

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DW 08-070

LAKES REGION WATER COMPANY

Petition for Approval of Financing and Step Increases

Order Approving Procedural Schedule

ORDER NO. 24,883

August 5, 2008

APPEARANCES: Stephen P. St. Cyr on behalf of Lakes Region Water Company, Inc.; Orr & Reno, P.A. by Douglas L. Patch, Esq. on behalf of Property Owners Association at Suissevale, Inc.; Office of the Consumer Advocate by Meredith A. Hatfield, Esq. on behalf of residential utility ratepayers; and Marcia A.B. Thunberg, Esq. for the Staff of the New Hampshire Public Utilities Commission.

Lakes Region Water Company, Inc. (Lakes Region) provides water service to approximately 1,900 customers of various water systems in Campton, Conway, Freedom, Gilford, Laconia, Moultonborough, Ossipee, Tamworth, Thornton, Tuftonboro, and Wolfeboro. On May 15, 2008, it filed a petition for approval of financing and authority to increase its rates. Lakes Region seeks approval to finance approximately \$779,930 to complete a number of capital projects and it proposes three step increases to recover its investment in the capital projects.

An Order of Notice was issued on May 29, 2008 setting a prehearing conference. The Office of Consumer Advocate filed notice of its intent to participate on May 21, 2008 and the Property Owners Association at Suissevale, Inc. (Suissevale) filed a petition to intervene on June 26, 2008. The Commission's General Counsel, Donald M. Kreis, presided at the July 2, 2008 prehearing conference. New Hampshire Public Utilities Commission Staff submitted a report on the technical session on July 2, 2008 and Mr. Kreis submitted his hearings examiner report on July 8, 2008.

In its report on the technical session, Staff indicated that the parties agreed to the following procedural schedule:

Rolling Data Requests Commence to Company	7/1/08
Last Day to Submit Data Requests to Company (Company will respond to discovery 10 days from receipt during rolling period)	7/25/08
All Responses from Company are due	8/5/08
Technical/Settlement Meeting	8/7/08 at 9am
Staff, OCA, POASI Testimony	8/28/08
Telephone Conference Call	9/9/08 at 9am

<u>Track One</u>	<u>Track Two</u>
File Settlement Agreement 9/12/08	Discovery on Testimony 9/19/08
Hearing on Merits, 10am 9/30/08	Data Responses Due 9/29/08
	Rebuttal Testimony 10/10/08
	Hearing on Merits, 10am 10/29/08

In his hearings examiner report, Mr. Kreis recommended that Suissevale's petition to intervene be granted. He also noted that the OCA had expressed its concern that the proposed step adjustments "would amount to inappropriate single-issue ratemaking" but that the OCA had agreed to the proposed procedural schedule while "reserving the right to renew its position later in the proceeding that a full rate case is necessary." In addition, Mr. Kreis reported the concerns of several Lakes Region customers that the Company had not installed meters at its Deer Cove, Lake Ossipee Village and Indian Mound systems as required by a previous order of the Commission. During the prehearing conference, Lakes Region proposed that the meter issue be addressed in the Lakes Region monitoring proceeding, Docket No. DW 07-105, but Mr. Kreis noted his concern that the meter issue had not been expressly raised in that proceeding. As a result, he recommended that we direct the Company in this proceeding to begin its meter installation project. Finally, Mr. Kreis stated a concern about the effective dates of the proposed step increases in relation to the criticality of the capital projects.

We find that Suissevale has stated interests affected by this proceeding and we grant the petition to intervene. We also find that the proposed procedural schedule is reasonable and we approve it. As for the meter installation issue, we note that, in Order No. 24, 877 (July 25, 2008) approving the settlement agreement in Docket No. DW 07-105, Lakes Region and the parties were “directed to address any outstanding issues concerning the nature and extent of Lakes Region’s communications obligations and, to the extent necessary, report any outstanding disputes or resolutions as part of the monitoring process.” We clarify to the extent necessary that the meter installation issue may and should be included in the matters addressed through the monitoring process. In addition, however, we direct Staff to consider here the extent to which the timing of meter installation affects and is affected by the capital projects that are the subject of this proceeding. Finally, we expect that Staff, as it indicated through the statements it made during the prehearing conference, will continue to investigate Lakes Region’s construction costs, revenue needs and financing requirements relative to the capital projects and consider as well the rate impacts on customers in further developing the positions it will take when this matter goes to hearing.

