

STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

Docket No. DW 13-041

Lakes Region Water Company, Inc.

REPORT FOR THE TWO-MONTH PERIOD ENDING MAY 31, 2014

1. **Financial Review:** In April 2014, Lakes Region Water Company submitted its tax and financial data to its accounting firm, Leone, McDonnell and Roberts, PA, for review and for tax filing purposes. The financial review, required by CoBank ACB prior to closing, has been completed and a final report is expected next week. The financial review will be provided to Staff and the OCA upon its finalization by Leone, McDonnell and Roberts, PA, for informational purposes.
2. **2013 Tax Returns:** The annual property tax report was filed timely to the Department of Revenue on April 9, 2014. The Company's Federal Tax Return is expected to be filed concurrently with the financial review (above). The Company's data show that it overpaid its 2013 tax liability which will be applied to its 2014 FIT liability. The Company is working with Leone, McDonnell and Roberts, PA to estimate its 2014 Federal and State tax liabilities.
3. **Capital Projects:** In April and May, 2014, the company observed continued declines in its bedrock well field adjacent to Skelley's in Moultonborough serving the Paradise Shores systems. Current yields are less than half that observed in prior years. Lakes Region Water Company has met with the NHDES on site and discussed increasing the permitted limit on the Mt. Roberts project (57,600 gpd) to meet expected demand in July. Lakes Region Water worked on cost schedules for Mt. Roberts in anticipation of a request to transfer ownership of the Mt. Roberts assets to the Company for approval by the DES and the Commission.

Since the March update, the Company purchased a mapping/assets software package and has begun the process of transferring 50 year old maps to an interactive digital version. In the process, an improved inventory of utility assets is being developed.

The West Point wells have also shown significant decline in yield. The Company has hired the Skillings Well Company to hydro-fracture BRW 3 to recover lost production. This is planned for June 17, 2014.

Leak detection programs are in full force and numerous leaks in multiple systems were identified and repaired.

The Company made control changes to its Hidden Valley system in order to improve efficiency and reliability. BRW 2 has had a Jaswell Seal installed to prevent infiltration of surface water.

4. **Board of Directors:** See attached minutes.
5. **Efforts to reduce overall costs:** During the months of April and May, the Company continued to review the possibility of changing its financial software. The Company's current financial software was developed to serve utilities but lacks certain capabilities such as automated property records, integrated payroll processing, account reconciliation and other features that would benefit Lakes Region Water Company. The Company's use of Excel spreadsheets for these tasks duplicates effort and creates the potential for error.
6. **Efforts to reduce Payables:** See the attached detail of A/P as of 6/2/14, accompanying schedule. For the month ending 6-2-14 the A/P balance was \$488,660 as compared to \$495,518 at 5/4/14. The decrease is attributed largely to the pay down of rate case expenses and the payment and accrual adjustment to State and Federal Taxes respectively.
7. **Efforts to Obtain outside Capital:** On April 29, 2014, the Commission authorized the Company to borrow \$950,000 from CoBank in Docket No. DW 13-335. Since the approval by the Commission, the Company has worked extensively to complete the steps required for an anticipated June 24, 2014 closing date. This work includes the financial review being completed by Leone, McDonnell and Roberts, PA, removal of improperly recorded Transmitting Utility UCC liens during the period from 1986 to 1998, and closing schedules.
8. **Update on how Lakes Region will use outside consultants:** The Company has limited its use of consultants to support technical areas, including tax filings, engineering and legal matters. The use of outside accounting support will be significantly reduced during 2014.

Board of Director's Meeting

Date: April 16, 2014

Present: Thomas Albert Mason, President, Barbara G. Mason, Owner, Amy G. Mason, Treasurer, Susan Mason, Secretary

Summary: The meeting opened at 4:00 p.m. with a quorum. The Board members met and reviewed the current budget and discussed expenditures, income, profits and losses. The Board members received and approved the budget.

Mr. Mason explained his research and application for loans to sustain the company. The loans are being sought through CO-Bank and the company is currently waiting for N.H. PUC to approve the application for funding through CO-Bank.

Mr. Mason explained that he applied for and received a small business grant in the amount of \$25,000.

