \$884.

Company Comment

The Company agrees with Audits finding and has made an adjustment to its general ledger and continuing property records as of 12/31/2022 to reflect the \$884.00.

The Company would like to update the filing with the correct amount during the technical session.

Audit Response

Audit concurs with the Company and appreciates that LRWC provided the adjusting entry to the GL/CPR for the Magnetic Locator.

DW 22-068
LAKES REGION WATER COMPANY, INC.
STEP I ADJUSTMENT
CALCULATION OF STEP ADJUSTMENT

Attachment B
Schedule 1

		<u>Total</u>
2020 Plant Additions (Sch 2)	\$ 206,821	
Less: Accumulated Depreciation - 2020 Plant Additions (Sch 2)	<u>(15,240)</u>	\$ 191,581
2021 Plant Additions (Sch 3)	\$ 669,411	
Less: Accumulated Depreciation - 2021 Plant Additions (Sch 3)	<u>(48,676)</u>	620,735
Cash Working Capital:		
Increase in Operation and Maintenance Expense (Sch 4)	\$ 12,220	
% of O & M Exp's attributable to billings in arrears (1,714 / 1,813):	x 94.54% = \$ 11,553	
% of O & M Exp's attributable to billings in advance (99 / 1,813):	x -5.46% = <u>(667)</u>	
O & M Expenses subject to Cash Working Capital:	10,886	
Cash Working Capital Factor (75 days / 365 days)	<u>20.55%</u>	<u>2,237</u>
Total Addition to Rate Base		814,554
Rate of Return (DW 20-187 Settlement Agreement; Att A; Sch 1a)	x <u>8.52%</u>	
Increase in Net Operating Income Requirement		\$ 69,373
Increase in Annual Wage Expense (Sch 4) - Settlement:		12,220
Depreciation Expense:		
Annual Depreciation Expense - 2020 Plant Additions (Sch 2)	\$ 15,240	
Less: Annual Depreciation Expense - 2020 Retirements (Sch 2a)	<u>(668)</u>	\$ 14,572
Annual Depreciation Expense - 2021 Plant Additions (Sch 3)	\$ 48,676	
Less: Annual Depreciation Expense - 2021 Retirements (Sch 3a)	<u>(15,365)</u>	33,311
		47,882
Property Tax Expense:		
Annual Property Tax Expense - 2020 Plant Additions (Sch 2)	\$ 2,358	
Annual Property Tax Expense - 2021 Plant Additions (Sch 3)	<u>7,351</u>	9,709
Increase in Annual Payroll Tax Expense (Sch 4) - Settlement:		935
Income Tax Expense:		
Increase in Net Operating Income Requirement	\$ 69,373	
Income Tax Multiplier (DW 20-187 Settlement Agreement; Att A; Sch 1b)	x <u>0.37142</u>	<u>25,766</u>
Increase in Revenue Requirement		\$ 165,886
Less: Increase in POASI Special Contract (Schedule 5a)		<u>(20,763)</u>
Step Increase		\$ 145,123
Pro Forma Water Revenues from General Customers (DW 20-187 Settlement Agreement; Att A; Sch 3)		\$ 1,337,149
% Increase in Annual Water Revenues from General Customers		10.85%
Not to Exceed Amount per DW 20-187 Settlement Agreement:		
Step Increase		\$ 144,863
Pro Forma Water Revenues from General Customers (DW 20-187 Settlement Agreement; Att A; Sch 3)		\$ 1,337,149
% Increase in Annual Water Revenues from General Customers		10.83%

DW 22-068
LAKES REGION WATER COMPANY, INC.
STEP I ADJUSTMENT
2020 PLANT, DEPRECIATION, AND STATE AND LOCAL PROPERTY TAXES

Attachment B
Schedule 2

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
Div #	Name	Acct #	Non-Revenue Producing	Total Division	Annual Depreciation	Net Plant	State Utility Taxes @ \$6.60	Local Property Tax Rates	Local Property Taxes	Total Property Taxes
1	Far Echo Harbor									
	F&W Pump	311	\$ 10,566		\$ 1,057	\$ 9,509	\$ 63	\$ 5.35	\$ 51	\$ 114
	Meters	334	1,767		88	1,679	11	5.35	9	20
	Telemetry	339	4,199	\$ 16,532	600	3,599	24	5.35	19	43
2	Paradise Shores									
	Woodstream Main - 400' of 4" Fusion	331	2,514		50	2,464	16	5.35	13	29
	Main - 300' Liesure Lane	333	1,389		35	1,354	9	5.35	7	16
	Meters	334	5,257	9,160	263	4,994	33	5.35	27	60
3	West Point									
	Meters	334	540		27	513	3	5.35	3	6
	Storage	339	648	1,188	32	616	4	5.35	3	7
4	Waterville Valley Gateway									
	Meters	334	628	628	31	597	4	18.33	11	15
5	Hidden Valley									
	Meters	334	1,625	1,625	81	1,544	10	7.78	12	22
6	Wentworth Cove									
	REPCO Panel	304	8,963		179	8,784	58	17.80	156	214
	Pumpstation upgrades	304	29,633		593	29,040	192	17.80	517	709
	Submersible Pump	311	3,630		363	3,267	22	17.80	58	80
	Water-Right Customer Care Unit	320	10,237		365	9,872	65	17.80	176	241
	Meters	334	502		25	477	3	17.80	8	12
	Telemetry	339	3,952		565	3,387	22	17.80	60	83
	Pressure Tank	339	2,241		1,494	747	5	17.80	13	18
	Compressor	339	1,008	60,166	672	336	2	17.80	6	8
7	Pendelton Cove									
	Meters	334	708	708	35	673	4	17.80	12	16
8	Deer Run									
	Meters	334	351	351	18	333	2	22.27	7	10
9	Woodland Grove									
	Meters	334	458	458	23	435	3	15.39	7	10
10	Echo Lake Woods									
	Meters	334	448	448	22	426	3	15.39	7	9
11	Brake Hill									
	No additions		-	-				13.98	-	-

DW 22-068
LAKES REGION WATER COMPANY, INC.
STEP I ADJUSTMENT
2020 PLANT, DEPRECIATION, AND STATE AND LOCAL PROPERTY TAXES

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
Div #	Name	Acct #	Non-Revenue Producing	Total Division	Annual Depreciation	Net Plant	State Utility Taxes @ \$6.60	Local Property Tax Rates	Local Property Taxes	Total Property Taxes
12	Tamworth Water Works									
	Well Pump	311	4,665		467	4,199	28	20.64	87	114
	Transducer	339	1,703	6,368	170	1,533	10	20.64	32	42
13	175 Estates									
	Anion Softners	320	7,453	7,453	266	7,187	47	18.33	132	179
14	Deer Cove									
	No additions		-	-				17.20	-	-
15	Lake Ossipee Village									
	Telemetry	339	3,556	3,556	508	3,048	20	8.97	27	47
16	Indian Mound									
	Main - Richard Rd 550 2" HDPE	331	2,754		55	2,699	18	16.70	45	63
	Richard Rd - 3 Services / 1 Blowoff	333	1,066	3,820	27	1,039	7	16.70	17	24
17	Gunstock Glen									
	No additions		-	-				13.19	-	-
18	Dockham Shores									
	No additions		-	-				13.19	-	-
19	Wildwood									
	Subdrive	311	1,864		186	1,678	11	10.34	17	28
	Sump Pump	311	297	2,161	30	267	2	10.34	3	5
50	Administrative									
	Driveway - paving	304	9,723		194	9,529	63	5.35	51	114
	Portable Generator	310	34,350		3,435	30,915	N/A	5.35	N/A	-
	Hypotherm 45 Plasma Cutter	343	2,483		124	2,359	N/A	5.35	N/A	-
	2011 Vermeer Vacuum	343	35,000		1,750	33,250	N/A	5.35	N/A	-
	TEGA Electrofusion Processor	343	4,800		240	4,560	N/A	5.35	N/A	-
	Utility Cloud	347	5,000		1,000	4,000	N/A	5.35	N/A	-
	Front Desk Computer	347	843	92,199	169	674	N/A	5.35	N/A	-
	Total Plant Placed in Service		\$ 206,821	\$ 206,821	\$ 15,240	\$ 191,581	\$ 764		\$ 1,594	\$ 2,358

