

Leighton, Adele

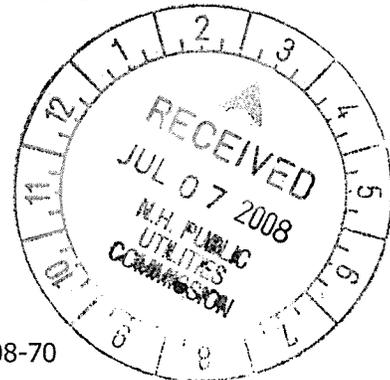
From: Smith, Kim on behalf of PUC
Sent: Monday, July 07, 2008 3:01 PM
To: Leighton, Adele
Subject: FW: Gunter K. Neumann vs. Lakes Region Water Company Inc. and DW 08-70

I have attached an internet e-mail from our PUC account.

--Kim

-----Original Message-----

From: GK Neumann [mailto:gneuman1@optonline.net]
Sent: Wednesday, July 02, 2008 9:01 PM
To: PUC
Cc: Hadley, Eileen
Subject: Fw: Gunter K. Neumann vs. Lakes Region Water Company Inc. and DW 08-70



This is an addendum to the e-mail that follows per the last line in paragraph four (4).

To whom it may concern:

At the outset, I hope that I am not too late to have this e-mail placed into the record regarding the recent rate increase and financing request of The Lakes Region Water Co., Inc. (LRWC). If it is too late, I hope that my previous e-mail of 6/30/08 that follows to Ms. Eileen Hadley made its way into the record.

Firstly, I **strongly oppose** any rate increase to LRWC due to their inability and/or desire to address the constant and continuing low water and/or fluctuating water pressure issues and the constant and continuing shutting off my water by mistake. The LRWC has done nothing noticeable to improve the quality of the water and/or the delivery of same in L.O.V.E. In fact, service has seemed to deteriorate as the previous rate increases went into effect. To wit, the erroneous turning off of my water on three (3) separate occasions, the confusion with the answering service, the confusion within the operation of one hand not knowing what the hand is doing and no one caring enough to do anything about it, the lack of upper management being able to control what is going on within the system and/or not caring, consistently refusing to take action and/or ignoring the low water pressure and/or fluctuating water pressure issues, the lack of upper management to personally get involved to solve these and any other outstanding issues and the fact that none of the improvements for which the rate increases and financing being sought effect L.O.V. To grant any rate increase to LRWC would be condoning and approving their horrendous operations over the last 3+ years or so. If they are not able to operate efficiently within their means, they should consider getting out of a business which in my opinion, they appear to have little or no knowledge of operating or perhaps caring to operate except for the financial rewards associated therewith. They appear to have expanded into uncharted areas without doing their homework and are now in over their heads and now want **all** ratepayers to bail them out for taking on additional community water sites along with all of their inherent problems.

Secondly, I **even more strongly oppose** their financing request. It is absolutely ludicrous for the principals of LRWC to loan money that they extracted from the business over the years back to their corporation at an obscene guaranteed 9.75% rate of return for a 20 year period. This may or may not be illegal, but at a minimum, it certainly appears to be unethical. I

for one, am not interested in financing a guaranteed retirement package for the Masons, especially when they have mismanaged the business to the extent that they have. In this era of a sagging economy, how can they justify such a high rate of return. At a time when interest rates are dropping faster than a lead balloon, this request should be denied outright. I recently renewed a sizable IRA CD and was lucky to receive 3%. Again, how can they justify 9.75%. **Let the LRWC go out in the open market and get a loan through normal channels at a more favorable rate and thereby also eliminate any question of impropriety that may arise from such an underhanded and/or questionable arrangement.**

At a bare minimum, the PUC must consider where the huge amount of money amassed by the Masons came from and if the money they have accumulated over the years were excessively extracted from the corporation to thereby show a corporate loss and therefore the need for constant rate increases. This may be a small mom & pop operation, but the principals appear to be quite savvy in ways to fund their retirement. Every facet of this scheme must be closely examined as to the legality and morality of same. No stone must be left unturned during the investigation of how these funds were accumulated in the first place and the need for the resulting rate increases.

In closing, I must admit that I never saw or heard of such a financial arrangement. It just goes to prove what I have been saying all along, the people who run this business know no shame and will run it into the ground and then turn around and ask the ratepayers to bail them out. It is my feeling and firm belief that this business should be placed into receivership and turned over to someone who knows how to run a water company and is responsive to the needs of the ratepayers and is not just there to enrich themselves at the expense of same.

Thank you in advance for your kind attention to and favorable resolution of this matter.