Having no other questions or motions to entertain, the meeting adjourned at 5:30 p.m.

Respectfully submitted (Electronically signed):

Susan Mason

Susan Mason, Secretary

6:00am Lakes Region Water Company, Inc. Accounts Payable Aging as of 6-2-14													
Increase/ Decrease	5/5/2014 Total Due	Vendor Name	6/2/2014 Total	1 Month 0-30	2 Months 31-60	3 Months 61-90	4 Months 91-120	5 Months 121-150	6 Months 151-180	7-12 Months 181-365	13-24 Months 366-730	25-36 Months 731-1095	Over 3 Years >1095
-	-	0 City of Laconia	-	-	-	-	-	-	-	-	-	-	-
-	-	0 Town of Campton	-	-	-	-	-	-	-	-	-	-	-
-	-	0 Town of Conway	-	-	-	-	-	-	-	-	-	-	-
-	-	0 Town of Freedom	-	-	-	-	-	-	-	-	-	-	-
-	-	0 Town of Gifford	-	-	-	-	-	-	-	-	-	-	-
1,538.66	-	0 Town of Moultonboro	1,538.66	1,538.66	-	-	-	-	-	-	-	-	-
606.00	-	0 Town of Ossipee - Tax Dept.	606.00	606.00	-	-	-	-	-	-	-	-	-
-	-	0 Town of Tarnworth	-	-	-	-	-	-	-	-	-	-	-
1,206.00	-	0 Town of Thornton	1,206.00	1,206.00	-	-	-	-	-	-	-	-	-
-	-1348.38	Town of Tuftonboro	(1,348.38)	-	-	-	(1,348.38)	-	-	-	-	-	-
3,350.66	-1348.38	Total Property Taxes	2,002.28	3,350.66	-	-	(1,348.38)	-	-	-	-	-	-
658.29	734.63	NHEC	1,392.92	1,392.92	-	-	-	-	-	-	-	-	-
134.32	996.79	PSNH	1,131.11	1,131.11	-	-	-	-	-	-	-	-	-
792.61	1731.42	Total Electric Utility Bills	2,524.03	2,524.03	-	-	-	-	-	-	-	-	-
(12,000.00)	12,000.00	State of New Hampshire	-	-	-	-	-	-	-	-	-	-	-
6,443.00	2,514.16	Internal Rev. Service	8,957.16	-	-	-	-	-	-	8,957.16	-	-	-
(5,557.00)	14,514.16	Total State of NH Property and Other Taxes	8,957.16	-	-	-	-	-	-	8,957.16	-	-	-
1,622.04	1,734.30	Payroll Taxes	3,356.34	3,356.34	-	-	-	-	-	-	-	-	-
1,622.04	1,734.30	Total Payroll Taxes	3,356.34	3,356.34	-	-	-	-	-	-	-	-	-
(6,136.67)	6,136.67	A & L Laboratory, Inc.	-	-	-	-	-	-	-	-	-	-	-
(204.00)	204.00	Eastern Analytical Inc.	-	-	-	-	-	-	-	-	-	-	-
-	-	James Dawson	20.00	20.00	-	-	-	-	-	-	-	-	-
32.67	181.89	LR Communications Inactive	214.56	214.56	-	-	-	-	-	-	-	-	-
(4,600.00)	27,572.00	LRW Water Services, Inc.	22,972.00	-	-	-	-	-	100.00	22,272.00	600.00	-	-
-	95.00	NEWWA	95.00	-	-	-	-	-	-	95.00	-	-	-
256.35	-	Northeast Delta Dental	256.35	256.35	-	-	-	-	-	-	-	-	-
1,273.00	4,830.00	Northern Data Systems Inc.	6,103.00	-	4,830.00	-	1,273.00	-	-	-	-	-	-
(205.56)	205.56	Pitney Bowes Global Financial	-	-	-	-	-	-	-	-	-	-	-
(132.00)	132.00	Purchase Power	-	-	-	-	-	-	-	-	-	-	-
1,192.84	303.75	R E Prescott	1,496.59	231.08	1,265.51	-	-	-	-	-	-	-	-
(2,310.00)	174,060.00	Roberge, Norman E.	171,750.00	-	6,930.00	-	3,680.00	6,920.00	5,880.00	23,600.00	57,600.00	59,740.00	7,400.00
-	3,091.32	Sands, David S	3,091.32	-	-	(168.03)	-	1,000.00	(343.49)	(307.33)	850.17	1,000.00	1,000.00
-	2,204.14	Shaheen & Gordon, P.A.	2,204.14	-	-	-	-	-	-	-	-	122.57	2,081.57
936.55	-	Skelly's Market	936.55	936.55	-	-	-	-	-	-	-	-	-
-	1,780.50	Stillings & Sons Inc.	1,780.50	-	-	-	-	-	-	-	1,780.50	-	-
1,911.88	13,916.04	St Cyr, Stephen P	15,827.92	402.50	1,509.38	-	-	-	-	345.00	2,573.75	4,987.50	6,009.79
227.00	-	United Health Care Ins.Co.	227.00	227.00	-	-	-	-	-	-	-	-	-
1,564.00	30,609.79	Upton & Hatfield LLP	32,173.79	-	1,564.00	713.00	3,255.00	7,764.67	1,364.00	9,566.50	7,946.62	-	-
(619.86)	710.30	Verizon Wireless	90.44	90.44	-	-	-	-	-	-	-	-	-
5,284.43	-	Water Industries	5,284.43	2,855.41	1,485.61	943.41	-	-	-	-	-	-	-
(429.69)	429.69	Town of Wolfeboro	-	-	-	-	-	-	-	-	-	-	-
(706.16)	266,402.65	Total General Operating and Capital Asset	265,696.49	6,466.79	17,584.50	1,488.38	8,208.00	15,684.67	7,000.51	55,571.17	71,351.04	65,850.07	16,491.36
Due	Total Due												
(6,360.00)	14,360.00	Norman Roberge (rce)	8,000.00	-	-	-	-	-	-	-	4,280.00	3,740.00	-
-	60,384.31	Shaheen & Gordon, P.A. (rce)	60,384.31	-	-	-	-	-	-	-	29,454.77	30,929.54	-
-	43,670.74	St Cyr, Stephen P (rce)	43,670.74	-	-	-	-	-	-	-	8,427.50	16,072.17	19,171.07
-	94,069.18	Upton & Hatfield LLP (rce)	94,069.18	-	-	-	-	-	-	13,092.00	52,256.68	28,720.50	-
(6,360.00)	212,484.23	Total Rate Case	206,124.23	-	-	-	-	-	-	13,092.00	64,944.18	77,987.44	50,100.61
		Summary											

