

**LAKES REGION WATER COMPANY, INC. WATER SUPPLY AGREEMENT
WITH PROPERTY OWNERS ASSOCIATION AT SUISSEVALE, INC.**

Agreement made and entered into this 22nd day of September 2006 ("Agreement") by and between Lakes Region Water Company, Inc. ("Lakes Region"), a duly established public utility in the state of New Hampshire, and Property Owners Association at Suissevale, Inc. ("POASI"), a New Hampshire corporation.

Recitals

1. Lakes Region is a public utility in the state of New Hampshire which is obligated to provide safe and adequate service to its customers. POASI is a customer of Lakes Region.
2. POASI is an association of home owners located in Moultonborough, New Hampshire which owns and operates its own water distribution system for the sole purpose of providing water to its members. The New Hampshire Department of Environmental Services determined that POASI is not a public water system within the meaning of RSA 485:1-a, XV.
3. Lakes Region has supplied water to POASI since 1994 through one meter point.
4. Lakes Region and POASI have determined to enter into this legally binding agreement to establish conditions for the supply of water.
5. ~~Special circumstances exist to justify a departure from Lakes Region's rate schedules of general application. This Agreement will be submitted to the New Hampshire Public Utilities Commission pursuant to RSA 378:18 for and subject to its approval.~~
6. Lakes Region and POASI intend to enter into a separate agreement (the Capital Project Contribution Agreement) under which POASI will agree to provide a one time proportionate share financial contribution to help defray the cost to Lakes Region of constructing a water storage facility which will be used to serve POASI and other customers of Lakes Region's Paradise Shores System. As of the date of this Agreement negotiations as to the exact amount of the POASI contribution has not yet been made due to circumstances described in section 9.7 of this Agreement. To date POASI has made contributions totaling \$86,795.

Now, therefore, in consideration of the mutual promises and covenants herein set forth, and in order to secure the services described below, the parties hereto, each binding itself, its respective representatives, successors, and assigns agree as follows:

1. Incorporation of Recitals. The Recitals listed above shall be made a part of this Agreement as if made in the Agreement itself.
2. Short Title. This Agreement may be referred to as the "POASI Water Supply Agreement".
3. Definitions. For the purposes of this Agreement, including any amendments, the terms shall have the meanings set forth below.

3.1 "Lakes Region" means the Lakes Region Water Company, Inc., a public utility in the state of New Hampshire.

3.2 "NHPUC" means the New Hampshire Public Utilities Commission.

3.3 "POASI" means and the Property Owners Association at Suissevale, Inc.

4. Construction. This Agreement, except where the context clearly indicates otherwise, shall be construed as follows: definitions include both singular and plural and pronouns include both singular and plural and include both genders.
5. Governing Law. This Agreement shall be governed by the laws of the State of New Hampshire.
6. Terms of Supply.

6.1 Obligations of POASI. POASI agrees to the following obligations and limitations made in return for Lakes Region's agreement to supply water to POASI:

6.1.1 POASI agrees to make timely payment of all charges described in this Agreement in accordance with Sections 8.1 and 8.2 below.

6.1.2 POASI agrees to operate its water system in accordance with customary engineering practices and with the guidelines set forth below.

6.1.3 POASI shall minimize wasteful use of water within its service area and if necessary shall exercise conservation measures that are consistent with those required of other Lakes Region's Paradise Shores Systems.

6.1.4 POASI shall notify Lakes Region of any new service connections to POASI's internal distribution system. POASI agrees that only POASI members within POASI's Suissevale Development shall be connected to its internal distribution system and that POASI shall not permit any service connections to non-members outside of the Suissevale Development, other than the two non-members who were being served by POASI as of the effective date of this agreement.

6.2 Obligations of Lakes Region. Lakes Region agrees to the following obligations and limitations made in return for POASI's agreement to pay the charges specified in this Agreement.

6.2.1 Lakes Region agrees to supply water meeting the drinking water quality criteria established from time to time by the United States Environmental Protection Agency and the State of New Hampshire.

6.2.2 Lakes Region shall supply water to POASI in the vicinity of Eden Lane in Balmoral Estates where there shall be a meter as described below. Additional metering points may be added by mutual agreement and subject to the provisions of this Agreement.

6.2.3 The measurement of water delivered to POASI shall be undertaken by Lakes Region. Such flow measurement shall be made by one or more metering devices.

6.2.4 Lakes Region owns and is responsible for water system facilities up to and including the so-called POASI Master Meter. Water facilities beyond the POASI Master Meter are the responsibility of POASI. Any and all connections between Lakes Region and POASI, including modifications or upgrades which may be necessary to effectuate this Agreement, including but not limited to meter vaults and metering devices, shall be designed and constructed by Lakes Region and/or any subcontractors Lakes Region shall choose to employ. The cost of all construction undertaken with regard to the connection of Lakes Region to POASI, including the purchase of metering devices and appurtenances, shall be paid by Lakes Region.

6.2.5 Any and all metering devices installed pursuant to this Agreement shall be inspected and calibrated in the manner provided by rules of the NHPUC at Lakes Region's expense. A copy of any inspection and calibration reports shall be kept at Lakes Region's offices and shall be available for examination by POASI during normal business hours. Such metering device shall meet all the requirements of state and federal law.

6.2.6 POASI may request Lakes Region to test and certify as to the accuracy of any metering device at any time in accordance with NHPUC rules.

6.2.7 In the case of missing or inaccurate flow records due to faulty metering device operation or other circumstances an estimate of flow shall be made by Lakes Region based on past records for a comparable period. The estimates shall be used to calculate the payments due from POASI.

6.2.8 Lakes Region shall maintain records of meter readings and these records shall be available for inspection by POASI at the office of Lakes Region during normal business hours.

6.2.9 Lakes Region is obligated to provide safe and adequate service to POASI as a public utility customer up to and including the said POASI Master Meter.

6.2.10 Lakes Region shall supply water to POASI with a minimum pressure of 60 psi at the said POASI Master Meter. The parties hereto acknowledge that increases from current pressures may not be available until the Emerson Path water tank and mains are completed.

7. Notices. All notices and other writings sent pursuant to this Agreement shall be addressed to the President of Lakes Region at:

Lakes Region Water Co., Inc.
P.O. Box 389
Moultonboro, NH 03254

And to POASI Administrator at:

Property Owners Association at Suissevale, Inc.
P.O. Box 113
Moultonboro, NH 03254

or such other address as is indicated by written notice to the other party.

8. Payment for Services.

8.1. Basis for Payments. Based upon the worksheet attached hereto as Appendix A, the rate for calendar year 2006 was calculated to be 4.39404. For purposes of this agreement, POASI shall pay Lakes Region monthly in arrears for each 100 cubic feet of water supplied to POASI at the location stated in section 6.2.2 the rate of \$4.20 per 100 cubic feet for calendar year 2006. In addition POASI shall pay a fixed charge of \$366.41 per calendar year 2006. The volume of water for the purpose of these payments shall be determined by means of the metering device referred to in section 6.2.3.