DW 22-068
LAKES REGION WATER COMPANY, INC.
STEP I ADJUSTMENT
2020 RETIREMENTS AND RELATED DEPRECIATION

Attachment B
Schedule 2a

Account #	Account Description	Cost	2019 Depr Exp	2019 Ending A/D
311	Pumps	\$ 5,874	\$ -	\$ 5,874
331	Mains	1,600	13	1,438
334	Meters	13,884	169	8,046
339	Misc Equipment	3,952	228	2,206
347	Computer Equipment	2,593	258	2,593
Total		\$ 27,903	\$ 668	\$ 20,157

DW 22-068
LAKES REGION WATER COMPANY, INC.
STEP I ADJUSTMENT

Attachment B
Schedule 3

2021 PLANT, DEPRECIATION, AND STATE AND LOCAL PROPERTY TAXES

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l) Local Property Tax Rates	(m) Local Property Taxes	(n) Total Property Taxes
Div #	Name	Acct #	Non-Revenue Producing	Revenue Producing	Total Division	CoBank T06 Loan	Annual Depr On Non- Rev. Producing	2021 Proforma Depreciation on 2021 Additions	2021 Net Plant	Utility Prop Taxes \$6.60			
1	Far Echo Harbor												
	Bed Rock Well Pump	311	\$ 270				\$ 27						
	Meters	334	916				46						
	Transducer	339	915		\$ 2,101		131	\$ 204	\$ 1,897	\$ 13	\$ 5.35	\$ 10	\$ 23
2	Paradise Shores												
	Mt. Roberts Badger M2000 Meter	311	\$ 2,704				\$ 270						
	T&D mains - Robin Lane	331	58,763			\$ 58,873	1,175						
	Paving - Robin Lane (Spring '22) - Settlement	331	15,417				308						
	T&D mains - Sunrise Dr.	331	41,523				830						
	Paving - Sunrise Dr. (Spring '22) - Settlement	331	11,719				234						
	T&D mains - Glen Forest Dr.	331	25,692				514						
	Paving - Glen Forest Dr. (Spring '22) - Settlement	331	9,014				180						
	Services - Robin Lane	333	10,000			7,127	250						
	Services - Sunrise Dr.	333	15,000				375						
	Services - Glen forest	333	5,000				125						
	Meters	334	2,269	534	\$ 197,101		113	\$ 4,376	\$ 192,725	\$ 1,272	\$ 5.35	\$ 1,031	\$ 2,303
	Note: The additions listed above in accounts 331 and 333 are all part of the mains/services replacement project at Paradise Shores.												
3	West Point												
	Meters	334	\$ 526	\$ 176	\$ 526		26	\$ 26	\$ 500	\$ 3	\$ 5.35	\$ 3	\$ 6
4	Waterville Valley												
	Meters	334	\$ 188		\$ 188		9	\$ 9	\$ 179	\$ 1	\$ 18.33	\$ 3	\$ 4
5	Hidden Valley												
	Meters	334	\$ 535		\$ 535		27	\$ 27	\$ 508	\$ 3	\$ 7.78	\$ 4	\$ 7
6	Wentworth Cove												
	Meters	334	\$ 565		\$ 565		28	\$ 28	\$ 537	\$ 4	\$ 17.80	\$ 10	\$ 13
7	Pendleton Cove												
	1" Well Meter	311	\$ 420				\$ 42						
	Meters	334	746	145	\$ 1,166		37	\$ 79	\$ 1,087	\$ 7	\$ 17.80	\$ 19	\$ 27
8	Deer Run												
	BRW#1 Meter	311	\$ 250		\$ 250		\$ 25	\$ 25	\$ 225	\$ 1	\$ 22.27	\$ 5	\$ 6
9	Woodland Grove												
	Meters	334	\$ 170		\$ 170		9	\$ 9	\$ 162	\$ 1	\$ 15.39	\$ 2	\$ 4
11	Brake Hill												
	Pump BRW#1	311	\$ 4,257				\$ 426						
	Meters	334	364		\$ 4,621		18	\$ 444	\$ 4,177	\$ 28	\$ 13.19	\$ 55	\$ 83

DW 22-068
LAKES REGION WATER COMPANY, INC.
STEP I ADJUSTMENT

Attachment B
Schedule 3

2021 PLANT, DEPRECIATION, AND STATE AND LOCAL PROPERTY TAXES

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l) Local Property Tax Rates	(m) Local Property Taxes	(n) Total Property Taxes
Div #	Name	Acct #	Non-Revenue Producing	Revenue Producing	Total Division	CoBank T06 Loan	Annual Depr On Non- Rev. Producing	2021 Proforma Depreciation on 2021 Additions	2021 Net Plant	Utility Prop Taxes \$6.60			
13	175 Estates												
	1" Inline Meter	311	\$ 420				\$ 42						
	Transducer	339	905		\$ 1,325		129	\$ 171	\$ 1,154	\$ 8	\$ 18.33	\$ 21	\$ 29
15	Lake Ossipee												
	Pumps & Meter	311	\$ 8,508				\$ 851						
	Treatment Equipment	320	18,239		\$ 26,747		657	\$ 1,507	\$ 25,240	\$ 167	\$ 8.97	\$ 226	\$ 393
19	Wildwood												
	Pumpstation	304	\$ 167,416				\$ 4,185						
	Power Generator Equipment	310	23,628				2,363						
	Pumping Equipment	311	22,306				2,231						
	Treatment Equipment	320	20,724				746						
	Tank	330	36,127				795						
	Misc. Equipment	339	3,488		\$ 273,689	\$ 260,000	498	\$ 10,818	\$ 262,871	\$ 1,735	\$ 10.34	\$ 2,718	\$ 4,453
	Note: The additions listed above are all part of the system upgrades at Wildwood.												
50	General Administration												
	Leak Detector w/Headset	339	\$ 5,672				810						
	MagneticLocator (1)	339	884				126						
	2021 Sure Trac Alum 7x12 Trailer	341	4,378				876						
	2021 Sure Trac LPDump Trailer 6x10 w/tarp	341	8,231				1,646						
	2021 Ford F350	341	57,308				11,462						
	2021 Dodge Ram 1500	341	70,669				14,134						
	2021 Vermeer Vac Restoration	343	13,285		\$ 160,427		1,898	\$ 30,952	\$ 129,475	\$ -	\$ -	\$ -	\$ -
	Grand Total		\$ 669,411	\$ 855	\$ 669,411	\$ 326,000	\$ 48,676	\$ 48,676	\$ 620,735	\$ 3,242	N/A	\$ 4,108	\$ 7,351

(1) Per Audit Issue # 1

DW 22-068
LAKES REGION WATER COMPANY, INC.
STEP I ADJUSTMENT
2021 RETIREMENTS AND RELATED DEPRECIATION

Attachment B
Schedule 3a

Account	Account Description	Costs	2019 Depr Exp, per Co.	2019 Ending A/D, per Co.
304	Structures	\$ 54,984	\$ 196	\$ 50,154
311	Pumps	25,580	831	22,483
320	Treatment Equipment	5,197	158	3,970
331	Mains	7,049	-	7,049
333	Services	2,760	-	3,385
334	Meters	7,865	242	2,096
339	Misc Equipment	1,703	243	304
341	Transportation Equipment	71,793	13,108	64,063
347	Computer Equipment	5,870	587	2,981
Total		\$ 182,801	\$ 15,365	\$ 156,485

