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Please respond to the Portsmouth office

March 4, 2013

RECEIVED
MAR 06 2013
NH PUBLIC UTILITIES COMMISSION

Via Electronic and U.S. Mail

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 13-041

Dear Executive Director Howland:

Enclosed please find an Affidavit of Publication per the Commission's February 15, 2013 Order of Notice. The Commission's Order of Notice directed that publication be made by Friday, February 22, 2013. Please note that Lakes Region Water Company published the February 15, 2013 Order of Notice on Sunday, February 24, 2013 in the Manchester Union Leader. In addition to regular publication, the Manchester Union Leader also published the Commission's Order of Notice on its web site, www.unionleader.com.

If you have any questions, please contact me.

Very truly yours,

Justin C. Richardson
jrichardson@uptonhatfield.com

JCR/sem
Enclosure(s)
cc: Service List; #DW 13-041

UNION LEADER CORPORATION

P O BOX 9513
MANCHESTER, NH 03108

0000152675
LAKES REGION WATER CO INC
ATTN TARYN ZAMBOURAS
PO BOX 389
MOULTONBOROUGH NH 03254

I hereby certify that the legal notice: (0000446240) PUBLIC UTILITIES
was published in the New Hampshire Union Leader
printed at Manchester, NH by the Union Leader Corp.
On:
02/24/2013.

State of New Hampshire
Hillsborough County

Subscribed and sworn to before me this

25 **day of** February 2013

Phyllis E Manning
Notary Public

PHYLLIS E. MANNING
MY COMMISSION EXPIRES MAR. 10, 2015
NOTARY PUBLIC
NEW HAMPSHIRE

Legal Notice

THE STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION
DW 13-041
LAKES REGION WATER COMPANY, INC.
Petition for Emergency Rates
ORDER OF NOTICE

Lakes Region Water Company, Inc. (Lakes Region) is a regulated public utility that provides water service to approximately 1,615 customers in the Towns of Campton, Conway, North Conway, Freedom, Gilford, Moultonborough, Ossipee, Tamworth, Thornton, Tuftonboro, Wolfeboro, and the City of Laconia. On February 4, 2013, Lakes Region filed a petition for emergency rates as well as the pre-filed testimony of its accountant, company president, and operations and compliance supervisor. The petition and subsequent docket filings, other than any information for which confidential treatment is requested of or granted by the Commission, will be posted to the Commission's website at **http://www.puc.nh.gov/Regulatory/Docketbk/2013/13-041.html**.

Lakes Region states that an emergency exists and requests the Commission approve rates sufficient for it to make estimated tax payments. Lakes Region states that if it "does not receive revenue in rates to pay taxes incurred in 2012, and those incurred going forward, its financial condition will deteriorate and its ability to continue to provide service to the public will be impaired." Petition at 2. Accordingly, Lakes Region seeks authority to increase its rates by 18.227% to collect $173,634 to pay estimated Federal and State income taxes incurred in 2012. This percentage increase is calculated on Lakes Region's permanent rates approved by the Commission in Order No. 25,391 (July 13, 2012) in Docket No. DW 10-141; it does not include the rate case expense surcharge approved in Order No. 25,454 (January 17, 2013) of $11.64 per customer for eight quarters effective January 1, 2013. Lakes Region bills on a quarterly basis but calculates that customer rates would increase on an annual basis under the proposed emergency rates as follows:

Pool at WVG
Current Rate $1,416.56
Emergency Rate $1,674.76
Unmetered Rate
Current Rate $589.36
Emergency Rate $696.78
Metered Min. Charge
Current Rate $458.12
Emergency Rate $541.62
Metered Rate per 100 cubic feet
Current Rate $4.81
Emergency Rate $5.69

In support of its request, Lakes Region explains that it filed amended tax returns on February 21, 2012 for 2007, 2008, and 2009 and that it filed its 2010 tax returns on May 23, 2012. Lakes Region states that between these tax filings as well as its 2011 tax filing, it has completely exhausted both its previously available net operating loss deductions and I.R.C. § 179 deductions. As a result, Lakes Region claims that it has no further pre-2012 deductions to offset its 2012 federal taxable income. Lakes Region states that its actual rate of return for 2011 was 10.13% and it expects to have both net book income and taxable income in 2012. Lakes Region argues that notwithstanding the increased revenues from its 2010 rate case, it has not had sufficient earnings to pay estimated taxes in 2012 without deferring projects that would jeopardize its compliance with drinking water standards. Lakes Region avers that its present inability to pay its 2012 taxes constitutes an emergency.