8.2. Adjustments in Rate. The rate for each 100 cubic feet of water and the fixed charge established in section 8.1 may be adjusted in accordance with this section. Within 10 days after Lakes Region files its annual report with the NHPUC it shall provide POASI with a copy of that annual report and a worksheet in the form attached hereto as Appendix A which calculates the actual expenses Lakes Region incurred during the prior calendar year to supply water to POASI ("Actual Expense"). Lakes Region shall also submit a copy of the worksheet to the NHPUC. POASI shall then have 30 days to review the Actual Expense worksheet. If POASI agrees with Lakes Region's Actual Expense calculations, the Actual Expense shall be used to recalculate the rate provided for under section 8.1. POASI shall begin paying the new rate with its next payment. The new rate

shall be applicable to water used during the entire calendar year during which the new rate is imposed and any difference between payments received and the amount owed based on the recalculated rate shall be calculated and resolved following the conclusion of the calendar year in accordance with section 8.3. Lakes Region shall notify the NHPUC of any changes in rates that result from this section. Any contributions in aid of construction which POASI makes to Lakes Region shall be included in the POASI only column on Appendix A and shall be counted as a benefit for the purposes of fixed rate #2 on Appendix A.

8.3 Payment. For the duration of this Agreement POASI shall pay Lakes Region monthly one twelfth of Lakes Region's estimate of what the total bill for the year shall be. The estimate will be based on the prior year's usage and the rate calculated in Sections 8.1 and 8.2. Lakes Region will bill POASI monthly in arrears. Within 30 days of the conclusion of the calendar year, the payments will be reconciled to the actual usage and the difference will either be refunded to POASI in the form of credit toward the next payment or payments due, or POASI will pay Lakes Region the difference.

9. Assignment, Amendment and Termination.

9.1. Amendment. The provisions, terms and conditions of this Agreement may be modified only by written amendments, executed with the same formality as this Agreement.

9.2. Assignment. No assignment by either party of its rights or duties under this Agreement shall be binding on the other party unless that party consents.

9.3 Waiver. Failure of either party to exercise any right under this Agreement shall not be deemed a waiver of such party to exercise at some future time said rights or another right it may have hereunder.

9.4. Date Effective, Supersession and Duration. Subject to approval of the NHPUC this Agreement shall be effective October 1, 2006. Upon receipt of NHPUC approval, this Agreement shall supersede and replace all prior agreements between the parties with respect to the subject matter hereof. This Agreement shall be in full force and effect and shall be exclusive and binding on the parties for 30 years from the effective date. POASI shall have the right to extend the Agreement for an additional five years provided that it notifies Lakes Region at least two years prior to the expiration of the Agreement, and to extend the Agreement in a similar manner for three more five year periods, provided it gives notice at least two years prior to the expiration of the Agreement under each or any of such five year extensions.

9.5. Termination. The parties may terminate by mutual agreement or as otherwise provided in this Agreement.

9.6 Breach. Either party may terminate this Agreement prior to the time specified in section 9.4 if the other party has violated any of the covenants undertaken herein, or any of the duties imposed upon it by this Agreement; provided that the party seeking to terminate for such cause shall give the offending party sixty days written notice specifying the particulars of the violation claimed and if at the end of such time the party so notified has not removed the cause of complaint, or remedied the purported violation, then the termination of this Agreement shall be deemed complete.

9.7 Supply of Water. POASI is aware and acknowledges that Lakes Region had constructed water storage tanks that were needed to meet current demand for water supply and that due to design and or construction defects, the storage tanks are unusable. POASI is aware and acknowledges that Lakes Region has claims pending against the engineering firm that designed the tanks and against the contractor that constructed them and that that litigation could take some time to resolve and that the process of that litigation is only partially within Lakes Region's control and is subject to Court schedules and to the actions of the other parties to the litigation. POASI is also aware that it is unlikely that Lakes Region will be in a position to rebuild those tanks to obtain the needed storage while that litigation is pending. In the event that Lakes Region has insufficient water due to the lack of storage or for other reasons such as drought or water supply issues beyond Lakes Region's clear control, Lakes Region shall use all reasonable efforts to meet the needs of all of its customers, including POASI. If, however, Lakes Region is unable to meet the needs of all of its customers and has to impose conservation measures or to curtail water supply, Lakes Region will follow the procedures contained in PUC 604.07, Shortage of Supply. Reasonable efforts do not require Lakes Region to attempt to build alternative storage tanks while the above-referenced litigation is pending. POASI agrees not to assert claims, in court or otherwise against Lakes Region (or its officers, directors and employees) for damages, injunctive or other relief provided that Lakes Region follows the procedures outlined in this section, the statutes and the rules of the Commission.

10. Miscellaneous Provisions.

10.1 Severability. If any clause or provision of this Agreement or application thereof shall be held invalid or unlawful, no other clause or provision or its application shall be affected, and this Agreement shall be construed and enforced as if such unlawful or invalid clause or provision had not been contained herein.

10.2 Dispute Resolution. The parties shall first attempt to resolve any dispute with regard to the terms of this Agreement between themselves informally by negotiation between themselves or by non-binding mediation as described herein. Either party may initiate non-binding mediation of a dispute arising between the parties, by giving the other party written notice to mediate setting forth a list of no more than 3 names and qualifications of neutrals who the initiating party believes would be qualified as a mediator for the dispute. Within 15 calendar days after the

delivery of the mediation notice, the receiving party shall provide notice to the initiating party designating a person to serve as the mediator from among the 3 persons listed by the initiating party. If no response is received, the initiating party may select the neutral from among the list of 3. The mediator shall schedule the mediation session within 2 weeks of being contacted. The parties shall make themselves available to attend the mediation session as scheduled by the mediator. The mediation shall be conducted according to the procedures determined by the mediator selected. All disclosures, discussions and any determinations or proposals by the mediator made pursuant to this mediation clause are confidential and shall be treated as compromise and settlement negotiations and both parties hereby stipulate and agree shall not be offered or be admissible as evidence in any other proceeding. The expenses of the mediation shall be shared by the parties equally. In the event that the mediation session is unsuccessful, the parties to this Agreement shall ask the NHPUC to resolve the dispute.

10.3 POASI not a Public Water System. Nothing in this Agreement is intended to make POASI a public water system under New Hampshire RSA 485:1-a, XV.

In Witness Whereof, this Agreement is executed in multiple counterparts each of which shall be deemed an original this 22nd day of September 2006.

In the presence of

Lakes Region Water Company, Inc.

Barbara G. Mason
Witness

By: [Signature]

In the presence of

Property Owners Association at Suissevale, Inc.

Witness

By: _____

delivery of the mediation notice, the receiving party shall provide notice to the initiating party designating a person to serve as the mediator from among the 3 persons listed by the initiating party. If no response is received, the initiating party may select the neutral from among the list of 3. The mediator shall schedule the mediation session within 2 weeks of being contacted. The parties shall make themselves available to attend the mediation session as scheduled by the mediator. The mediation shall be conducted according to the procedures determined by the mediator selected. All disclosures, discussions and any determinations or proposals by the mediator made pursuant to this mediation clause are confidential and shall be treated as compromise and settlement negotiations and both parties hereby stipulate and agree shall not be offered or be admissible as evidence in any other proceeding. The expenses of the mediation shall be shared by the parties equally. In the event that the mediation session is unsuccessful, the parties to this Agreement shall ask the NHPUC to resolve the dispute.

10.3 POASI not a Public Water System. Nothing in this Agreement is intended to make POASI a public water system under New Hampshire RSA 485:1-a, XV.

In Witness Whereof, this Agreement is executed in multiple counterparts each of which shall be deemed an original this 22nd day of September 2006.

In the presence of

Lakes Region Water Company, Inc.

Witness

By: _____

In the presence of

Property Owners Association at Suissevale, Inc.

