



**From:** David Smith [mailto:dmintonsmith@gmail.com]

**Sent:** Monday, April 09, 2012 5:14 PM

**To:** Howland, Debra

**Subject:** Intervenor Position Paper

To: Debra Howland, PUC Executive Director

From: David M. Smith Pres. Hidden Valley Property Owners Association (HPVOA)

RE: Lakes Region Water Company Dockets DW 10-141 (Rate Case), DW 07-105 (Quality of Service), DW 10-043 (Affiliate Agreements), DW 11-021 (Long Term Debt)

Date: April 9, 2012

I became President of the Hidden Valley Property Owners Associations almost immediately after retiring after 30 years as Headmaster of Brewster Academy.

I agreed to serve for a couple of years and then when I became involved in the saga of LRWC I committed to serve until resolution. That was nine years ago.

Over that time it became apparent to me that LRWC should not have been granted the approval to operate a public utility, as it did not meet any of the four major standards of the PUC for be granted such an approval.

The various involved State agencies have spent an incredible, let me say ridiculous, amount of time and energy [How many man hours at what cost?] making every effort to ultimately force the company to meet minimum standards in Supply, Safety and Management. They are not however in a position to provide the way and means to meet the fourth standard that being the company having the Financial where-with –all to conduct the business appropriately under PUC gui

The central obligation the State is to see to it that the consumer has service that in fact meets its Standards and does so at a reasonable price. The consumer has a right to that expectation for that is the promise contained in the State's governing regulation

What have been the costs to the consumer?

- Lack of Supply and Safety and the associated consequences of no service and inadequate or disallowed "service" from trucking in water after being directed not to do so to opening up a line that was ordered closed as a result discovery that the source was poisoning its customers.

And what was the consequence of that act by the owner/ operator Tom Mason Sr.? He was no longer allowed to be the operator but was allowed to be the owner –again of an approved PUC system!? What has been the resolution of the fine imposed?

And can it be said that his influence ceased as his son took over as titular head?

And in the cost to the consumer category what of such as:

1. the unapproved "pension" program to him and other family members? If unapproved then not a pension but rather an illegal payment[s], skimming, again a wrongful [and I suggest illegal] cost to the consumer.
2. his charging of other expenses i.e. gas and other purchases at Skelly's –and who knows what else

Have those monies been recovered? What of the associated legalities?

And then there are the costs resulting from the merger in reality but the supposed separate entities of Lakes Region Water Company and Lakes Region Water Services both headed by Tom Mason Jr.? Examples include from the up to 20% for LRWS charge to LRWC for the pass through to other subcontractors to the discrepancy in hourly chares in personnel cost [\$19 & \$50] with Services responsible for the \$19 while charging the consumer through LRWC the \$50. Is such as well as other nefarious practices not considered "criminal" in relation to acceptable PUC practice?

. And there is the POASI matter and all the ongoing testimony related to their purchase of water from LRWC. When prompted by the initial proposed Mt. Roberts maneuver, I questioned, investigated and brought conclusions to both DES & PUC that received no mention in current testimony –Why?

As the 17 systems that constitute LRWC have a vested interest in their sources of supply and again all involved from the company to the various associated State agencies are to operate from the principle of what is in the best interest of the consumer ----In looking into this I was informed that at the time of this proposal DES warned that such an action was likely to lead to an insufficient supply at Paradise Shores [a LRWC entity] and in doing so they questioned this proposed arrangement. And yet it happened with POASI drawing off LRWC supply and increasing that draw to something in the range of 75% of the use in the summer.

And then much is made by POASI of its contribution to the construction of a 350,000-gallon storage tank something not needed by LRWC "partners". I ask here How much did that project cost in its entirety? –and-- How much of that cost was put upon the LRWC consumers?

And it all goes on and on as the investigation leads to further and further questions and all the time and energy and resulting costs continues to be spent. And as an addition to the Infuriating category for the consumer it is the consumer that is called on to pay the cost of whatever and whoever LRWC calls on, hires to represent their interests. What other example can be offered as a similar arrangement? And the beat goes on. Who has a sincere and driving interest in bring closure? Evidence would say after all these years that those directly engaged have shown no great urgency in doing so.

And as example of both the fees issue and the urgency we have case of Mr. St Cyr and Mr. Roberge. I have asked myself over the years why they stay engaged when they perhaps above all

others have recognized the initial non compliance conditions that result in this unworkable and unacceptable reality? And now in one of the recent correspondence I see them listed among the Rate Case Vendors currently owed \$187,000 –which they undoubtedly feel the Commission will order to be assumed by the consumer.

What word or words do we use to characterize the continued existence of this situation and the fact that it goes on? As a bottom-line what does it say in relation to the central responsibility of both the State and the company to meet their obligation to operate in best service to the customer?

In simple terms it would appear at this juncture that the State's position is to return to the original proposition –and recognize that the company is incapable of meeting it's standards and therefore to take whatever steps should be taken to see to it that a company that has such a proven capacity is secured and assumes the position to do so. That is find a buyer that is in a position to provide service in line with PUC standards and at a reasonable price.

This then is a repeat statement of my position and in my communication with representatives of the connected State agencies I don't believe there are significant arguments /positions to the contrary. I don't want such to feed further investigation as these points have been made and should have been already considered as major components of the considerations to date. I would like all to recognize the amount of exchange that has happened to date. If it all could be put in hard copy and placed on the desk of our newly constituted Commission it would provide a wall of additional visual evidence of both the points and the frustration expressed above.

I have been out of the State for the past five months and Ted Newman has been good enough to step in as primary representative of Hidden Valley. I intend to return next week [by 4/12/12] and as from the beginning ['03} I will do all in my power to assist in obtaining a sound and just conclusion /solution.

Please bring it to and end and do so based in and on your own promised guidelines. I assume you agree that the consumer has a right to that expectation, that promise.

Sincerely,

David M. Smith

Pres. HVPOA 603-569-4623