

# *The Lewis Group of Companies*

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May 18, 2010

Ms. Debra Howland  
Executive Director & Secretary  
NH PUC  
21 S. Fruit Street, Suite 10  
Concord, NH 03301-2429



RE: Motion to Amend Petition for Approval of Financing and Step Increase  
Docket DW-06-104

Dear Ms. Howland:

We wish to clarify the record concerning the letter sent by Attorney Rorie Hollenberg dated May 3, 2010. Initially the OCA was not copied on this matter as they had not intervened previously and was not on the service list. After a request by Attorney Hollenberg, a copy was sent to the OCA as a courtesy. OCA has not filed any Notice of Intent in this matter to date.

Contrary to the assertions of the OCA, the Company has kept the Staff and the Commission informed on the changes in the events concerning the performance and procedure of the application before DES for the large groundwater withdrawal and the work of Emery & Garrett and previously of HydroTerra. It is of note the issue of HydroTerra work was discussed with Staff, the contract and bona fides of HydroTerra reviewed in this docket. Based on what was known at the time, HydroTerra was competent and experienced to prosecute the application.

It was the response by DES to the HydroTerra application that occasioned the hiring of Emery & Garrett. It was that response that could not have been anticipated. Emery & Garrett was able to utilize HydroTerra's work so there is not be any redundancy of effort or cost.

The large groundwater procedure itself was unprecedented for the Company. All estimates were emphasized as just that, especially in light of the local politics that were interjected into the process, a fact OCA was very well aware of due to their involvement in a collateral docket concerning the interconnection of the Atkinson and Hampstead core systems. The large groundwater application came up several times in that docket due to citizen intervention. The impact of that involvement should be no surprise to the OCA.

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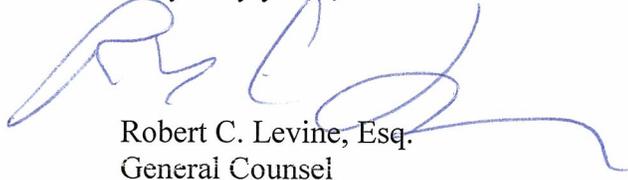
Contrary to the OCA assertion, there is no loan to the Company to the additional costs incurred by the Company. The loan request is timely made. Penalties are not appropriate and to suggest same by the OCA is absurd. The costs were not included in the rate case as the process of the application was not complete and the final costs unknown. The rate aspect was dealt with in the docket and a step increase allowed by the Commission. The current issue concerns the amount of the increase. Any other complaints of the OCA concerning their philosophical opposition to step increases are irrelevant to the issue at hand and serve little except to distract from the issue.

OCA raises questions concerning Emery & Garrett's costs, the costs of the well exploration, sources of funding and grants that the Company is sure that Staff will and intends to pursue during the normal course of its review of these items submitted by the Company. The same applies to the request by the Company for the financing and the interest rate to be applied thereto. To think otherwise is a disservice to Staff.

As to the costs governed by the Management Contract, including how Attorney Levine's time is calculated, the OCA participated in the 08-065 the General Rate case where the Management Contract was extensively reviewed. To date, the Management Contract has been approved twice by the Commission, including how Attorney Levine's time is calculated. To bring these issue up in this docket is ill conceived and not productive of any one's time.

If you have any questions, please do not hesitate to contact me.

Very truly yours,



Robert C. Levine, Esq.  
General Counsel

RCL/ja

cc: HAWC  
Steven St. Cyr  
DW-06-104 Service List