Dale R Prescott
Witness

By: Neal E Prescott

COPY

PROPERTY OWNERS ASSOCIATION AT SUISSEVALE, INC.
AGREEMENT WITH
LAKES REGION WATER COMPANY, INC.
FOR CAPITAL CONTRIBUTION

This Agreement is made and entered into this 14th day of August 2007 ("Agreement") by and between Lakes Region Water Company, Inc. ("Lakes Region"), a duly established public utility in the state of New Hampshire, and Property Owners Association at Suissevale, Inc. ("POASI"), a New Hampshire corporation.

Recitals

1. Lakes Region is a public utility in the state of New Hampshire which is obligated to provide safe and adequate service to its customers. POASI is a customer of Lakes Region.
2. POASI is an association of home owners located in Moultonborough, New Hampshire which owns and operates its own water distribution system for the sole purpose of providing water to its members. The New Hampshire Department of Environmental Services determined that POASI is not a public water system within the meaning of RSA 485:1-a, XV.
3. Lakes Region has supplied water to POASI since 1994 through one meter point.
4. Lakes Region and POASI entered into a Water Supply Agreement dated September 22, 2006 for the supply of water by Lakes Region to POASI. By Order No. 24,693, dated October 31, 2006, the New Hampshire Public Utilities Commission approved the Water Supply Agreement.
5. To meet the needs of its customers, including POASI, and to satisfy requirements of the New Hampshire Department of Environmental Services, Lakes Region is required to construct a water storage tank. Lakes Region is in the process of constructing the Water Storage Tank located in Moultonborough, New Hampshire, with a storage capacity of 325,000 gallons of water. The total cost of constructing the Water Storage Tank is estimated to be \$675,000.
6. Pursuant to a letter of agreement dated August 30, 2005, POASI provided an advance payment of \$86,795.60 to Lakes Region to be used to defray a portion of the costs associated with the Water Storage Tank and improvements to the water distribution system.
7. POASI agrees to provide an additional one time capital contribution to help defray the cost to Lakes Region of constructing the Water Storage Tank which will be used to serve POASI and other customers of Lakes Region.
8. POASI's total contribution to the Water Storage Tank, including the additional capital contributions being provided pursuant to this Agreement and the previous advance payment of \$86,795.60, will be 56% of the actual cost of constructing the Water Storage Tank, not to exceed \$300,000.

Now, therefore, in consideration of the mutual promises and covenants herein set forth, and in order to secure the services described below, the parties hereto, each binding itself, its respective representatives, successors, and assigns agree as follows:

1. Incorporation of Recitals. The Recitals listed above shall be made a part of this Agreement as if made in the Agreement itself.
2. Short Title. This Agreement may be referred to as the "POASI Capital Contribution Agreement".
3. Definitions. For the purposes of this Agreement, including any amendments, the terms shall have the meanings set forth below.

3.1 "Advance Payment" means the advance payment of \$86,795.60 made by POASI to Lakes Region to defray a portion of the costs associated with the water storage tank and improvements to the water distribution system pursuant to a letter of agreement dated August 30, 2005.

3.2 "Additional Capital Contribution" shall have the same meaning as defined in Section 6.1.1.

3.3 "Final Capital Contribution" shall have the same meaning as defined in Section 6.1.2.

3.4 "NHDES" means the New Hampshire Department of Environmental Services.

3.5 "Lakes Region" means Lakes Region Water Company, Inc., a public utility in the state of New Hampshire.

3.6 "NHPUC" means the New Hampshire Public Utilities Commission.

3.7 "Operational Date" means the date the Water Storage Tank receives all necessary regulatory approvals and is first placed in service.

3.8 "POASI" means the Property Owners Association at Suissevale, Inc.

3.9 "Total Capital Contribution" means the Advance Payment, the Additional Capital Contribution, and the Final Capital Contribution, for a total of 56% of the actual cost, not to exceed \$300,000.

3.10 "Water Storage Tank" means the water storage facility located in Moultonborough, New Hampshire which Lakes Region is in the process of constructing to meet the needs of its customers, including POASI, and to meet the requirements of NHDES, which will have a total capacity of 325,000 gallons of water, and which is estimated to cost \$675,000 and for which POASI has already made the Advance Payment to Lakes Region.

3.11 “Water Supply Agreement” means the Water Supply Agreement between Lakes Region and POASI, dated September 22, 2006, for the supply of water by Lakes Region to POASI, approved by the New Hampshire Public Utilities Commission in Order No. 24,693, dated October 31, 2006.

4. Construction. This Agreement, except where the context clearly indicates otherwise, shall be construed as follows: definitions include both singular and plural and pronouns include both singular and plural and include both genders.
5. Governing Law. This Agreement shall be governed by the laws of the State of New Hampshire.
6. Additional Capital Contribution and Final Capital Contribution.

6.1 Obligations of POASI. POASI agrees to the following obligations made in return for Lakes Region’s agreement to construct and use the Water Storage Tank to serve POASI, among others:

6.1.1 POASI agrees to make an additional capital contribution of \$113,204.40 (the “Additional Capital Contribution”) in accordance with Section 8.1 below.

6.1.2 POASI agrees to make a final capital contribution that will bring the total contributed by POASI, including the Advance Payment and the Additional Capital Contribution, to 56% of the actual cost of constructing the Water Storage Tank, not to exceed \$300,000; provided that this final capital contribution shall not exceed \$100,000 and shall be paid when the Water Storage Tank has received all necessary regulatory approvals and is placed in service (the “Final Capital Contribution”) in accordance with Section 8.2 below.

6.2 Obligations of Lakes Region. Lakes Region agrees to the following obligations and limitations made in return for POASI’s agreement to make the additional contribution specified in this Agreement.

6.2.1 Lakes Region agrees to complete construction of the Water Storage Tank so that it meets all necessary regulatory requirements for operation in the Lakes Region water system. Any cost overruns in connection with the construction and permitting of the Water Storage Tank shall be at Lakes Region’s sole cost and expense, and shall not affect the Total Capital Contribution.

6.2.2 Lakes Region agrees to operate the Water Storage Tank to the benefit of POASI and other Lakes Region customers.

6.2.3 In the event that the Water Storage Tank does not receive all necessary regulatory approvals, or for any reason fails to be put into operation, by January 1, 2008, Lakes Region agrees to promptly refund the Total Capital Contribution.

6.2.4 Should the Water Storage Tank receive all necessary regulatory approvals and be placed in service to serve POASI and other customers, but then subsequently, for whatever reason, be permanently taken out of service as a water storage facility to serve POASI, at any point within 20 years of the Operational Date, Lakes Region agrees to refund a portion of the Total Capital Contribution to POASI on a pro rata basis as follows: a refund pursuant to this section shall be based on a fraction that has as the numerator the total number of months which the Water Storage Tank has operated, and as the denominator 240 months (20 years). This fraction shall be multiplied by the Total Capital Contribution and the product shall be subtracted from the Total Capital Contribution to arrive at the refund. (For example, if the Water Storage Tank operates for 8 years or 96 months and the Total Capital Contribution is \$300,000, $96/240 \times \$300,00 = \$120,000$. $\$300,000$ minus $\$120,000 =$ a total refund of $\$180,000$.) POASI may, at its sole discretion, elect to have any refund provided pursuant to this section applied as a credit against monies owed or that may arise after the refund date, pursuant to the Water Supply Agreement.

6.2.5 Lakes Region shall maintain financial and operating records of the construction and use of the Water Storage Tank and these records shall be available for inspection by POASI or its agent at the office of Lakes Region during normal business hours.

6.2.6 Lakes Region agrees to share with POASI any and all correspondence it receives from any source with regard to the Water Storage Tank.