Respectfully yours,
Gunter K. Neumann
123 Liberty Lane
Freedom, NH 03836

----- Original Message -----

From: GK Neumann

To: Eileen Hadley

Sent: Monday, June 30, 2008 6:18 PM

Subject: Fw: Gunter K. Neumann vs. Lakes Region Water Company Inc.

Dear Ms. Hadley:

This will confirm our telephone conversation of 6/20/08 and the subsequent follow-up phone call regarding the lack of water again at my residence at 123 Liberty Lane in Freedom, NH.

At this time, I wish to once again file another formal complaint against The Lakes Region Water Co. for shutting off my water by mistake for the third (3rd.) time in nineteen (19) months and the second time within a seven (7) month period. When I arrived at my house late Thursday on June 19, 2008, I once again had no water and had to make several phone calls to get it restored. At this time, I am beginning to think that this is being done on purpose as no one could or should be so stupid as to do this accidentally three times within a 19 month period given the safeguards that supposedly were put into place in order to prevent this from happening again. Please refer to page one (1), third paragraph, line 8 & 9 in the attached letter from Mr. Thomas Mason dated March 4, 2008 wherein he states "In fact, we are required by law to maintain the connection to house services 24 hours a day, seven days a week." Since they have now violated this law on three (3) separate occasions, I feel that some form of punitive action is in order. How can they justify looking for another huge rate increase (on top

7/7/2008

of the 2 or 3 they already received) and the principals of the Company wanting an obscene 9.75% rate of return on money they will lend back to the Company when they constantly create problems for the ratepayers that should never occur in the first place. Allowing the requested rate increase or any part thereof and the usury rate associated therewith would be condoning and rewarding their poor performance in all areas related to their business. I have stated repeatedly that I pay my water bill immediately upon receipt and in return expect to have water when I want it and not have to go through the hassle, aggravation and inconvenience of going without it due to the actions of someone at the water Company.

On page 2, paragraph 2, Mr. Mason states that he understands my concern about fluctuating water pressure and that they are working behind the scenes to rectify it. Let me assure you in no uncertain terms that there has been no noticeable improvement since his letter to me. I have suffered with this annoying problem for the past three (3) plus years and to this date, I still continue to experience low and fluctuating water pressure which is most noticeable and troublesome during the course of a shower. I have spoken to others who reside in LOV and specifically those who actually live on Liberty Lane who have advised me that they are also incurring water pressure problems similar to mine. I have urged them to complain to the water company and to file a complaint with the PUC. They stated that they would. Whether they actually do or not, remains to be seen.

Lastly, on page 2, paragraph 5, Mr. Mason states that "my valve location has been marked on office maps as well as on my neighbors' valves so that this does not occur again and that they also have put alerts on all customer accounts neighboring my property noting the situation." In spite of all of these purported and so called "precautions", it did happen again for the third (3rd.) time. It appears to me that this outfit is totally inept at running a water Company and the operations thereof should put into receivership and be turned over to someone who is capable of running same. To request a huge rate increase and a loan with a 9.75% rate of return to the principals is unconscionable, unwarranted and way beyond reasonable considering the current market situation where interest rates for a CD are around 3%. I will address this matter further in another e-mail to the PUC shortly.

Taryn from the water company called and left a message on my NH answering machine last Tuesday with a request that I call her. I called her back today and she profusely apologized for this latest event. Unfortunately, she could not offer any explanation for what happened which reinforces my belief that no one there knows what is going on and worse yet, no one seems to care enough to do anything about it. With the pending rate increase and the obscene interest rate request, it is my further belief that this company knows no shame and left unchecked by the PUC, they will run rampant and do whatever they wish or not wish to do. I am really at my wits end with this water company and don't know if I can go through this again in addition to putting up with the continuing low and fluctuating water pressure. If my water is shut off by mistake again, I will seriously consider consulting an attorney to see what civil action can be taken to compensate me for my aggravation, frustration and inconvenience.

In closing, I would just like to state that Mr. Tom Mason, Jr. stated to me that he would stop by at the house the next day, June 20th. to see what was going on. To the best of my knowledge, he never showed up nor did he ever offer any remorse or his personal apology for what happened again. This more or less confirms my feelings as enumerated above.

Thank you in advance for your kind attention to this matter.
Respectfully yours,
Gunter K. Neumann

7/7/2008

123 Liberty Lane
Freedom, NH 03836

-----original Message -----

From: Lakes Region Water Company Inc.

To: gneuman1@optonline.net

Cc: Eileen Hadley

Sent: Tuesday, March 04, 2008 1:49 PM

Subject: Gunter K. Neumann vs. Lakes Region Water Company Inc.

Attached, please find response to Gunter K. Neumann vs. Lakes Region Water Company Inc.

<<...>>

Taryn Zambouras

Office Manager

Lakes Region Water Company Inc.