DW 22-068
LAKES REGION WATER COMPANY, INC.
STEP I ADJUSTMENT
WAGE INCREASE PER SETTLEMENT

Attachment B
Schedule 4

	2021 Actual Wages	2022 Wage Increase (a)	Less: Capitalized Wages (b)	Increase in Annual Wages	Increase in Annual Payroll Tax Expense (c)
President	\$ 81,758	\$ 2,453	\$ (128)	\$ 2,325	\$ 178
Field Supervisor	64,521	1,936	(101)	1,835	140
Utility Manager	61,366	1,841	(96)	1,745	133
Field Staff	138,327	4,150	(216)	3,933	301
Office Staff	83,790	2,514	(131)	2,383	182
Total	<u>\$ 429,762</u>	<u>\$ 12,893</u>	<u>\$ (672)</u>	<u>\$ 12,220</u>	<u>\$ 935</u>

(a) Per DW 20-187 Energy DR 2-18

(b) See DW 20-187 Settlement Agreement; Att A; Sch 3a; Adj #'s 35 and 38
2019 Capitalized Wages (Co's 2019 Ann'l Rpt, Sch F-58, Lines 26-27)
2019 Actual Wages (DW 20-187 Energy DR 2-18)
Calculated Capitalized Wage Percentage

\$	20,029
÷	383,999
=	<u>5.22%</u>

(c) Multiplied by combined Social Security and FICA Percentage

<u>7.65%</u>

DW 22-068
LAKES REGION WATER COMPANY, INC.
STEP I ADJUSTMENT
CALCULATION OF POASI SPECIAL CONTRACT REVENUE ADJUSTMENT
SUMMARY

Attachment B
Schedule 5a

	<u>Volume Basis</u>	<u>Customer Allocation Basis</u>	<u>POASI</u>	<u>Non - POASI</u>	<u>TOTAL</u>
Revenue Requirement after Tax Effect (Schedule 4b)	\$ 22,354	\$ 2,585	\$ -	\$ 4,410	\$ 29,348
Total Operating Expenses (Schedule 4d)	11,380	2,786	-	1,612	15,777
Less: Other Operating Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues to be Collected via All Water Rates	<u>\$ 33,734</u>	<u>\$ 5,370</u>	<u>\$ -</u>	<u>\$ 6,022</u>	<u>\$ 45,126</u>
Revenues Specific to POASI Special Contract	<u>\$ 33,734</u>	<u>\$ 5,370</u>	<u>\$ -</u>		<u>\$ 39,104</u>
	<u>CCF Usage</u>	<u>Customers</u>	<u>Customers</u>		
POASI	15,176	1	1		
Paradise Shores	9,496	414	-		
Total	<u>24,672</u>	<u>415</u>	<u>1</u>		
Rates	<u>\$ 1.37 /ccf</u>	<u>\$ 12.94 /cust</u>	<u>\$ -</u>	POASI only	
Revenues:					
POASI	\$ 20,750	\$ 13	\$ -	\$ -	\$ 20,763
Paradise Shores	12,984	5,357	-	6,022	24,363
Total	<u>\$ 33,734</u>	<u>\$ 5,370</u>	<u>\$ -</u>	<u>\$ 6,022</u>	<u>\$ 45,126</u>

DW 22-068
LAKES REGION WATER COMPANY, INC.

Attachment B
Schedule 5b

STEP I ADJUSTMENT
CALCULATION OF POASI SPECIAL CONTRACT REVENUE ADJUSTMENT
REVENUE REQUIREMENT

	<u>Volume Basis</u>	<u>Customer Allocation Basis</u>	<u>POASI</u>	<u>Non - POASI</u>	<u>TOTAL</u>
NET PLANT IN RATE BASE:					
Total Utility Plant in Service (Schedule 4c)	201,027	24,145	-	38,915	264,087
Less: Accumulated Depreciation (Schedule 4c)	<u>(10,214)</u>	<u>(2,017)</u>	<u>-</u>	<u>(1,161)</u>	<u>(13,391)</u>
Net Utility Plant in Service	<u>190,813</u>	<u>22,129</u>	<u>-</u>	<u>37,754</u>	<u>250,696</u>
Contributions in Aid of Construction (CIAC)	-	-	-	-	-
Less: Accumulated Amortization - CIAC	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Contributions in Aid of Construction	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Utility Plant in Rate Base	<u>190,813</u>	<u>22,129</u>	<u>-</u>	<u>37,754</u>	<u>250,696</u>
WORKING CAPITAL IN RATE BASE:					
Materials and Supplies	-	-	-	-	-
Deferred Assets	-	-	-	-	-
Customer Deposits	-	-	-	-	-
Accumulated Deferred Income Taxes - Depreciation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Calculation of Cash Working Capital:					
Operation & Maintenance Expenses	2,797	-	-	-	2,797
Cash Working Capital % (75 days ÷ 365 days)	x <u>20.55%</u>	x <u>20.55%</u>	x <u>20.55%</u>	x <u>20.55%</u>	x <u>20.55%</u>
Cash Working Capital	<u>575</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>575</u>
Total Working Capital in Rate Base	<u>575</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>575</u>
Total Rate Base	<u>191,388</u>	<u>22,129</u>	<u>-</u>	<u>37,754</u>	<u>251,271</u>
Rate of Return @ DW 20-187 Settlement; Sch 1a	x <u>8.52%</u>	x <u>8.52%</u>	x <u>8.52%</u>	x <u>8.52%</u>	x <u>8.52%</u>
Revenue Requirement before Tax Effect	16,300	1,885	-	3,215	21,400
Income Tax Gross-up Factor @ 0.37142 (See Sch 1)	<u>6,054</u>	<u>700</u>	<u>-</u>	<u>1,194</u>	<u>7,948</u>
Revenue Requirement after Tax Effect	<u><u>\$ 22,354</u></u>	<u><u>\$ 2,585</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,410</u></u>	<u><u>\$ 29,348</u></u>

DW 22-068
LAKES REGION WATER COMPANY, INC.