7. Notices. All notices and other writings sent pursuant to this Agreement shall be addressed to the President of Lakes Region at:

Lakes Region Water Co., Inc.
P.O. Box 389
Moultonboro, NH 03254

And to POASI Administrator at:

Property Owners Association at Suissevale, Inc.
P.O. Box 113
Moultonboro, NH 03254

or such other address as is indicated by written notice to the other party.

8. Payment of Additional Capital Contribution and Final Capital Contribution.

8.1 POASI shall pay Lakes Region the Additional Capital Contribution on or before September 1, 2007, by check payable to Lakes Region Water Company, Inc.

8.2 POASI shall pay Lakes Region the Final Capital Contribution within fifteen (15) days of the date Lakes Region has given POASI written notice that the Water Storage Tank has received all necessary regulatory approvals and is placed in service. For purposes of this paragraph, regulatory approvals does not mean any regulatory approval regarding approval of rates.

9. Assignment, Amendment and Termination.

9.1 Amendment. The provisions, terms and conditions of this Agreement may be modified only by written amendments, executed with the same formality as this Agreement.

9.2 Assignment. No assignment by either party of its rights or duties under this Agreement shall be binding on the other party unless that party consents in writing.

9.3 Waiver. Failure of either party to exercise any right under this Agreement shall not be deemed a waiver of such party to exercise at some future time said rights or another right it may have hereunder.

9.4 Date Effective, Duration of Agreement and Supercession. This Agreement shall be effective when executed by both parties hereto. This Agreement shall be in full force and effect and shall be exclusive and binding on the parties for 20 years from the Operational Date. Once it is executed this Agreement shall supersede and replace all prior agreements between the parties with respect to the subject matter hereof, including the letter of agreement dated August 30, 2005, pursuant to which POASI made the Advance Payment. This agreement does not, nor is it intended to, supersede the Water Supply Agreement with POASI dated September 22, 2006.

9.5 Termination. The parties may terminate this Agreement by mutual agreement or as otherwise provided in this Agreement.

9.6 Breach. Either party may terminate this Agreement prior to the time specified in section 9.4 if the other party has violated any of the covenants undertaken herein, or any of the duties imposed upon it by this Agreement; provided that the party seeking to terminate for such cause shall give the offending party sixty days written notice specifying the particulars of the violation claimed and if at the end

of such time the party so notified has not removed the cause of complaint, or remedied the purported violation, then the termination of this Agreement shall be deemed complete.

10. Miscellaneous Provisions.

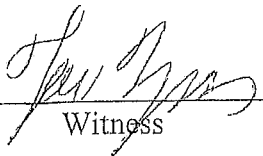
10.1 Severability. If any clause or provision of this Agreement or application thereof shall be held invalid or unlawful, no other clause or provision or its application shall be affected, and this Agreement shall be construed and enforced as if such unlawful or invalid clause or provision had not been contained herein.

10.2 Dispute Resolution. The parties shall first attempt to resolve any dispute with regard to the terms of this Agreement between themselves informally by negotiation between themselves or by non-binding mediation as described herein. Either party may initiate non-binding mediation of a dispute arising between the parties, by giving the other party written notice to mediate setting forth a list of no more than 3 names and qualifications of neutrals who the initiating party believes would be qualified as a mediator for the dispute. Within 15 calendar days after the delivery of the mediation notice, the receiving party shall provide notice to the initiating party designating a person to serve as the mediator from among the 3 persons listed by the initiating party. If no response is received, the initiating party may select the neutral from among the list of 3. The mediator shall schedule the mediation session within 2 weeks of being contacted. The parties shall make themselves available to attend the mediation session as scheduled by the mediator. The mediation shall be conducted according to the procedures determined by the mediator selected. All disclosures, discussions and any determinations or proposals by the mediator made pursuant to this mediation clause are confidential and shall be treated as compromise and settlement negotiations and both parties hereby stipulate and agree shall not be offered or be admissible as evidence in any other proceeding. The expenses of the mediation shall be shared by the parties equally. In the event that the mediation session is unsuccessful, the parties to this Agreement may seek the assistance of the NHPUC in resolving the dispute, but are free to pursue any other remedies that may be available. The parties may also seek preliminary relief in aid of mediation.

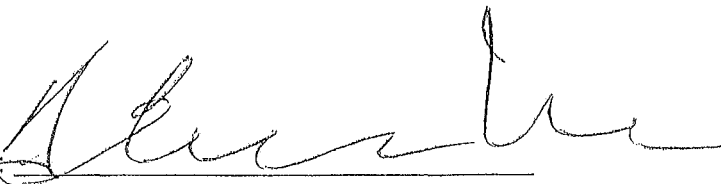
In Witness Whereof, this Agreement is executed in multiple counterparts each of which shall be deemed an original this 14th day of August 2007.

In the presence of:

Lakes Region Water Company, Inc.

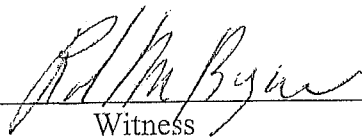


Witness

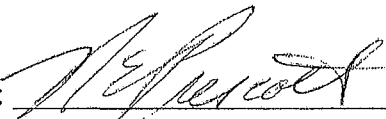
By: 

In the presence of:

Property Owners Association at Suissevale,
Inc.



Witness

By: 

445725_1

NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION — 91 NH PUC

If, upon final disposition of the issues involved in such proceeding, the rates as finally determined are in excess of the rates prescribed in such temporary order, then such public utility shall be permitted to amortize and recover, by means of a temporary increase over and above the rates finally determined, such sum as shall represent the difference between the gross income obtained from the rates prescribed in such temporary order and the gross income which would have been obtained under the rates finally determined if applied during the period such temporary order was in effect.

EDITOR'S APPENDIX

Citations in Text

- [N.H.] Re Lakes Region Water Co., Inc., DW 04-090, Order No. 24,374, 89 NH PUC 545, Sept. 23, 2004.
- [N.H.] Re Lakes Region Water Co., Inc., DW 04-031, Order No. 24,376, 89 NH PUC 553, Sept. 30, 2004.
- [N.H.] Re Lakes Region Water Co., Inc., DW 05-137, Order No. 24,576, 91 NH PUC 4, Jan. 6, 2006.
- [N.H.] Re Lakes Region Water Co., Inc., DW 05-137, Order No. 24,624, 91 NH PUC 216, May 15, 2006.

**Re Property Owners Association
at Suissevale Inc.**

Additional applicant: Lakes Region Water
Company, Inc.

DW 06-133
Order No. 24,693

New Hampshire Public Utilities Commission
October 31, 2006

ORDER approving a special rate contract between a water utility and a residential homeowners association under which the utility will provide wholesale water supply service to the association. The contract rate includes a higher volumetric charge but a lower fixed charge than the utility's otherwise applicable rates.

1. RATES, § 213

[N.H.] Special rate contracts — Commission approval — As dependent on showing of special circumstances justifying departure from existing tariffs or schedules.
p. 525.

2. RATES, § 211

[N.H.] Special rate contracts — Factors affecting reasonableness — Special circumstances — Homeowner association's need for wholesale supply service — Water utility.
p. 525.

3. RATES, § 625

[N.H.] Water rate design — Wholesale service to homeowner association — Approval of special rate contract — Terms — Higher volumetric charge but lower fixed charge than otherwise applicable rates — Capital contributions from association toward new storage facilities — Annual reconciliation adjustment.
p. 525.