Lakes Region states that its financial condition is exacerbated by its outstanding payables, which grew from $506,815.65 in March 2012 to $642,350.49 as of December 11, 2012. Lakes Region claims that the payables increase is attributed to rate case expenses; we note that Lakes Region is also overdue in paying its Commission assessments. Lakes Region expects its payables to decrease as it recovers the above-noted surcharge for the rate case expenses; however, it states the lack of specific revenues for its tax liability will cause its financial condition to deteriorate and render its efforts to reduce its payables ineffective.

On February 5, 2013, the Office of the Consumer Advocate filed its letter of participation. On February 14, 2013, Staff filed a letter requesting discovery. Staff stated that it needed certain information before it could offer an opinion on Lakes Region's filing: copies of Lakes Region's state and federal original and amended tax returns for years 2007 through 2012, with explanations for amended years; Lakes Region's calculation of its rate of return for 2012; and detailed cash flow statements for 2010-2012. Staff stated that it is prepared to conduct discovery pursuant to N.H. Code Admin. Rules Puc 203.09.

The filing raises, inter alia, issues related to RSA 378:9 and whether the affairs of Lakes Region have reached such a crisis that immediate and substantial disaster threatens unless prompt relief is given; and whether the financial crisis warrants the relief requested. Each party has the right to have an attorney represent the party at the party's own expense.

Based upon the foregoing, it is hereby

ORDERED, that pursuant to RSA 541-A:31 and Puc 203.12, an adjudicative hearing be held before the Commission located at 21 S. Fruit St., Suite 10, Concord, New Hampshire on March 6, 2013 at 9:00 a.m. at which Lakes Region will be given the opportunity to present evidence and argument on the issue of whether an emergency exists and whether the requested relief is appropriate. Staff and any intervenors will be given the opportunity at hearing to respond and present evidence and argument on all issues involved; and it is

FURTHER ORDERED, that pursuant to Puc 203.12, Lakes Region shall notify all persons desiring to be heard at this hearing by publishing a copy of this order on its web site and by publishing by February 22, 2013, a display advertisement in a newspaper of general circulation in its service territory regarding the hearing, details of which shall be determined in consultation between Lakes Region and the Executive Director, publication to be documented by affidavit filed with the Commission on or before March 4, 2013; and it is

FURTHER ORDERED, that pursuant to Puc 203.17, any party seeking to intervene in the proceeding shall submit to the Commission seven copies of a petition to intervene with copies sent to Lakes Region and the Office of the Consumer Advocate no later than March 1, 2013, such petition stating the facts demonstrating how its rights, duties, privileges, immunities or other substantial interest may be affected by the proceeding, as required by Puc 203.17 and RSA 541-A:32,I(b); and it is

FURTHER ORDERED, that any party objecting to a petition to intervene make said objection on or before the March 6, 2013 hearing; and it is

FURTHER ORDERED, that responses to any discovery propounded by Staff and the OCA pursuant to Puc 203.09 be provided by close of business on February 22, 2013 and that any responses deemed confidential by Lakes Region be treated by Staff and the parties as confidential pursuant to Puc 203.08(d).

By order of the Public Utilities Commission of New Hampshire this fifteenth day of February, 2013.

Debra A. Howland
Executive Director

Individuals needing assistance or auxiliary communication aids due to sensory impairment or other disability should contact the Americans with Disabilities Act Coordinator, NHPUC, 21 S. Fruit St., Suite 10, Concord, New Hampshire 03301-2429; 603-271-2431; TDD Access: Relay N.H. 1-800-735-2964. Notification of the need for assistance should be made one week prior to the scheduled event.

(UL - Feb. 24)