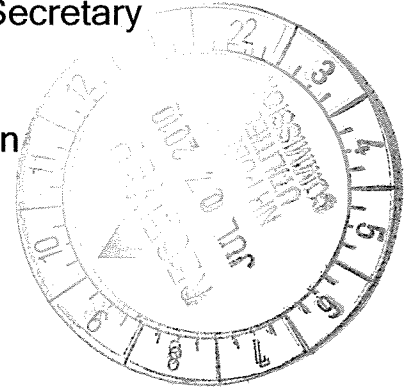


Date: July 7 2010

To: Ms. Debra Howland Executive Director & Secretary  
N.H. Public Utilities Commission  
From: David M. Smith President  
Hidden Valley Property Owners Association

Re: DW 08-070 -Third Step Adjustment to Rates



Ms. Howland,

This note is a follow up and an elevated reinforcement of a major disturbing point in my letter to you of June 29.

I concluded that letter referencing what I consider to be the most egregious aspect of this process -stating:

*Now on page 1 of 1 on Attachment E entitled DW 08-070, Lakes Region Water Company, Inc. Rate of Return is noted*

*Additional Paid-in Capital \$724,430 at 9.75%*

*If in fact Tom Mason Sr. who was convicted of the criminal act that led to the fine is the source of this funding for which he expects a rate of return of 9.75 % --then this is what I would consider to be criminal by association. As this rate of return would be extracted from the consumer Tom Mason Sr.'s. return from the consumer would go a long way toward his recovery of the fine and would contradict the pledge received at the Commission's meetings.*

*It would be unjust and therefore must be unacceptable.*

*It is also my understanding that lower interest loans were available at the time and that Tom Jr. has just received approval for funding at a much lower level.*

I have now been told straight out by Tom Mason Jr. in a telephone conversation late last week that he will not be

applying for the low interest loan as it is not to his advantage to do so --for

- He would have to pay the loan back --in some unfavorable timeframe
- He claims that to secure the loan he would have to put up his house as collateral --[why his responsibility to put up collateral if Tom Sr. and his wife are the sole owners of the company?!} ---And most of all why should he do so when instead of paying back the loan the company can get a 9.75% return on their own money.

And then the question arises:

Is it the company that gets the 9.75% return to its bottom line or is it the investors namely Tom Jr.'s parents that extract this return?

When in the conversation with Tom Jr. I said I could understand his position from his perspective but representing the consumers that payoff to them comes right out of our pockets at the differential rate between 2.3%?and 9.75%--He said he understood but the fact remains in his own interest that is what he intends to do.

What do you [and others around the Commission table] say to that? Lets have a follow up conversation, as I need to know what position the PUC will be taking on this. Plus I need to know what I need to do to meet my responsibility in these proceedings

Sincerely,

David M. Smith

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