4. AUTOMATIC ADJUSTMENT CLAUSES,
§ 53

[N.H.] Billing adjustments — Over- or undercollections — Annual reconciliation of — Pursuant to special rate contract between water utility and homeowner association — For wholesale supply service — Reconciliation mechanism as unique among water utilities.
p. 525.

BY THE COMMISSION:

ORDER

On September 22, 2006, the Property Owners Association at Suissevale, Inc. (Suissevale) and Lakes Region Water Company, Inc. (Lakes Region) filed a joint petition with the New Hampshire Public Utilities Commission (Commission) seeking approval of a special contract pursuant to RSA 378:18. On September 29, 2006, Suissevale and Lakes Region filed a fully executed special contract with the Commission.

Suissevale is a development located in Moultonborough consisting of approximately 350 residential homes. Lakes Region is a regulated utility providing water service in a franchise area known as Paradise Shores that is adjacent to Suissevale in Moultonborough.

According to the petition, Suissevale is an association of homeowners that owns, maintains, and operates its own water distribution system for the sole purpose of providing water to its members. In order to obtain the easement for the water line connection between Lakes Region and Suissevale, which was established in 1994, Suissevale agreed to provide water service to two non-members. Under the terms of the special contract, Lakes Region agrees to provide to Suissevale wholesale water meeting the drinking water quality criteria established by the federal Environmental Protection Agency and New Hampshire Department of Environmental Services. The contract is for a term of 30 years. Suissevale would pay a volumetric rate that is higher than that charged to the individual Lakes Region customers in Paradise Shores but a lower fixed charge than those same customers.

Suissevale and Lakes Region state that they have a long-standing relationship, Lakes Region having supplied metered water service to Suissevale since 1994. Suissevale and Lakes Region state Suissevale has made capital contributions to a water storage facility that Lakes Region is building in Paradise Shores, which will be used, in part, to serve Suissevale. Suissevale has committed to contributing additional capital to Lakes Region to construct the water storage tank. Suissevale and Lakes Region state that no other Lakes Region customer has made or is expected to make a similar contribution of capital. According to Suissevale and Lakes Region, absent the special contract, water supply to Suissevale could be jeopardized.

On October 10, 2006, Staff filed a letter recommending Commission approval, based on its investigation and discovery conducted in Docket No. DW 05-137, Lakes Region's rate case decided today in a companion order by the Commission. Staff attached to its recommendation the testimony of Stephen P. St. Cyr on behalf of Lakes Region, and the testimony of

James L. Lenihan on behalf of Commission Staff from Docket No. DW 05-137, to provide further background on the issues surrounding this special contract.

According to Staff, special circumstances exist that warrant a departure from Lakes Region's filed tariff. In summary form, those circumstances are: Suissevale owns all of the water distribution facilities within the Suissevale development, Lakes Region is responsible only for providing wholesale water to a master meter, Suissevale and its distribution system are located outside of Lakes Region's franchise territory, the master meter is located on the edge of but within the franchise area, Suissevale is unable to provide a source of water supply to its development independent of its connection with Lakes Region, and Suissevale has made a capital contribution toward the cost of a water storage facility constructed within the Paradise Shores franchise area, which will be accounted for as a Contribution in Aid of Construction (CIAC) and not included in rate base. Lakes Region's ownership and responsibility ends at the master meter at the edge of its Paradise Shores franchise area beyond which Suissevale takes responsibility.

Lakes Region presently supplies Suissevale through a 4-inch master meter at a flat quarterly rate of \$70.84 plus a volumetric rate of \$3.56 per 100 cubic feet. Suissevale consumes approximately 53 percent of the available water produced by the Paradise Shores system.

Staff stated that, for 2006, Suissevale and Lakes Region propose a fixed annual rate of \$366.41 and a volumetric rate of \$4.20 per 100 cubic feet. According to the water supply agreement, Lakes Region may adjust this rate according to a specified formula intended to reflect Lakes Region's actual expenses for the prior year. Pursuant to the formula, Suissevale's rate for 2006 would total \$5,242.96 per month, based on Suissevale's 2005 usage of 1,423,500 cubic feet of water.

Staff stated that the rate adjustment mechanism is based on Lakes Region's Annual Report to the Commission. Within ten days after submitting its Annual Report, Lakes Region would provide Suissevale with a copy of that Annual

f Commission
37, to provide
as surrounding

circumstances
from Lakes
y form, those
wns all of the
in the Suisse-
is responsible
ter to a master
ion system are
s franchise ter-
on the edge of
Suissevale is
er supply to its
onnection with
s made a capi-
f a water stor-
the Paradise
l be accounted
f Construction
e base. Lakes
ibility ends at
of its Paradise
ich Suissevale

plies Suisse-
eter at a flat
olumetric rate
uissevale con-
of the avail-
ise Shores sys-

Suissevale and
annual rate of
\$4.20 per 100
supply agree-
is rate accord-
ded to reflect
for the prior
uissevale's rate
5 per month,
of 1,423,500

stment mecha-
Annual Report
ays after sub-
Region would
of that Annual

Report as well and a rate worksheet calculating the actual expenses Lakes Region incurred during the prior calendar year to supply water to Suissevale. Those actual expenses would be used to recalculate the rate for the following calendar year. Suissevale and Lakes Region would reconcile any payments made to date for that year with the new rate. Suissevale agreed to make level monthly payments to Lakes Region, with a reconciliation completed within 30 days of the conclusion of the calendar year.

Staff pointed to provisions in the agreement relating to construction problems at the Paradise Shores water storage tank. Since the storage tank is unusable due to construction or design defects, and while litigation regarding the storage tank is ongoing, Lakes Region agreed to continue to use all reasonable efforts to meet the water needs of all its customers, including Suissevale. In the event of a supply shortage requiring conservation measures or curtailment of water supply, Suissevale and Lakes Region would follow the procedures contained in N.H. Code Admin. Rules Puc 604.07, concerning supply shortages, and Suissevale agreed not to assert claims in court or otherwise against Lakes Region or its officers, directors or employees relating to any water deficiency. Suissevale agreed to abide by water conservation measures that are applied to other Lakes Region customers.

[1-4] RSA 378:14 generally requires utilities to charge their tariffed rates to all customers. The Commission may deviate from this principle and approve special contracts for services by a public utility "if special circumstances exist which render such departure from the general schedules just and consistent with the public interest." RSA 378:18.

Having reviewed the proposed special contract between Suissevale and Lakes Region, Staff's recommendation, and discovery, we find that based on the facts articulated above, special circumstances exist within the meaning of RSA 378:18. Because Suissevale owns its distribution system and has contributed substantially to the construction of a water storage tank, a departure from tariffed rates is logical and appropriate.

We note that the proposed reconciliation

mechanism pertaining to Lakes Region's actual expenses associated with serving Suissevale is unique among water utilities but it is not unheard of in the gas and electric industry. The Commission has previously approved inflation adjustments as well as fuel and purchased power adjustment clauses in special contracts. See, e.g., *Northern Utilities, Inc.* Order No. 24,478 (July 1, 2005) and *Public Service Co. of New Hampshire*, 83 NH PUC 463 (1998). Lakes Region's annual reconciliation is reasonable and provides a means of ensuring that the cost basis underlying the special contract rate remains accurate.

Lakes Region customers stand to benefit from this special contract. Lakes Region will derive revenues from Suissevale but will not be responsible for water system facilities beyond the master meter. As part of the special contract, Suissevale will make additional financial contributions toward the construction of the water storage tank in Paradise Shores. As Staff stated, Suissevale's contributions to the water storage tank will not be included in rate base. The effect is that Lakes Region will not earn a rate of return on the CIAC portion of the water storage tank, which will mitigate the rate impact to Lakes Region's customers when the storage facility is complete and in service.