PO Box 389

Moultonboro, NH 03254

Tel: (603) 476-2348

Fax: (603) 476-2721

If you have received this message in error, please let me know by replying to this email or by calling 603-476-2348. Thank You!

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PO Box 389
420 Governor Wentworth Highway
Moultonborough, NH 03254
Telephone: 603-476-2348
Fax: 603-476-2721

LAKES REGION WATER COMPANY, INC.

March 4, 2008

Gunter K. Neumann
3 Gettysbury Drive
Manalapan, NJ 07726
Account # 15075057

Re: Gunter K. Neumann vs. Lakes Region Water Company Inc.

Dear Mr. Neumann,

We are in receipt of your letter dated February 13, 2008 which was forwarded to us by the New Hampshire Public Utilities Commission on February 22, 2008. The following is in response to your complaint.

Once again, we would like to apologize for turning your water off by mistake. The \$2.29 credit is a prorated amount to cover 2 entire days worth of water, despite the water being unavailable for less than 24 hours. I would like to remind you that the NH Public Utilities Commission (PUC) approves all of our requested water rates and miscellaneous service fees since we are a public utility. If they feel a rate increase is justified, it will be granted. For your convenience, I have attached a copy of "how water and sewer rates are set," which is taken directly from the PUC's website, which should better explain the origin of these proposed rates. The specific link for this page is: <http://puc.state.nh.us/Water-Sewer/howwaterandsewerratesareset.htm>. The actual PUC's web address is: <http://puc.state.nh.us>.

Many of our customers are indeed seasonal residents and while the PUC recognizes that a base rate may unfairly penalize seasonal customers such as yourself, it is a necessary charge in order for our water company to maintain the water system's infrastructure. We must be in constant compliance with the chemical testing standards set forth by the New Hampshire Department of Environmental Services (NHDES), which ensures we are providing safe drinking water to all of our customers. LRWC is a public utility and should therefore be thought of as a water *service*. While some customers may not occupy their residences for many months out of the year, the water service still remains available to them, whether they choose to use it or not, much like a telephone or cable utility. In fact, we are required by law to maintain the connection to house services 24 hours a day, 7 days a week. Since many of our customers do not occupy their residences full time, the absence of a base rate would not allow our company to provide for routine repairs, maintenance or for potable water at all.

Email: lrwater@lakesregionwater.com
Website: lakesregionwater.com

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March 4, 2008

Page 2

As you have noted, LOV's previous minimum charge was a fee of \$34.48 for unlimited water use, a rate that had remained intact since the early 90s. There have been extensive improvements made to the Lake Ossipee Village water system after Lakes Region Water Company acquired it in the year 2004, and our work there is not yet complete. These changes consisted of chemical treatment for the Copper problem that existed before it was owned and operated by our company, in addition to the installation of several new pumps, valves, meters, electrical equipment, and water service lines. These improvements assist in water availability, monitoring & controlling water flow and leak detection & isolation. All of these are upgrades to the previous equipment that was in poor, outdated condition that like anything else, needs to be repaired or replaced as time passes & regulations change.

We understand your concerns of pressure fluctuation and this is something we have been working behind the scenes to rectify. While it may seem as if your water system has not changed, keep in mind that being a water utility, the majority of our infrastructure is underground or in such a place where improvements are not readily observable to the public eye.

In terms of comparing your water rate to that of your year round residence in a different region, there are too many differences between states to justify this comparison. The population per square inch in a rural community such as that of Lake Ossipee Village is considerably less than that of an urban community in New Hampshire, and especially less than that of cities in other regions of the country. The rate base in LOV is therefore divided among significantly less residents. Also, we do not receive any tax dollar assistance, government or state funding or any other means of financial aid that perhaps other states may benefit from.

As far as installing water meters is concerned, we are currently working with the PUC to develop a plan for the funding of this project. Some residents will require meter pits to properly house & protect these meters, which are at the customer's expense. If meters were to be installed at the present time, each customer would be charged a base rate of \$77.62 per quarter and a metered rate of \$3.35 for every 100 cubic feet or 748 gallons of water used.

The error you note in your letter is just that... a mistake. We were not notified of the situation by our answering service and for that we do apologize. In order to prevent a reoccurrence in the future, we are making arrangements with a more professional answering service that will be in place by the end of this week. In addition, your valve location has been marked on office maps as well as your neighbors' valves so that this does not occur again. We have also put alerts on all customer accounts neighboring your property noting the situation.

We extend our apologies for this unfortunate mishap and inconvenience this has caused you. If there are any questions or concerns, please call our office at 603-476-2348 or email us at lrwater@lakesregionwater.com.

Sincerely,

Thomas A. Mason, President
Lakes Region Water Company Inc.