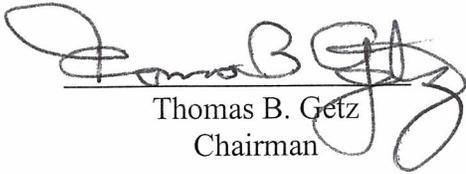
Based upon the foregoing, it is hereby

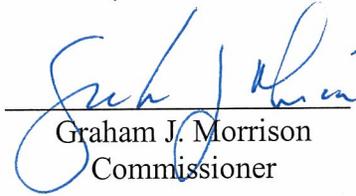
ORDERED, that Suissevale’s petition to intervene is granted; and it is

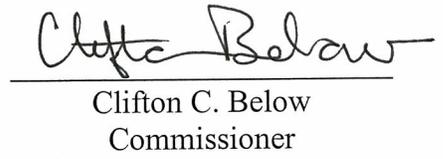
FURTHER ORDERED, that the procedural schedule set forth herein is approved; and it is

FURTHER ORDERED, that Lakes Region’s obligation to install meters at Deer Cove, Lake Ossipee Village and Indian Mound is an issue that may be included as part of the monitoring process in Docket No. DW 07-105.

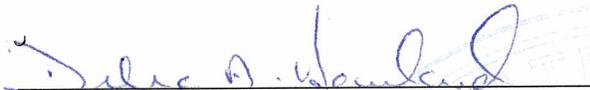
By order of the Public Utilities Commission of New Hampshire this fifth day of August,
2008.

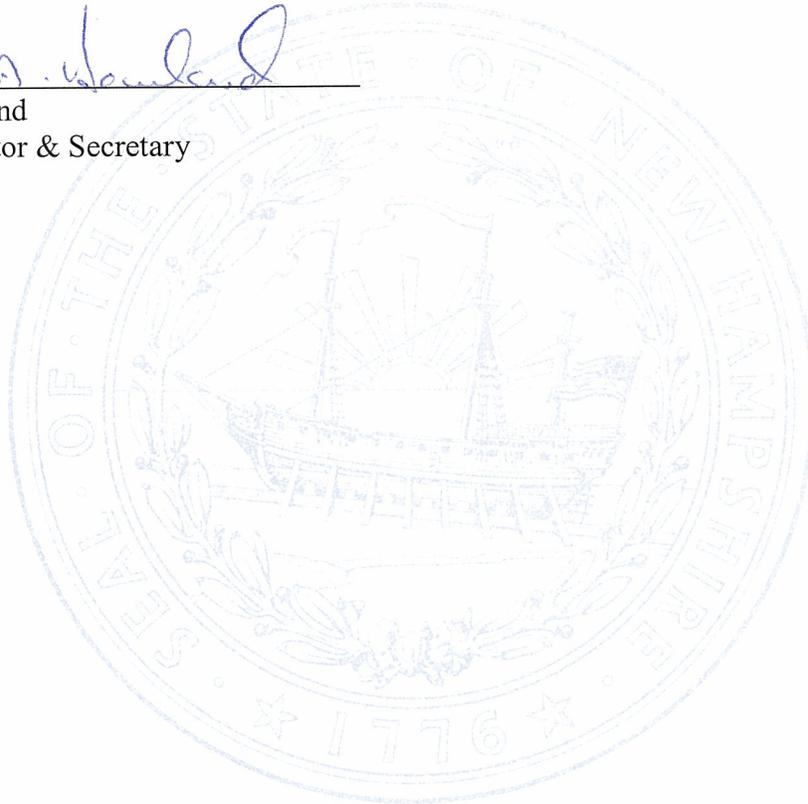

Thomas B. Getz
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Attested by:


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08/05/08 Order No. 24,883 issued and forwarded to all parties. Copies given to PUC Staff.

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Docket #: 08-070

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WITH THE EXCEPTION OF DISCOVERY, FILE 7 COPIES (INCLUDING COVER LETTER) TO:**
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INTERESTED PARTIES
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