The benefits to Suissevale are clear. Without this special contract, Suissevale would not have a water supply. The special contract provides reliable, long-term water supply to Suissevale at a cost reasonable to both Suissevale and Lakes Region.

We find reasonable the request that the special contract be effective retroactively to the beginning of 2006. Suissevale and Lakes Region will thus benefit from the continuity of their continued relationship by having what is presently an informal agreement approved by the Commission. We take administrative notice of Lakes Region's rate case, Docket No. DW 05-137, and note that the revenues derived from this special contract are included in the revenue requirement contained in a stipulation agreement presented to the Commission at a hearing held on September 28, 2006. Our approval in this instant docket constitutes our approval of that portion of the revenue requirement that

relates to the Suissevale special contract only. All other elements of the revenue requirement are addressed in a separate order issued today in Docket No. DW 05-137.

Based on the foregoing, it is hereby ORDERED *Nisi*, that pursuant to RSA 378:18, Lakes Region Water Company, Inc.'s special contract with Property Owners Association at Suissevale, Inc. is APPROVED; and it is FURTHER ORDERED, that Lakes Region Water Company, Inc. cause a copy of this Order *Nisi* to be published once in a newspaper of general circulation in Lakes Region Water Company, Inc.'s franchise area, such publication to be no later than November 10, 2006; and it be documented in an affidavit filed with this Commission on or before December 1, 2006; and it is

FURTHER ORDERED, that all persons interested in responding to this Order *Nisi* be notified that they may submit their comments or file a written request for a hearing which states the reason and basis for a hearing no later than November 17, 2006 for the Commission's consideration; and it is

FURTHER ORDERED, that any party interested in responding to such comments or request for hearing shall do so no later than November 24, 2006; and it is

FURTHER ORDERED, that this Order *Nisi* shall be effective December 1, 2006, unless Lakes Region Water Company, Inc. fails to satisfy the publication obligation set forth above or the Commission provides otherwise in a supplemental order issued prior to the effective date.

By order of the Public Utilities Commission of New Hampshire this thirty-first day of October, 2006.

EDITOR'S APPENDIX

Citations in Text

[N.H.] Re Northern Utilities, Inc., DG 05-065, Order No. 24,478, 90 NH PUC 263, July 1, 2005.

Re Granite State Electric Company dba National Grid

DE 06-145
Order No. 24,694

New Hampshire Public Utilities Commission
November 1, 2006

ORDER suspending an electric utility's proposed tariff revisions which would redefine peak and off-peak hours. The proposed revisions were in response to federally mandated changes in daylight saving time policies.

1. RATES, § 248

[N.H.] Schedules and procedure — Suspension — Of proposed tariff revisions — As to definitions of peak and off-peak hours — In response to changes in federal daylight saving time schedules — Suspension as necessary for allowing an adequate investigatory period.
p. 527.

2. RATES, § 327

[N.H.] Electric rate design — Hours of use — Peak versus off-peak hours — Proposed changes in definitions — Factors — Changes in federal daylight saving time schedules.
p. 527.

3. SERVICE, § 323

[N.H.] Electric — Hours of service — Peak versus off-peak hours — Proposed changes in definitions — Factors — Changes in federal daylight saving time schedules.
p. 527.

4. SERVICE, § 306

[N.H.] Meters and metering — Electric utility — Effect of changes in federal daylight saving time schedules — Proposed changes in definitions of peak versus off-peak hours — Reprogramming of internal meter clocks.
p. 527.

BY
[1-4
Electric
State) fi
Utilities
revision
changes
hours. T
a provis
2005 (E
beginni
will occ
one we
explain
compan
rent day
mates
\$161.00
Granite
the right
time sc
reverse
an addi
O,
with th
cussed
had 'se
iff. St
suspen
conduc
propos
W
sonabl
378:6,
plete i
saving
occur
for St
and in
delay
chang
E
C
Granit
Grid r
endar

NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION — 91 NH PUC

attorneys and LRW and report the progress of such efforts by November 22, 2006.

[3-5] Lastly, we address final reconciliation and the surcharge for legal expenses. In Order No. 24,659, the Commission authorized LRW to collect from customers a surcharge for estimated legal expenses. As stated earlier, we have received a bill for legal services in the amount of \$3,519.78. Staff originally estimated legal expenses at \$8,000. In furtherance of the orderly resolution of this receivership, we will need a final accounting of legal expenses. We understand that Attorney Dewhurst has recommended certain courses of action to resolve legal issues and we will be reviewing those recommendations. As also stated earlier, we will be balancing the need to pursue further title options with the cost of those options to customers. Our determination will impact the final accounting. Accordingly, we will issue a separate order at a later date addressing future customer billings related to legal expenses. It is our intent that this separate order also will include the final reconciliation of all receipts and expenses for the receivership and authorize a final billing or refund, as appropriate.

Based upon the foregoing, it is hereby ORDERED, that Rolling Ridge Water Association's Second Request to Postpone Termination of Receivership is DENIED; and it is

FURTHER ORDERED, that the Commission's receivership of the Rolling Ridge water system is extended and shall terminate on December 11, 2006; and it is

FURTHER ORDERED, that Staff report by November 22, 2006, the progress of efforts to finalize legal and accounting activities; and it is

FURTHER ORDERED, that the Commission Staff shall provide to Rolling Ridge Water Association within twenty (20) days of the date of this order, copies of all financial records of the water system; and it is

FURTHER ORDERED, that the Commission Staff mail a copy of this order to all customers of Rolling Ridge water system by first class mail, postmarked no later than November 13, 2006.

By order of the Public Utilities Commission

of New Hampshire this eighth day of November, 2006.

EDITOR'S APPENDIX

Citations in Text

[N.H.] Re Rolling Ridge Water System, DW 01-196, Order No. 24,517, 90 NH PUC 403, Sept. 20, 2005.

[N.H.] Re Rolling Ridge Water System, DW 01-196, Order No. 24,642, 91 NH PUC 298, June 30, 2006.

[N.H.] Re Rolling Ridge Water System, DW 01-196, Order No. 24,659, 91 NH PUC 359, Sept. 1, 2006.

Re Property Owners Association at Suissevale, Inc.

DW 06-106
Order No. 24,698

New Hampshire Public Utilities Commission
November 8, 2006

ORDER determining that a homeowners association providing water service to its residents is not a public utility, given that its service is limited to members only except for two nonmember residences. Commission notes that the association does not offer service to the general public and its service does not differ in quantity or quality between the members and nonmembers. Commission thus concludes that regulation of the association as a public utility is unnecessary.

1. PUBLIC UTILITIES, § 39

[N.H.] Regulatory status — Factors — Restricted service — To limited class — Water service provided by homeowners association — Service almost exclusively to members only —

NEW H.

No offering to Exemption from r p. 554.

2. PUBLIC UTIL

[N.H.] Regu associations — A regulation — Pro exclusively to me general public at l. lation as public uti p. 554.

3. PUBLIC UTILI

[N.H.] Water residential develo tion — Service as members only — at large — Quant not differing betw bers — Exemptio utility. p. 554.

BY THE CON

I. BACKGROUND

On August 4, Association at Su filed with the New Commission (Com exemption from re pursuant to RSA 36 ation of homeown ough which owns a tion system to pro two of those housef association. Suissev wholesale basis f Company, Inc. (L public utility which adjacent to Suiss Shores. Pursuant to Admin R. Puc 6 exemption from reg

s eighth day of

No offering to general public at large — Exemption from regulation as public utility. p. 554.