Attachment B
Schedule 5c

**STEP I ADJUSTMENT
CALCULATION OF POASI SPECIAL CONTRACT REVENUE ADJUSTMENT
UTILITY PLANT IN SERVICE**

	Volume Basis	Customer Allocation Basis	POASI	Non - POASI	TOTAL
UTILITY PLANT IN SERVICE:					
303.20 Land and Land Rights	-	-	-	-	-
304.20 Structures and Improvements	-	-	-	-	-
307.20 Wells and Springs	-	-	-	-	-
311.20 Pumping Equipment	2,704	-	-	-	2,704
339.21 Other Miscellaneous Equipment (Division)	-	-	-	-	-
339.22 Other Miscellaneous Equipment (Common)	-	-	-	-	-
339.30 Other Miscellaneous Equipment (Treatment)	-	-	-	-	-
330.40 Distribution Reservoirs and Standpipes	-	-	-	-	-
331.40 Transmission and Distribution Mains	164,642	-	-	-	164,642
333.40 Services	-	-	-	31,389	31,389
334.40 Meters and Meter Installation	-	-	-	7,526	7,526
335.40 Hydrants	-	-	-	-	-
339.41 Other Miscellaneous Equipment (Division)	-	-	-	-	-
339.42 Other Miscellaneous Equipment (Common) (\$6,556 x 22.89%)	1,501	-	-	-	1,501
303.50 Land and Land Rights	-	-	-	-	-
304.50 Structures and Improvements (\$9,723 x 22.89%)	-	2,226	-	-	2,226
310.50 Power Generation Equipment (\$34,350 x 22.89%)	-	7,863	-	-	7,863
340.50 Office Furniture and Equipment	-	-	-	-	-
341.51 Transportation Equipment - Construction (\$12,609 x 22.89%)	2,886	-	-	-	2,886
341.52 Transportation Equipment - Pickups (\$127,977 x 22.89%)	29,294	-	-	-	29,294
343.50 Tools, Shop, and Garage Equipment (\$55,568 x 22.89%)	-	12,720	-	-	12,720
344.50 Laboratory Equipment	-	-	-	-	-
346.00 Communication Equipment	-	-	-	-	-
347.50 Miscellaneous Equipment (\$5,843 x 22.89%)	-	1,337	-	-	1,337
348.50 Other Tangible Plant (Rounding)	-	-	-	-	-
Total Utility Plant in Service	<u>\$ 201,027</u>	<u>\$ 24,145</u>	<u>\$ -</u>	<u>\$ 38,915</u>	<u>\$ 264,087</u>
ACCUMULATED DEPRECIATION:					
303.20 Land and Land Rights	-	-	-	-	-
304.20 Structures and Improvements	-	-	-	-	-
307.20 Wells and Springs	-	-	-	-	-
311.20 Pumping Equipment	(270)	-	-	-	(270)
339.21 Other Miscellaneous Equipment (Division)	-	-	-	-	-
339.22 Other Miscellaneous Equipment (Common)	-	-	-	-	-
339.30 Other Miscellaneous Equipment (Treatment)	-	-	-	-	-
330.40 Distribution Reservoirs and Standpipes	-	-	-	-	-
331.40 Transmission and Distribution Mains	(3,293)	-	-	-	(3,293)
333.40 Services	-	-	-	(785)	(785)
334.40 Meters and Meter Installation	-	-	-	(376)	(376)
335.40 Hydrants	-	-	-	-	-
339.41 Other Miscellaneous Equipment (Division)	-	-	-	-	-
339.42 Other Miscellaneous Equipment (Common) (\$936 x 22.89%)	(214)	-	-	-	(214)
303.50 Land and Land Rights	-	-	-	-	-
304.50 Structures and Improvements (\$194 x 22.89%)	-	(45)	-	-	(45)
310.50 Power Generation Equipment (\$3,435 x 22.89%)	-	(786)	-	-	(786)
340.50 Office Furniture and Equipment	-	-	-	-	-
341.51 Transportation Equipment - Construction (\$2,522 x 22.89%)	(577)	-	-	-	(577)
341.52 Transportation Equipment - Pickups (\$25,596 x 22.89%)	(5,859)	-	-	-	(5,859)
343.50 Tools, Shop, and Garage Equipment (\$4,012 x 22.89%)	-	(918)	-	-	(918)
344.50 Laboratory Equipment	-	-	-	-	-
346.00 Communication Equipment	-	-	-	-	-
347.50 Miscellaneous Equipment (\$1,169 x 22.89%)	-	(267)	-	-	(267)
348.50 Other Tangible Plant (Rounding)	-	-	-	-	-
Total Accumulated Depreciation	<u>\$ (10,214)</u>	<u>\$ (2,017)</u>	<u>\$ -</u>	<u>\$ (1,161)</u>	<u>\$ (13,391)</u>

DW 22-068
LAKES REGION WATER COMPANY, INC.

Attachment B
Schedule 5c

STEP I ADJUSTMENT
CALCULATION OF POASI SPECIAL CONTRACT REVENUE ADJUSTMENT
UTILITY PLANT IN SERVICE

	Volume Basis	Customer Allocation Basis	POASI	Non - POASI	TOTAL
DEPRECIATION EXPENSE:					
303.20 Land and Land Rights	-	-	-	-	-
304.20 Structures and Improvements	-	-	-	-	-
307.20 Wells and Springs	-	-	-	-	-
311.20 Pumping Equipment	270	-	-	-	270
339.21 Other Miscellaneous Equipment (Division)	-	-	-	-	-
339.22 Other Miscellaneous Equipment (Common)	-	-	-	-	-
339.30 Other Miscellaneous Equipment (Treatment)	-	-	-	-	-
330.40 Distribution Reservoirs and Standpipes	-	-	-	-	-
331.40 Transmission and Distribution Mains	3,293	-	-	-	3,293
333.40 Services	-	-	-	785	785
334.40 Meters and Meter Installation	-	-	-	376	376
335.40 Hydrants	-	-	-	-	-
339.41 Other Miscellaneous Equipment (Division)	-	-	-	-	-
339.42 Other Miscellaneous Equipment (Common) (\$936 x 22.89%)	214	-	-	-	214
303.50 Land and Land Rights	-	-	-	-	-
304.50 Structures and Improvements (\$194 x 22.89%)	-	45	-	-	45
310.50 Power Generation Equipment (\$3,435 x 22.89%)	-	786	-	-	786
340.50 Office Furniture and Equipment	-	-	-	-	-
341.51 Transportation Equipment - Construction (\$2,522 x 22.89%)	577	-	-	-	577
341.52 Transportation Equipment - Pickups ((\$25,596 - \$13,108) x 22.89%)	2,858	-	-	-	2,858
343.50 Tools, Shop, and Garage Equipment (\$4,012 x 22.89%)	-	918	-	-	918
344.50 Laboratory Equipment	-	-	-	-	-
346.00 Communication Equipment	-	-	-	-	-
347.50 Miscellaneous Equipment ((\$1,169 - \$258) x 22.89%)	-	208	-	-	208
348.50 Other Tangible Plant (Rounding)	-	-	-	-	-
Total Depreciation Expense	<u>\$ 7,213</u>	<u>\$ 1,958</u>	<u>\$ -</u>	<u>\$ 1,161</u>	<u>\$ 10,332</u>

DW 22-068
LAKES REGION WATER COMPANY, INC.

Attachment B
Schedule 5d

**STEP I ADJUSTMENT
CALCULATION OF POASI SPECIAL CONTRACT REVENUE ADJUSTMENT
OPERATING EXPENSES**

	Volume Basis	Customer Allocation Basis	POASI	Non - POASI	TOTAL
OPERATING EXPENSES:					
Operation & Maintenance Expenses:					
Source of Supply Expenses	-	-	-	-	-
Pumping Expenses	-	-	-	-	-
Water Treatment Expenses	-	-	-	-	-
Transmission and Distribution Expenses	-	-	-	-	-
Customer Account Expense	-	-	-	-	-
Subtotal	-	-	-	-	-
Administrative and General Expenses:					
Salary and Wages Expense:					
Superintendent (1.0) (\$2,325 x 22.89%)	532	-	-	-	532
Field Personnel (3.0) (\$5,768 x 22.89%)	1,320	-	-	-	1,320
Office (0.5) (\$1,745 x 50% x 22.89%)	200	-	-	-	200
Office (2.5) ((\$2,383 + (\$1,745 x 50%)) x 22.89%)	-	745	-	-	745
Total Salary and Wages Expense	2,052	745	-	-	2,797
Outside Professional Services	-	-	-	-	-
Outside Professional Services - Discount	-	-	-	-	-
Property Insurance Expense (Allocated by Utility Plant)	-	-	-	-	-
Group Insurance (Allocated by Wages)	-	-	-	-	-
Pension Plan	-	-	-	-	-
Rate Case Expenses	-	-	-	-	-
Regulatory Commission Expense	-	-	-	-	-
Materials	-	-	-	-	-
Contracted Services	-	-	-	-	-
Heat / Electric Expense - Office	-	-	-	-	-
Telephone Expense	-	-	-	-	-
Office Expense	-	-	-	-	-
Dig Safe Expense	-	-	-	-	-
Bank Charges Expense	-	-	-	-	-
Operating Permits Expense	-	-	-	-	-
Total Administrative and General Expenses	2,052	745	-	-	2,797
Total Operation & Maintenance Expenses	2,052	745	-	-	2,797
Depreciation Expense (Schedule 5c)	7,213	1,958	-	1,161	10,332
Amortization of Contributions in Aid of Construction	-	-	-	-	-
Amortization Expense - Other	-	-	-	-	-
Payroll Tax Expense (Allocated by Wages)	157	57	-	-	214
Property Tax Expense	1,957	26	-	451	2,434
Total Operating Expenses	<u>\$ 11,380</u>	<u>\$ 2,786</u>	<u>\$ -</u>	<u>\$ 1,612</u>	<u>\$ 15,777</u>

Property Tax Exp - Customer Allocation Basis:

\$114 x 22.89% = \$26

DW 22-068
LAKES REGION WATER COMPANY, INC.
COMPUTATION OF CUSTOMER RATES
CALCULATION OF PERMANENT RATES APPROVED IN DW 20-187: COMMISSION ORDER NO. 26,663 (MAY 27, 2022)

