

STATE OF NEW HAMPSHIRE
THE NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION
LAKES REGION WATER COMPANY, INC

DW 08-

PETITION FOR APPROVAL OF FINANCING AND STEP INCREASES

The Petitioner, Lakes Region Water Company, Inc. (“LRWC” or “Company”), respectively petitions the N.H. Public Utilities Commission (“PUC” or “Commission”) for approval of financing for additions and upgrades to the Company’s water system. In support of this Petition, LRWC says:

1. LRWC is presently franchised in parts of Moultonborough, Campton, Conway, Freedom, Gilford, Laconia, Ossipee, Tamworth, Thorton and Tuftonboro. The Company owns and operates Far Echo Harbor, Paradise Shores, West Point, Waterville Valley Gateway, Hidden Valley, Wentworth Cove, Pendelton Cove, Deer Run, Woodland Grove, Echo Lake Woods, Brake Hill, Tamworth Water Works, 175 Estates, Deer Cove, Lake Ossipee Village, Indian Mound and Gunstock Glen water systems. At December 31, 2007 the Company provides water to 1606 customers.
2. LRWC has made and continues to make significant improvements to its water systems.

Among the improvements for which the Company is seeking approval to finance are the following:

(1) A 82' x 55' x 12', 325,000 gallon concrete storage tank (cast in place) which will be connected to the existing pump house by a 4,500 12" PVC main at Paradise Shores;

(2) Wells and related projects including deepening an existing well from 183' to 1,003' which was also hydrofractured at Hidden Valley. The water system's upper and lower sections are being reengineered in order to implement the integration of both system sections. The implementation will include replacement or addition of well meters, booster pumps and related monitoring equipment.

(3) The installation of 1,220' of 4" DRII Fusion water mains to replace pvc mains that ran through the woods at 175 Estates. Also, the installation of 1,120' of 2" pvc mains. The pump station has been replaced and a water filtration system for iron has been installed.

(4) A point well has been replaced with a 60' deep gravel packed well at Indian Mound. The Company has also purchased and installed pumps and mains in order to connect the well to the water system.

(5) The pump station at Gunstock Glen is being totally remodeled and repiped. Gunstock Glen is being interconnected with the Brake Hill water system. A new SCADA control system is being added in order to control, coordinate and monitor three wells in the systems and to remotely report to the office.

(6) A 2007 GMC Sierra pickup was purchased to replace a 2003 GMC Sierra pickup. A 2007 Chevrolet Silverado pickup has been added to the fleet. The Company has purchased miscellaneous shop and field equipment. The Company has also purchased and replaced a hand held meter reader and its compatible computer software.

3. LRWC indicates that the total amount of the financing will be as follows:

Water Storage Tank / Main at Paradise Shores	\$285,500
Wells and related projects at Hidden Valley	151,964
Main replacements and other improvements at 175 Estates	167,594
Well and other improvements at Indian Mound	10,395
Mains and Pump Station at Gunstock Glen	90,000
Vehicles, Shop Equipment and Other Equipment	<u>74,477</u>
Total Financing	<u>\$779,930</u>

4. LRWC proposes to recover its investment via three step increases. The Company believes that the step increases are appropriate because certain projects are already completed and providing service to customers. It is also appropriate because NHDES required that the Company undertake some of the projects. Certain other projects are necessary. It is more cost effective and efficient to pursue step increases at the time of financing than waiting for a rate case. If the Company were to pursue a rate case, the Company would make proforma

adjustments to the test year for such investments and incorporated them in the rate increase, most likely as a step increase.

5. LRWC is proposing three step increases with applicable effective dates and revenue requirements as follows:

Step 1 - Effective immediately - \$67,990

Step 2 – Effective July 1, 2008 - \$77,914

Step 3 – Effective January 1, 2009 - \$36,169

6. In support of the financing and step increases, LRWC proposes that the financing will:

- a. Allow management to complete certain projects including the water storage tank at Paradise Shores and wells with related improvements at Hidden Valley.

- b. Enable the Company to recover its investment.

7. It would be in the public good for LRWC to have approval of this financing and step increases. LRWC provides the following in support:

- a. The addition of the water storage tank will meet NHDES requirements, and will enable the Company to provide reliable water service to both customers at Paradise Shore and Swissvale developments. Adequate water storage capacity will also help to provide Paradise Shores' water system with a means to keep up with increased water demand experienced

during periods of high water demand, such as July 4th, when the water system's supply sources are being used at their capacity.

- b. The addition of wells and improvements to the system at Hidden Valley will meet NHDES requirements, will solve a severe lack of source capacity and will enable the Company to provide adequate and dependable water supply to its customers at Hidden Valley.
- c. The replacement of mains and other improvements at 175 Estate has increased water pressure and enable the Company to improve the reliability of distributing water to its customers at 175 Estates.
- d. The addition of a well at Indian Mound and other improvements has increased production and enable the Company to provide adequate and dependable water supply to its customers at Indian Mound.
- e. The interconnection of the Brake Hill and Gunstock Glen and the remodeling and repiping of the pump house will increase the reliability of the water supply to both systems.
- f. The purchase of vehicles, shop and other equipment is enabling the Company to continue to operate and maintain all of its water systems.

WHEREFORE your Petitioner prays:

- A. That the Commission find that it would be in the public good for the LRWC to be permitted to finance the various projects;

STEPHEN P. ST. CYR & ASSOC.

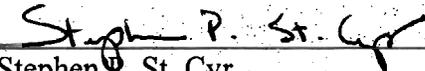
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- B. That the Commission find that it would be in the public good for the LRWC to be permitted to implement three step increases in order to recover its investments;
- C. That the Commission, by appropriate order, grant the LRWC permission to finance the various projects and implement the three step increases, as proposed
- D. That the Commission make such further findings and orders as may be appropriate on the circumstances.

Dated the 14th day of May, 2008

Respectfully submitted,
LAKES REGION WATER COMPANY, INC.



Stephen P. St. Cyr