NDIX

2. PUBLIC UTILITIES, § 51

[N.H.] Regulatory status — Homeowners associations — As historically exempted from regulation — Provision of water service almost exclusively to members only — No offering to general public at large — Exemption from regulation as public utility. p. 554.

ystem, DW 01-196, PUC 403, Sept. 20,

ystem, DW 01-196, PUC 298, June 30,

ystem, DW 01-196, PUC 359, Sept. 1,

3. PUBLIC UTILITIES, § 122

[N.H.] Water service — As provided by residential development homeowners association — Service as limited almost exclusively to members only — No offering to general public at large — Quantity and quality of service as not differing between members and nonmembers — Exemption from regulation as public utility. p. 554.

Association Inc.

8

es Commission 06

neowners associ- o its residents is ts service is lim- or two nonmem- tes that the asso- to the general differ in quantity rs and nonmem- des that regula- public utility is

— Factors — d class — Water rs association — members only —

than 75 consumers that are not members of the association.

Suissevale currently charges its non-member customers \$350 annually for water service, and states that it provides the same level of service quality to the non-member customers as it provides to members. Suissevale's current members pay \$700 in dues annually, which covers the cost of providing water as well as other services provided to each member. Suissevale states that it believes the \$350 charge to the non-members approximates the average cost of providing water within Suissevale. Suissevale also states that it has no plans to increase the rate to the non-members, although it did not rule out the possibility in the event of increased costs.

On October 20, 2006, the Staff of the Commission (Staff) filed a letter supporting the exemption request of Suissevale. Staff indicated that after reviewing the petition and obtaining additional information, it did not believe the public interest would be served by regulating Suissevale as a public utility. Staff indicated that the service to the two non-members originated from an agreement made in the 1990s among Suissevale, Lakes Region, and the developer of two lots that were not located within either the Suissevale subdivision or Lakes Region's Paradise Shores franchise territory. In exchange for an easement which facilitated the delivery of water from Lakes Region to Suissevale, Suissevale agreed to permit the connection of the two additional homes to the Suissevale distribution system.

Staff compared the rate charged to the non-members with that charged to Suissevale members to determine if the rates were the same. Staff reported that, because Suissevale charges its members an annual \$700 fee for water as well as other services provided, and because Suissevale does not know the value of its existing distribution plant, an accurate comparison was not possible. In the alternative, Staff compared the \$350 non-member rate with the rates charged by Lakes Region Water Company in the adjacent Paradise Shores system, which Staff viewed as a reasonable comparison because the water consumed by Suissevale cus-

BY THE COMMISSION:

ORDER

I. BACKGROUND

On August 4, 2006, the Property Owners Association at Suissevale, Inc. (Suissevale), filed with the New Hampshire Public Utilities Commission (Commission) a petition for exemption from regulation as a public utility pursuant to RSA 362:4. Suissevale is an association of homeowners located in Moultonborough which owns and operates a water distribution system to provide service to 343 homes; two of those households are not members of the association. Suissevale purchases its water on a wholesale basis from Lakes Region Water Company, Inc. (Lakes Region), a regulated public utility which serves a franchise territory adjacent to Suissevale known as Paradise Shores. Pursuant to RSA 362:4 and N.H. Code Admin R. Puc 602.13, Suissevale requests exemption from regulation since it serves less

NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION — 91 NH PUC

tomers is the same water as that supplied to Paradise Shores homeowners. Staff concluded that the rate charged to the non-members was not unreasonable, and the inability to compare precisely the non-member rate to that paid by Suissevale members did not alter Staff's recommendation to grant the requested exemption.

II. COMMISSION ANALYSIS

[1-3] This filing raises issues regarding whether Suissevale is a public utility and, if so, whether it is for the public good for it to be exempt from regulation. Pursuant to RSA 362:2, the term "public utility" includes every "association . . . owning, operating or managing any plant or equipment or any part of the same . . . for the manufacture or furnishing of . . . water to the public." RSA 362:4, I, which is specific to water utilities, refines the scope of Commission regulation further, providing an exemption from regulation, but not from the definition of "public utility," for certain small water suppliers. Specifically, "[i]f the whole of such water . . . system shall supply a less number of consumers than 75, each family tenement, store, or other establishment being considered a single consumer," then the Commission may exempt the utility from regulation upon a finding that such exemption is "consistent with the public good." Invoking this regulatory exemption in its petition, Suissevale contends it is applicable because the service it provides to members should be counted as one customer rather than 341 customers.

We agree that a homeowners' association with 341 members and serving two non-member customers may qualify for the exemption provided to utilities serving fewer than 75 water consumers. The Commission has consistently concluded that a homeowners' association is not subject to regulation as a public utility and therefore the number of homeowners association members is not germane to determining whether to exempt the homeowners association from regulation to the extent it serves non-members. *See, Belleau Lake Corp.*, 80 NH PUC 49 (1995) and *Chalet Village Assn.*, 80 NH

PUC 648, 649-50 (1995) (relying on 1980 Attorney General opinion concluding that homeowners' associations do not meet definition of "public utility"). Such an interpretation of the statute is also consistent with the New Hampshire Supreme Court's decision in *Appeal of Zimmerman*, 141 NH 605 (1997). There, the Court concluded that a landlord offering telecommunications services to tenants was not a public utility within the meaning of RSA 362 because the landlord had "an underlying relationship with those persons who use his services that is sufficiently discrete as to differentiate them from other members of the relevant public." *Id.* at 612. The Court reached that conclusion notwithstanding the Legislature's use of the word "every" before the list of persons and entities subject to classification as a public utility, focusing instead on the meaning of the word "public." If a landlord-tenant relationship is sufficient to differentiate users of a utility service from the public, the same can be said of the relationship among homeowners who have formed an association.

We thus turn to whether it is consistent with the public good to exempt Suissevale from regulation pursuant to RSA 362:4 insofar as it serves consumers that are not members of the homeowners association. Our analysis in these circumstances involves consideration of the benefits that regulation by this Commission would provide the two non-member customers. With respect to water quality, Suissevale's distribution system is interconnected and water supply to both the non-member customers and member customers depends upon the same critical facilities. Thus, non-member customers will receive the same quality of water that the remaining member customers receive. Further, Suissevale does not treat the water. According to the special contract between Suissevale and Lakes Region, which we approved in Order No. 24,693 (October 31, 2006), Lakes Region is responsible for supplying Suissevale with water meeting the drinking water quality criteria established from time to time by the federal Environmental Protection Agency and the state Department of Environmental Services. Direct Commission oversight would add little to the

quality assurance provided by those two agencies.

We next consider whether regulation is necessary to assure Suissevale's maintenance of the distribution system and related facilities. In *Property Owners Association at Suissevale Inc.*, Order No. 24,693 (October 31, 2006), in Docket No. DW 06-133, we recognized that Suissevale had made significant financial contributions to Lakes Region for the construction of a water storage facility in Paradise Shores and that Suissevale had committed to making additional financial contributions to the tank project. We also note that Suissevale has recently secured a thirty-year water supply contract with Lakes Region to ensure that Suissevale has sufficient water to serve its members as well as the two non-members. These commitments to invest in critical facilities and efforts to secure long term water supplies demonstrate that Suissevale is managing its distribution system in a manner that is consistent with the public good.