Attachment C
Schedule 1a

Proposed Annual Water Revenue from General Customers (DW 20-187 Settlement Agreement; Attachment A; Schedule 1) \$ 1,378,827

Less: Annual Operating Revenue - WVG Community Pool

Current Authorized Rate Per Tariff	\$	1,717.28
1 + Percentage Increase in Revenue Requirement	x	1.0312 (1,770.81)

Less: Annual Operating Revenue - Non-metered Customers

Annual Water Revenue from General Customers less Annual Revenue - WVG Pool	\$	1,377,056
Total Consolidated Rate Customers	÷	1,811
Annual Revenue Requirement per Customer		\$ 760.38
Total Non-metered Customers	x	639 \$ (485,886)

Annual Revenue Requirement Collected through Minimum Charge and Consumption Charge \$ 891,171

Calculation of Average Metered Rate per Customer:

\$ 593.24 (Minimum Charge) + \$ 5.77 (Metered Charge) x (33,937 ccf ÷ 1,172 metered customers)
= **\$ 760.38** average charge per metered customer

(X = Minimum Charge; Y = Consumption Charge)

Calculation of Proportion of Present Minimum Charge to Present Consumption Charge:

Present Annual Minimum Charge Per Tariff: (X) \$ 581.70

Present Annual Consumption Charge Per Tariff (per 100 cu ft): (Y) ÷ \$ 5.66

Proportion of Present Minimum Charge to Present Consumption Charge: (X ÷ Y) 102.8

Calculation of Consumption Charge:

X	+	Y	*	33,937	÷	1,172	=	\$ 760.38
Y	*	102.8	+	Y	*	29.0	=	\$ 760.38
				Y	*	131.7	=	\$ 760.38
				Y	=	\$ 5.77	*	33,937 = \$ (195,896)

Annual Revenue Requirement Collected through Minimum Charge \$ 695,274

Calculation of Annual Minimum Charge:

X	+	Y	*	33,937	÷	1,172	=	\$ 760.38
		X	+	\$ 5.77	*	29.0	=	\$ 760.38
				X	+	\$ 167.15	=	\$ 760.38
				X	=	\$ 593.24	*	1,172 = \$ (695,274)

Remainder of Annual Water Revenue from General Customers **\$ -**

Conversion of Metered Consumption from Gallons to CCF:

2019 Total Consumption by Metered Customers (Gallons)	36,738,000
Less: 2019 Suissevale Metered Consumption (Gallons)	(11,351,000)
2019 Consumption by Metered Customers (Gallons)	25,387,000
Conversion Factor from Gallons to CCF (1 CCF = 748.051948 Gallons)	÷ 748.05
2019 Consumption by Metered Customers (CCF)	33,937

DW 22-068
LAKES REGION WATER COMPANY, INC.
REPORT OF PROPOSED RATE CHANGES
PERMANENT RATES APPROVED IN DW 20-187: COMMISSION ORDER NO. 26,663 (MAY 27, 2022)

Attachment C
Schedule 1b

Permanent Revenues:	Number of Customers	Proforma Test Year Revenues	Approved		Permanent Revenues
			Change		
Waterville Valley Gateway Pool	1	\$ 1,717	\$ 54	3.13%	\$ 1,771
Unmetered General Customers:					
Current Consolidated Unmetered General Customers	590	437,087	11,540	2.64%	448,627
Proposed Additional Consolidated Unmetered General Customers (Wildwood)	49	25,645	11,614	45.29%	37,259
Total Proposed Consolidated Unmetered General Customers	639	462,732	23,154	5.00%	485,886
Metered General Customers:					
Current Consolidated Metered General Customers	1,111	818,287	17,390	2.13%	835,677
Proposed Additional Consolidated Metered General Customers (Dockham Shores)	61	54,413	1,081	1.99%	55,494
Total Proposed Consolidated Metered General Customers	1,172	872,700	18,471	2.12%	891,171
Total Proposed Consolidated Unmetered and Metered General Customers	1,812	1,337,149	41,678	3.12%	1,378,827
Suissevale Special Contract	1	210,768	-	0.00%	210,768
Total Water Sales	1,813	1,547,917	41,678	2.69%	1,589,595
Other Operating Revenues	N/A	50,248	-	0.00%	50,248
Total Operating Revenues	1,813	\$ 1,598,165	\$ 41,678	2.61%	\$ 1,639,843

Permanent Rates:	Number of Customers	Existing Rates	Approved		
			Change		Permanent Rates
Waterville Valley Gateway Pool (Annual)	1	\$ 1,717.28	\$ 53.53	3.12%	\$ 1,770.81
Unmetered General Customers (Annual):					
Unmetered General Customers - Previous Consolidated Group	590	\$ 739.56	\$ 20.82	2.82%	\$ 760.38
Unmetered General Customers - Wildwood (Added to Consolidated Group)	49	\$ 522.00	\$ 238.38	45.67%	\$ 760.38
Metered General Customers:					
Annual Charge - Previous Consolidated Group	1,111	\$ 581.70	\$ 11.54	1.98%	\$ 593.24
Annual Charge - Dockham Shores (Added to Consolidated Group)	61	\$ 581.68	\$ 11.56	1.99%	\$ 593.24
Meter Charge (per ccf) - Previous Consolidated Group	1,111	\$ 5.66	\$ 0.11	1.98%	\$ 5.77
Meter Charge (per ccf) - Dockham Shores (Added to Consolidated Group)	61	\$ 5.66	\$ 0.11	1.98%	\$ 5.77

DW 20-068
LAKES REGION WATER COMPANY, INC.
COMPUTATION OF CUSTOMER RATES
APPROVED PERMANENT INCREASE AND PROPOSED STEP I ADJUSTMENT

Attachment C
Schedule 2a

Proposed Annual Water Revenue from General Customers (Permanent Increase (Att C; Sch 1a) + Proposed Step I Adjustment (Att B; Sch 1)) \$ 1,523,690

Less: Annual Operating Revenue - WVG Community Pool

Current Authorized Rate Per Tariff \$ 1,717.28

1 + Percentage Increase in Revenue Requirement x 1.1395 **(1,956.85)**

Less: Annual Operating Revenue - Non-metered Customers

Annual Water Revenue from General Customers less Annual Revenue - WVG Pool \$ 1,521,733

Total Consolidated Rate Customers ÷ 1,811

Annual Revenue Requirement per Customer **\$ 840.27**

Total Non-metered Customers x 639 \$ (536,934)

Annual Revenue Requirement Collected through Minimum Charge and Consumption Charge \$ 984,799

Calculation of Average Metered Rate per Customer:

\$ 655.56 (Minimum Charge) + \$ 6.38 (Metered Charge) x (33,937 ccf ÷ 1,172 metered customers)
= **\$ 840.27** average charge per metered customer

(X = Minimum Charge; Y = Consumption Charge)

Calculation of Proportion of Present Minimum Charge to Present Consumption Charge:

Present Annual Minimum Charge Per Tariff: (X) \$ 581.70

Present Annual Consumption Charge Per Tariff (per 100 cu ft): (Y) ÷ \$ 5.66

Proportion of Present Minimum Charge to Present Consumption Charge: (X ÷ Y) 102.8

Calculation of Consumption Charge:

X + Y * 33,937 ÷ 1,172 = \$ 840.27

Y * 102.8 + Y * 29.0 = \$ 840.27

Y * 131.7 = \$ 840.27

Y = **\$ 6.38** * 33,937 = \$ (216,477)

Annual Revenue Requirement Collected through Minimum Charge \$ 768,322

Calculation of Annual Minimum Charge:

X + Y * 33,937 ÷ 1,172 = \$ 840.27

X + \$ 6.38 * 29.0 = \$ 840.27

X + \$ 184.71 = \$ 840.27

X = **\$ 655.56** * 1,172 = \$ (768,322)

Remainder of Annual Water Revenue from General Customers **\$ -**

Conversion of Metered Consumption from Gallons to CCF:

2019 Total Consumption by Metered Customers (Gallons) 36,738,000

Less: 2019 Suissevale Metered Consumption (Gallons) (11,351,000)

