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Please respond to the Portsmouth office

December 3, 2012

Via Hand Delivery

Debra A. Howland
Executive Director & Secretary
New Hampshire Public Utilities Commission
21 S. Fruit Street, Suite 10
Concord, NH 03301-2429

Re: Lakes Region Water Company, Inc.; DW 10-141



Dear Ms. Howland:

Order No. 25,391, approved Lakes Region Water Company's ("Lakes Region" or the "Company") affiliate agreement with LRW Water Service, Inc. ("LRW"), subject to a condition that required that the Company submit, no later than December 1, 2012, "a schedule of market rates charged by LRW Services' competitors for services rendered to Lakes Region on a recurring basis, to be considered in adjustment of the affiliate agreement between LRW Services and Lakes Region."

Lakes Region notes that the Commission's order could be construed in two ways: to require Lakes Region to provide the rates charged by competitors "to Lakes Region on a recurring basis"; or, to require Lakes Region to provide the "market rates charged LRW Services' competitors" for the same services that LRW normally provides to the Company. For the purposes of this response, the Company has assumed that the Commission intended the latter interpretation. The Company does not normally receive services from LRW's competitors and does not have information to respond to the Commission's order if the former interpretation was intended by the Commission.

Under the Affiliate Agreement approved by the Commission (Exhibit 10), LRW charges a rate of \$50 which includes the "pick up" i.e. vehicle charges. Lakes Region sought information from LRW's competitors and publicly available sources such as Commission decisions, web sites, etc. Lakes Region obtained the following information for comparison:

December 3, 2012

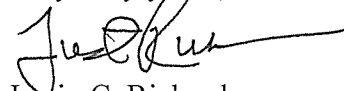
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- **C&C Water Services, Inc.** The Company obtained a letter stating that C&C Water Services, Inc., charges “a rate of \$60/hour per operator for additional work performed outside of normal maintenance outline in each system’s contact.”
- **Lakeland Management.** On May 1, 2012, the Commission approved an affiliate agreement between Lakeland Management and C&C Water Services, Inc., that provides for Lakeland to “pay C & C a monthly fee of \$3,798, an hourly rate for a licensed water operator of \$60, an hourly rate for a mechanic of \$50, and a quarterly rate for billing services of \$2,450.” See Order No. 25,357 in Docket No. 2011-269.
- **Pennichuck Corporation.** Lakes Region received the enclosed invoice from Pennichuck for project in which Pennichuck hired LRW to rebuild a pump station at its Northern Shores system. The invoice was sent in error but shows a labor rate of \$99 per hour, plus electrician and truck charges. The components of the labor rate are unclear but support the reasonableness of LRW’s hourly rates.
- **Other information.** The Company and LRW do not have additional information relative to the market rates charged by competitors of LRW. However, based on their experience, the Company and LRW believe that the rates under the affiliate agreement are highly competitive, if not below market rates, for the services provided.

Lakes Region’s Affiliate Agreement with LRW (Exhibit 10), provides for LRW to charge a rate of \$50 which includes “pick up” i.e. vehicle charges. The enclosed information, and the Company’s experience, indicate that the rates charged by LRW are highly competitive, if not below that charged by LRW’s competitors in the market. The Company therefore recommends that the rates in the Affiliate Agreement remain in effect.

I hope that this information is responsive to the Commission’s order. If you or the Commission have any questions, please feel free to contact me.

Very truly yours,



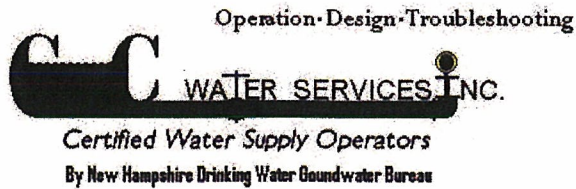
Justin C. Richardson

jrichardson@upton-hatfield.com

JCR/sem

Enclosure(s)

cc: Service List DW 10-141 (Via Electronic Mail)

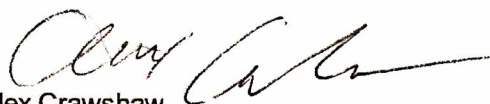


November 30th, 2012

Tom Mason,

It was requested from Lake Region Water to C&C Water Services that we provide our standard rates for a water operator's work. Under any contracted water system that C&C Water Services operates, we charge a rate of \$60/hour per operator for additional work performed outside of the normal maintenance outline in each systems contract. This is our standard rate as of the current calendar year.

Regards,



Alex Crawshaw
President, C&C Water Services



PENNICHUCK

25 MANCHESTER STREET, PO BOX 1947
MERRIMACK, NH 03054-1947
603/882-5191 FAX 603/913-2344
WWW.PENNICHUCK.COM

LAKES REGION WATER CO., INC.
420 GOVERNOR WENTWORTH HWY
MOULTONBOROUGH, NH 03254

Customer #:000000005684
Invoice #:1206070
Invoice Date:10/31/2012
Terms:Net 30 days 1.5% Over 30 Days

Invoice for , ,

	Qty	Rate	Total
Labor	39.50	\$99.8408	\$3,943.71
ELECTRICIAN	590.46	\$1.2500	\$738.08
Truck	10.00	\$24.2810	\$242.81
Total:			\$4,924.60
Deposit			\$0.00
Grand Total Due:			\$4,924.60

Description: 092 - Jobbing Expense - CORE
Repair-Cost incurred related to faulty well at Northern Shores pump station.

----- ✂ -----Please return the portion below with your payment. ----- ✂ -----



PENNICHUCK

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\$4,924.60

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MOULTONBOROUGH, NH 03254