As to whether Commission regulation is necessary to ensure reasonable rates to the non-members, Suissevale currently charges an annual flat rate of \$350 to each non-member customer. Staff reviewed this flat rate and determined it was not unreasonable. Because Suissevale does not bill its members separately for water, and does not know what its investment is in its distribution plant, Staff could not provide a precise comparison of the non-member rate with the rate charged for water to the Suissevale members. Staff did, however, provide the Commission with an analysis and comparison with the water rates charged in the adjacent Lakes Region franchise, Paradise Shores, from which Suissevale acquires its purchased water. Staff's inability to compare with precision the non-member rate to that paid by Suissevale members for water did not alter Staff's conclusion that the rate charged to the non-members was not unreasonable.

As to future rate increases, Suissevale indicated in discovery submitted to Staff that it intends to increase water rates charged to non-members at the same time there is an increase in water costs that are passed on to members. In Order No. 24,693, we approved Suissevale's

water supply agreement with Lakes Region as a special contract pursuant to RSA 378:18. This special contract contains an annual reconciliation mechanism to ensure the cost basis underlying the special contract remains accurate. Suissevale's rate could increase or decrease each calendar year but, as Suissevale has stated, this rate will apply indiscriminately to members and non-members. Because of this parity, Commission regulation of Suissevale is not necessary. Moreover, a significant portion of Suissevale's rates are indirectly regulated by virtue of our approval and oversight of Suissevale's special contract with Lakes Region. Additionally, revenues derived by Lakes Region from its special contract will continue to be subject to Commission oversight pursuant to RSA 378.

Having reviewed the record and having considered the benefits to the two non-member customers of Commission regulation, we find it unnecessary to regulate the service Suissevale provides to the two non-members. We find that exempting Suissevale from regulation pursuant to RSA 362:4 is consistent with the public good. We agree with Staff that the rates charged to the non-member customers appear to be reasonable. Our approval of Suissevale's exemption request in this docket is conditioned on Suissevale continuing to provide the same quality of service to non-members as provided to members, and that documentation be provided to the non-member customers as is provided to member customers at such time as Suissevale implements any future increase in rates. Should circumstances change such that the non-members fail to receive the same quality of service that members receive, then the decision to exempt Suissevale from regulation may be revisited.

Based upon the foregoing, it is hereby

ORDERED *NISI*, that the Property Owners Association at Suissevale, Inc.'s petition for exemption is hereby GRANTED; and it is

FURTHER ORDERED, that subject to the effective date below, the Property Owners Association at Suissevale, Inc. is granted full exemption from regulation of the Commission pursuant to RSA 362:4; and it is

FURTHER ORDERED, that a significant

change in the quality of service or other circumstances could require a reconsideration of this exemption; and it is

FURTHER ORDERED, that Property Owners Association at Suissevale, Inc. shall cause a copy of this Order *Nisi* to be published once in a statewide newspaper of general circulation or of circulation in those portions of the state where operations are conducted, such publication to be no later than November 20, 2006; and to be documented by affidavit filed with this office on or before December 8, 2006; and it is

FURTHER ORDERED, that Property Owners Association at Suissevale, Inc. provide a copy of this Order *Nisi* by first class mail to the two non-member customers it presently serves; and it is

FURTHER ORDERED, that all persons interested in responding to this Order *Nisi* be notified that they may submit their comments or file a written request for a hearing which states the reason and basis for a hearing no later than November 27, 2006 for the Commission's consideration; and it is

FURTHER ORDERED, that any party interested in responding to such comments or request for hearing shall do so no later than December 4, 2006; and it is

FURTHER ORDERED, that this Order *Nisi* shall be effective December 8, 2006, unless Property Owners Association at Suissevale, Inc. fails to satisfy the publication obligation set forth above or the Commission provides otherwise in a supplemental order issued prior to the effective date.

By order of the Public Utilities Commission of New Hampshire this eighth day of November, 2006.

EDITOR'S APPENDIX

Citations in Text

[N.H.] Re Property Owners Asso. at Suissevale, Inc., DW 06-133, Order No. 24,693, 91 NH PUC 523, Oct. 31, 2006.

Re City of Nashua

Petitioner: Pennichuck Water Works

DW 04-048
Order No. 24,699

New Hampshire Public Utilities Commission
November 8, 2006

ORDER ruling on discovery motions made in a proceeding in which a municipality seeks to acquire a water utility by action in eminent domain. The subject motions pertain to data requests made by the utility as to pending investigations of the contractor the municipality has selected to operate and maintain the water system should it ultimately prevail in its efforts to acquire the system. The utility had sought from the city documents produced by the contractor pursuant to federal subpoena, materials which the municipality had refused to provide absent a protective order. However, the commission notes that before it can issue a protective order, it must see the documents in question itself, and since the municipality had failed to file such, the commission declines to confer protective treatment on the documents. Accordingly, the water utility's motion to compel the documents is granted.

1. PROCEDURE, § 16

[N.H.] Discovery and inspection — Protective treatment — For commercially or financially sensitive data — Necessity of commission review of actual materials prior to grant of protective order — No before-the-fact conferment — Effect of petitioner's failure to submit documents for which it seeks confidentiality — Denial of protective treatment — Water utility acquisition and eminent domain docket. p. 559.

2. PROCEDURE, § 28

[N.H.] Evidence — Admissibility — Data

request
affecti
sought
— Co
investi
duced
poena
interes
domai
p. 559

3. EV
[
Motio
Relev:
allege
subject
Reque
in res
to de
utility
p. 559

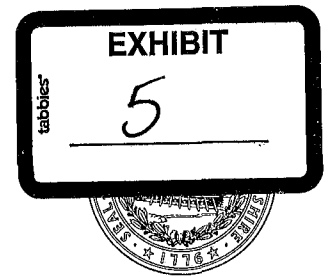
Utilit
certai
Work
(Nash
Nash
ipaliz
ceedi
ment:
tions
North
speci
Water
Code
motio
Nash
Nash
tectiv
2006



State of New Hampshire
DEPARTMENT OF ENVIRONMENTAL SERVICES

6 Hazen Drive, P.O. Box 95, Concord, NH 03302-0095
(603) 271-3503 FAX (603) 271-2867

PLEASE NOTE: Effective September 1, 2003, the street address is 29 Hazen Drive.



October 3, 2003

Douglas L. Patch
Orr & Reno, PA
One Eagle Square
P.O. Box 3550
Concord, NH 03302-3550

Re: Suissevale, Moultonborough

Dear Mr. ^{Doug}Patch.

This is to respond to your August 28, 2003 letter to Anthony Giunta, Administrator of the DES Water Supply Engineering Bureau, regarding the status of the water distribution system at the Suissevale property in Moultonborough.

Please be advised that we do not agree with your contention that the interpretation of "public" which has been developed through proceedings of the Public Utilities Commission ("PUC") for purposes of PUC jurisdiction is necessarily dispositive on whether a water system is a public water system for purposes of regulation under the Safe Drinking Water Act and NH RSA 485. However, after further review of the Suissevale situation, we concur with the assertion in Mr. Prescott's June 17, 2003 letter that the Property Owners Association at Suissevale, Inc. is not selling water. The water distribution system owned and operated by the Association thus does fall within the exclusion from the definition of "public water system" found at RSA 485:1-a, XV.

We regret the delay in concluding our review of this situation and apologize for any inconvenience it may have caused.

If you have any questions, please contact me at the address or telephone number listed above or by e-mail at grule@des.state.nh.us.

Sincerely,

Gretchen C. Rule, Administrator
Legal Unit

cc: Tony Giunta, P.G., Administrator, DES WSEB