2019 Consumption by Metered Customers (Gallons) 25,387,000

Conversion Factor from Gallons to CCF (1 CCF = 748.051948 Gallons) ÷ 748.05

2019 Consumption by Metered Customers (CCF) **33,937**

DW 22-068
LAKES REGION WATER COMPANY, INC.
REPORT OF PROPOSED RATE CHANGES
APPROVED PERMANENT INCREASE AND PROPOSED STEP I ADJUSTMENT

Attachment C
Schedule 2b

	Number of Customers	Pro Forma Test Year Revenues	Proposed		Approved Permanent + Proposed Step I Revenues
			Change		
Permanent and Step Revenues:					
Waterville Valley Gateway Pool	1	\$ 1,717	\$ 240	13.97%	\$ 1,957
Unmetered General Customers:					
Current Consolidated Unmetered General Customers	590	437,087	58,674	13.42%	495,761
Proposed Additional Consolidated Unmetered General Customers (Wildwood)	49	25,645	15,528	60.55%	41,173
Total Proposed Consolidated Unmetered General Customers	639	462,732	74,202	16.04%	536,934
Metered General Customers:					
Current Consolidated Metered General Customers	1,111	818,287	105,188	12.85%	923,475
Proposed Additional Consolidated Metered General Customers (Dockham Shores)	61	54,413	6,911	12.70%	61,324
Total Proposed Consolidated Metered General Customers	1,172	872,700	112,099	12.85%	984,799
Total Proposed Consolidated Unmetered and Metered General Customers	1,812	1,337,149	186,541	13.95%	1,523,690
Suissevale Special Contract	1	210,768	20,763	9.85%	231,531
Total Water Sales	1,813	1,547,917	207,304	13.39%	1,755,221
Other Operating Revenues	N/A	50,248	-	0.00%	50,248
Total Operating Revenues	1,813	\$ 1,598,165	\$207,304	12.97%	\$ 1,805,469

			Proposed		
	Number of Customers	Existing Rates	Change		Approved Permanent + Proposed Step I Rates
Permanent and Step Rates:					
Waterville Valley Gateway Pool (Annual)	1	\$ 1,717.28	\$ 239.57	13.95%	\$ 1,956.85
Unmetered General Customers (Annual):					
Unmetered General Customers - Previous Consolidated Group	590	\$ 739.56	\$ 100.71	13.62%	\$ 840.27
Unmetered General Customers - Wildwood (Added to Consolidated Group)	49	\$ 522.00	\$ 318.27	60.97%	\$ 840.27
Metered General Customers:					
Annual Charge - Previous Consolidated Group	1,111	\$ 581.70	\$ 73.86	12.70%	\$ 655.56
Annual Charge - Dockham Shores (Added to Consolidated Group)	61	\$ 581.68	\$ 73.88	12.70%	\$ 655.56
Meter Charge (per ccf) - Previous Consolidated Group	1,111	\$ 5.66	\$ 0.72	12.70%	\$ 6.38
Meter Charge (per ccf) - Dockham Shores (Added to Consolidated Group)	61	\$ 5.66	\$ 0.72	12.70%	\$ 6.38

DW 22-068
LAKES REGION WATER COMPANY, INC.
REPORT OF PROPOSED RATE CHANGES
REVENUE & RATE COMPARISON

Attachment C
Schedule 3

	Number of Customers	Pro Forma Test Year Revenues	Approved Temporary Revenues	Annual Change			Revenues	
				Temp to Perm	Perm to Perm+Step I	Temp to Perm+Step I	Approved Permanent Revenues	Approved Permanent + Proposed Step I
Permanent and Step Revenues:								
Waterville Valley Gateway Pool	1	\$ 1,717	\$ 1,795	\$ (24)	\$ 186	\$ 162	\$ 1,771	\$ 1,957
Unmetered General Customers:								
Previous Consolidated Unmetered General Customers	590	437,087	456,023	(7,396)	47,134	39,738	448,627	495,761
Additional Consolidated Unmetered General Customers (Wildwood)	49	25,645	33,251	4,007	3,915	7,922	37,259	41,173
Total Proposed Consolidated Unmetered General Customers	639	462,732	489,274	(3,389)	51,048	47,660	485,886	536,934
Metered General Customers:								
Previous Consolidated Metered General Customers	1,111	818,287	855,897	(20,220)	87,798	67,578	835,677	923,475
Additional Consolidated Metered General Customers (Dockham Shores)	61	54,413	54,413	1,080	5,830	6,911	55,494	61,324
Total Proposed Consolidated Metered General Customers	1,172	872,700	910,310	(19,139)	93,629	74,489	891,171	984,799
Total Proposed Consolidated Unmetered and Metered General Customers	1,812	1,337,149	1,401,379	(22,552)	144,863	122,311	1,378,827	1,523,690
Suissevale Special Contract	1	210,768	210,768	-	20,763	20,763	210,768	231,531
Total Water Sales	1,813	1,547,917	1,612,147	(22,552)	165,626	143,074	1,589,595	1,755,221
Other Operating Revenues	N/A	50,248	50,248	-	-	-	50,248	50,248
Total Operating Revenues	1,813	\$ 1,598,165	\$ 1,662,395	\$ (22,552)	\$ 165,626	\$ 143,074	\$ 1,639,843	\$ 1,805,469

	Number of Customers	Existing Rates	Approved Temporary Rates	Annual Change			Rates	
				Temp to Perm	Perm to Perm+Step I	Temp to Perm+Step I	Approved Permanent Rates	Approved Permanent + Proposed Step I
Permanent and Step Rates:								
Waterville Valley Gateway Pool (Annual)	1	\$ 1,717.28	\$ 1,794.68	\$ (23.87)	\$ 186.04	\$ 162.17	\$ 1,770.81	\$ 1,956.85
Unmetered General Customers (Annual):								
Unmetered General Customers - Previous Consolidated Group	590	\$ 739.56	\$ 772.92	\$ (12.54)	\$ 79.89	\$ 67.35	\$ 760.38	\$ 840.27
Unmetered General Customers - Wildwood (Added to Consolidated Group)	49	\$ 522.00	\$ 678.60	\$ 81.78	\$ 79.89	\$ 161.67	\$ 760.38	\$ 840.27
Metered General Customers:								
Annual Charge - Previous Consolidated Group	1,111	\$ 581.70	\$ 607.92	\$ (14.68)	\$ 62.33	\$ 47.64	\$ 593.24	\$ 655.56
Annual Charge - Dockham Shores (Added to Consolidated Group)	61	\$ 581.68	\$ 581.68	\$ 11.56	\$ 62.33	\$ 73.88	\$ 593.24	\$ 655.56
Meter Charge (per ccf) - Previous Consolidated Group	1,111	\$ 5.66	\$ 5.90	\$ (0.13)	\$ 0.61	\$ 0.48	\$ 5.77	\$ 6.38
Meter Charge (per ccf) - Dockham Shores (Added to Consolidated Group)	61	\$ 5.66	\$ 5.66	\$ 0.11	\$ 0.61	\$ 0.72	\$ 5.77	\$ 6.38

ATTACHMENT D

Lakes Region Water Co., Inc., *Responses to Department of Energy Data Requests* in Docket DW 22 – 068.

Note: Attachment D does not include Responses to Data Requests 1-1, 1-2 1-6 through 1-13, and 1-15, which the Department of Energy withdrew by letter dated February 7, 2023, based on Lakes Region's revised schedules filed on February 8, 2023.

STATE OF NEW HAMPSHIRE

COMMISSIONER
Jared S. Chicoine

DEPUTY
COMMISSIONER
Christopher J. Ellms, Jr.



DEPARTMENT OF ENERGY
21 S. Fruit St., Suite 10
Concord, N.H. 03301-2429

TDD Access: Relay
NH
1-800-735-2964

Tel. (603) 271-3670

FAX No. 271-1526

Website:
www.energy.nh.gov

February 7, 2023

Attorney Justin C. Richardson
New Hampshire Water Law
586 Woodbury Avenue
Portsmouth, New Hampshire 03901

Re: Docket No. DE 22-068
Lakes Region Water Company
Petition for Approval of Step Adjustment

Withdrawal of Department of Energy Data Requests

Dear Mr. Richardson:

As you know, at the technical session in the above-captioned docket held last week, Lakes Region Water Company (LRWC) agreed with the Department of Energy (DOE) to remove certain capital investment from its schedules supporting the request for a step adjustment. Specifically, LRWC agreed to remove those items which were not included in the Settlement Agreement in the underlying rate case (Docket No. DW 20-187) that provided for the pending step adjustment request.

Based on the assumption that LRWC will withdraw those items as agreed, the DOE withdraws the following Data Requests: 1-1, 1-2 1-6 through 1-13, and 1-15. The DOE expects that LRWC will respond to the remaining data request no later than Friday, February 10, 2023.

Thank you for your attention to this matter.

Sincerely,

Suzanne G. Amidon

Suzanne G. Amidon
Staff Counsel
DOE/Regulatory Division

cc: Service List (Electronically)

**DW 22-068
LAKES REGION WATER COMPANY, INC.
PETITION FOR STEP ADJUSTMENT
DEPARTMENT OF ENERGY DATA REQUESTS – SET 1**

**Date Received: 01/25/2023
Request No. DOE 1-3**

**Date of Response: 02/09/2023
Witness: Thomas Mason,
Leah Valladares**

REQUEST:

Re: Schedule 2 - 2020 Plant Additions, 2011 Vermeer Vacuum - \$35,000:

The DOE Final Audit Report dated 12/20/22 on page 12 states, "Audit reviewed a July 29, 2020 Bill of Sale from Tom Mason . . . selling the Company a 2011 McLaughlin/Vermeer vacuum for \$35,000 that was booked to the 343 account."

- a) Please indicate the original cost of this equipment to Mr. Mason. Please provide supporting documentation.
- b) Please explain how the \$35,000 cost of this equipment from Mr. Mason to the Company was determined. Please provide supporting documentation.

RESPONSE:

- a) This vacuum was purchased 10 yrs. ago and the records are not available at this time. Mr. Mason is trying to locate them.
- b) Mr. Mason purchased a new larger vacuum with the intention of trading in the 2011 McLaughlin/Vermeer vacuum. The vendor offered a trade-in value of \$35,000 to Mr. Mason for the equipment.

The Company's management (President, Utility Manager and Field Supervisor) determined that it was in the best interest of the Company to purchase the 2011 Vermeer Vacuum for its trade-in value because of its importance and of its availability for Lakes Region's operations and maintenance. It is frequently used and needed during leak repairs, water main replacements, cleaning/inspecting water storage tanks, and cleaning meter pits. It is also used to provide a safe working environment during construction. The purchase ensures this equipment remained available when needed without having to procure it during periods of limited availability.

The Company reached out to a Vermeer Sale Representative in an effort to document its value and limited availability at the time it was purchased by the Company. Please see the attached email dated February 8, 2023.

DOE 1-3 Attachement A

From: [Chuck Moninski](#)
To: [Leah Valladares](#)
Subject: Vermeer Vac Trailer
Date: Wednesday, February 08, 2023 1:50:09 PM
Attachments: [image001.png](#)
[image002.png](#)
[image003.png](#)
[image004.png](#)

Hi Leah,

I have gone through my system to find the original invoice and most of those deals we done on paper and are in storage at this time. Looking at the pictures you sent and comparing the model you have to today's models' replacement cost is roughly \$70,000-75,000 and the closest model would be the LP-XDT model. Those trailers are out until late November 2023. Prices have gone up dramatically since the Covid emergency due to supply chain, material cost, and very high demand. Unfortunately, there are no book values on many hydro excavation equipment, but the used market has been stronger than ever on equipment and reached its peak in 2020-2021 in both auction and pre-owned sales. There is still a very low supply even today for equipment and prices have continued to rise. Hydro excavation has seen a greater rise in value due to the increasing demand for soft digging as more and more industries are acquiring this type of equipment. Let me know if you have any further questions.

Respectfully,



Chuck Moninski

Sales Representative

☐ (800) 333-4183 x6815 ☐ (207) 852-4435

www.VermeerAllRoads.com

We value your feedback! [Click here](#) to let us know how we're doing.



Chuck Moninski

Salesperson

Vermeer All Roads - Hopkinton

(800) 333-4183 x6815 (207) 852-4435



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DW 22-068
LAKES REGION WATER COMPANY, INC.
PETITION FOR STEP ADJUSTMENT
DEPARTMENT OF ENERGY DATA REQUESTS – SET 1

Date Received: 01/25/2023
Request No. DOE 1-4

Date of Response: 02/09/2023
Witness: Leah Valladares

REQUEST:

Re: Schedule 2 – 2020 Plant Additions, Wentworth Cove:

Please identify the purpose of the Water-Right Customer Care Unit costing \$ 10,237.

RESPONSE:

The Water-Right Custom Care Unit is a backwashing green sand unit used to treat iron and manganese.

DW 22-068
LAKES REGION WATER COMPANY, INC.
PETITION FOR STEP ADJUSTMENT
DEPARTMENT OF ENERGY DATA REQUESTS – SET 1

Date Received: 01/25/2023
Request No. DOE 1-5

Date of Response: 02/09/2023
Witness: Leah Valladares

REQUEST:

Re: Schedule 3 – 2021 Plant Additions, Lake Ossipee:

Please indicate the nature of the Treatment Equipment costing \$18,239

RESPONSE:

The nature of the treatment equipment installed at Lake Ossipee village was the installation of Georgia Marble, a contact neutralizer, for corrosion control. The same type of treatment equipment is also used in Tamworth, Woodland Grove and Indian Mound.

DW 22-068
LAKES REGION WATER COMPANY, INC.
PETITION FOR STEP ADJUSTMENT
DEPARTMENT OF ENERGY DATA REQUESTS – SET 1

Date Received: 01/25/2023
Request No. DOE 1-14

Date of Response: 02/09/2023
Witness: Leah Valladares

REQUEST:

**Re: Schedule 3a – 2021 Retirements and Related Depreciation, Account # 341 –
Transportation Equipment:**

Please provide detailed documentation in support of the \$71,793 amount indicated for transportation equipment retirements.

RESPONSE:

See attached detailed schedule from the Company's GL.

DOE 1-14 Attachment A

Lakes Region Water Company, Inc.
341 Transportation Equipment
Additions and Retirements
January - December 2021

	Date	Memo/Description	Account	Amount	Debit	Credit
Utility Plant						
General Plant						
Transportation Equipment						
	05/18/2021	Retired-201850.007 2015 F350	108 Accumulated Depreciation	12,000.00	12,000.00	
	07/01/2021	Retire- 198750.01 1987 Utility Trailer	108 Accumulated Depreciation	830.00	830.00	
	07/01/2021	Retire- 200450.001 2004 Excavator Trailer	108 Accumulated Depreciation	3,425.00	3,425.00	
	07/01/2021	Retire- 200550.001 2005 Covered Utility Trailer	108 Accumulated Depreciation	1,999.00	1,999.00	
	08/03/2021	Retire- 201650.003-2016 F150	108 Accumulated Depreciation	53,539.00	53,539.00	
	05/18/2021	Retired-201850.007 2015 F350	341 Utility Plant:General Plant:Transportation Equipment	-12,000.00		12,000.00
	07/01/2021	Retire- 198750.01 1987 Utility Trailer	341 Utility Plant:General Plant:Transportation Equipment	-830.00		830.00
	07/01/2021	Retire- 200450.001 2004 Excavator Trailer	341 Utility Plant:General Plant:Transportation Equipment	-3,425.00		3,425.00
	07/01/2021	Retire- 200550.001 2005 Covered Utility Trailer	341 Utility Plant:General Plant:Transportation Equipment	-1,999.00		1,999.00
	08/03/2021	Retire- 201650.003-2016 F150	341 Utility Plant:General Plant:Transportation Equipment	-53,539.00		53,539.00
Total for Transportation Equipment					\$ 71,793.00	\$ 71,793.00

DW 22-068
LAKES REGION WATER COMPANY, INC.
PETITION FOR STEP ADJUSTMENT
DEPARTMENT OF ENERGY DATA REQUESTS – SET 1

Date Received: 01/25/2023
Request No. DOE 1-16

Date of Response: 02/09/2023
Witness: Leah Valladares

REQUEST:

Please refer to the DOE Final Audit Report, beginning at p 24, last para, which reads:

Audit reviewed the purchase of a new 2021 Ford F-350 diesel pickup truck that was booked on the GL/CPR records for \$57,308 in the 341 Transportation Equipment account. The Company purchased the truck from Grappone Automotive Group for \$53,802 in May 2021. The Company spent \$1,874 in July 2021 to remove the utility service body install it on the new 2021 Ford F-350 at Candia Trailers and Snow Equipment Company Inc. On a June 2021 Truck Trends Accessory Stores invoice, the Company spent \$1,632 to modify the suspension and electrical system for the magnum rack strobes, wireless connection, and load lifter. The Company record[ed] the retirement of the 2015 Ford F-350 Pickup truck by debiting the 108 Accumulated Depreciation account for \$12,000 and crediting the 341 account for the same amount. The \$12,000 was the original book value of the 2015 Ford F-350.

- a) Did Lake's Region receive value for the traded-in old truck, the 2015 Ford F-350?
- b) If yes to a), how much did the Company receive for the trade-in from Grappone?
- c) If yes to a), by what amount did the trade-in reduce the amount required to finance the new truck?
- d) Please provide confirming documentation.

RESPONSE:

- a) The Company did not receive value for the 2015 Ford F-350 as it was not traded in. The motor was unrepairable and the vehicle was not salvageable at the time. In 2023 the Company received an agreed salvage price of \$1,300.00 for just the body/frame of the 2015 Ford F-350.
- d) Attachment A-Bill of sale from Grappone Automotive Group.

Established 1924
grappone
 AUTOMOTIVE GROUP

VEHICLE INVOICE

DEAL# 6057093
 CUST# 394748 STK#: FJ0289

GRAPPONE FORD/MAZDA
 530 ROUTE 3A
 BOW NH 03304

SOLD TO: LAKES REGION WATER CO., INC.
 ADDRESS PO BOX 389
 MOULTONBOROUGH NH 03254
 603-476-2348
 LEAH@LAKESREGIONWATER.COM

DATE 05/18/2021

SALESMAN

SARAH A REILLY 5558

MAKE	YEAR	MODEL	BODY STYLE	COLOR	NEW OR USED	STOCK #	SERIAL NO. (VIN NO.)
FORD	2021	F350	PU	GREEN	NEW	FJ0289	1FTRF3BT5MED21832

ODOMETER 15

OPTIONAL EQUIPMENT and ACCESSORIES
 DESCRIPTION

PRICE

PRICE OF VEHICLE

53253.00

N/A

N/A

Administration Fee

549.00

N/A

N/A

N/A

TOTAL CASH PRICE

53802.00

N/A

TOTAL TIME PRICE

N/A

SETTLEMENT:

REBATE

N/A

DEPOSIT/CASH ON DELIVERY

53802.00

TRADE IN N/A

N/A

LESS LIEN N/A

AMT FINANCED

N/A

TOTAL

53802.00

WE-OWE:

CASH ON DELIVERY 53802.00

NAME OF FINANCE COMPANY:
 CASH

NHAD SERVICES, INC.

ODOMETER DISCLOSURE STATEMENT(S)

I certify, to the best of my knowledge, that the mileage on the vehicle(s) described below is the actual mileage, unless otherwise indicated by a checked box:

FJ0289

Purchased Vehicle: 1FTRF3BT5MED21832 Mileage 15 ----- ☐ Exceeds Mechanical Limits

Year: 2021 Make: FORD Model: F350 Body Type: PU ----- ☐ Not Actual Mileage

Trade 1: N/A Mileage N/A ----- ☐ Exceeds Mechanical Limits

Year: N/A Make: N/A Model: N/A Body Type: N/A ----- ☐ Not Actual Mileage

Trade 2: N/A Mileage N/A ----- ☐ Exceeds Mechanical Limits

Year: N/A Make: N/A Model: N/A Body Type: N/A ----- ☐ Not Actual Mileage

Buyer  LAKES REGION WATER CO., INC.

Co-Buyer N/A

Dealership  GRAPPONE FORD/MAZDA

89046*1*FOR-FI

5/14/2021

Grappone Ford Mazda - Purchase Order

VEHICLE PURCHASE ORDER

Experience The Difference.

Established in 1924



530 Route 3A, Bow, NH 03304

Internet: http://www.grapponeford.com/index.htm

DATE 05/14/2021		SSN		You, the Buyer(s), hereby order and agree to purchase from Seller the following motor vehicle, subject to approval by seller.			
BUYER(S) Lakes Region Water Co., Inc.		DOB		<input checked="" type="checkbox"/> NEW <input type="checkbox"/> USED <input type="checkbox"/> DEMO			
BUYER(S)		DOB		YEAR 2021	MAKE Ford	MODEL Super Duty F-350 SI	
ADDRESS 420 Gov. Wentworth Hwy Moultonboro		ZIP 03254		TYPE 4WD Stand	COLOR GREEN	MILEAGE 15	DATE OF MFR.
ADDRESS PO Box 389 Moultonborough, NH		ZIP 03254		STOCK NO. FJ0289	VIN 1FTRF3BT5MED21832		
TELEPHONE: HOME 603-707-0644		WORK (603) 386-4021		Delivery Date		SELLING PRICE	\$53,253.00
CREDIT/LIEN HOLDER				Commercial Retail- Cash- No Lien			
EMAIL ADDRESS lrwater@lakesregionwater.com				Equipment to be Added:			
TITLE TO TRADE DUE ON DELIVERY DESCRIPTION OF TRADE-IN							
YEAR	MAKE	MODEL					
TYPE	COLOR	MILEAGE					
VIN		TRANSMISSION					
SALES CONSULTANT Sarah Reilly		EMP. # 5558					
				-REBATE ()			
				=CASH PRICE \$53,253.00			
				+ADMINISTRATION FEE \$549.00			
				=TOTAL CASH PRICE DELIVERED \$53,802.00			
				-CASH DEPOSIT SUBMITTED WITH ORDER ()			
				-TRADE ALLOWANCE ()			
				=CASH DUE ON DELIVERY \$53,802.00			

By signing this contract you agree to buy the vehicle described above upon approval of this order by the Seller, on the terms and conditions listed above and on the back. You also agree that if you breach this contract, the Seller may keep the cash deposit as liquidated damages. Some of the ways in which you may breach this contract are cancelling this contract after 1) the Seller may no longer cancel his order from the manufacturer, 2) the Seller has performed services on the vehicle, or 3) the Seller has taken other actions in reliance on your signing this contract.

You are not required to finance the purchase of your vehicle with the creditor listed above or any other credit terms. You acknowledge that the credit terms listed above are estimates based on credit rates available at the time you choose to finance your purchase with creditor named above, the actual terms and conditions may be different. If the credit terms are different then they will be disclosed to you before or at the time of purchase.

NOTICE TO BUYER

1. READ THIS CONTRACT BEFORE SIGNING.
2. YOU ARE ENTITLED TO AN EXACT COPY OF THE CONTRACT YOU SIGN.

YOU, THE BUYER, ACKNOWLEDGE THAT YOU HAVE READ THIS CONTRACT AND HAVE RECEIVED A COMPLETED COPY OF THIS CONTRACT. YOU ALSO CERTIFY THAT YOU ARE OF LEGAL AGE TO EXECUTE BINDING CONTRACTS IN THIS STATE.

Buyer's Signature _____ Date 05/14/2021

Co-Buyer's Signature _____ Date 05/14/2021

Approval of Order by Seller _____ Date 05/14/2021

Dealer's Authorized Agent

1106: EntId: 361297 / EvId: 1636231

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