6:00am													
Lakes Region Water Company, Inc.													
Accounts Payable Aging as of 6-2-14													
	5/5/2014		6/2/2014	1 Month	2 Months	3 Months	4 Months	5 Months	6 Months	7-12 Months	13-24 Months	25-36 Months	Over 3 Years
Increase/ Decrease	Total Due	Vendor Name	Total	0-30	31-60	61-90	91-120	121-150	151-180	181-365	366-730	731-1095	>1095
3,350.66	(1,348)	Total Property Taxes	2,002	3,350.66	-	-	(1,348.38)	-	-	-	-	-	-
792.61	1,731	Total Electric Utility Bills	2,524	2,524.03	-	-	-	-	-	-	-	-	-
(5,557.00)	14,514	Total State of NH Property and Other Taxes	8,957	-	-	-	-	-	-	8,957.16	-	-	-
1,622.04	1,734	Total Payroll Taxes	3,356	3,356.34	-	-	-	-	-	-	-	-	-
(706.16)	266,409	Total General Operating and Capital Asset	265,696	6,466.79	17,584.50	1,488.38	8,208.00	15,684.67	7,000.51	55,571.17	71,351.04	65,850.07	16,491.36
(6,360.00)	212,484	Total Rate Case	206,124	-	-	-	-	-	-	13,092.00	64,944.18	77,987.44	50,100.61
(6,857.85)	495,518.38	Total All Payables	488,660.53	15,697.82	17,584.50	1,488.38	6,859.62	15,684.67	7,000.51	68,663.17	145,252.38	143,837.51	66,591.97
Note: Decrease in A/P attributed payoff of rate case expenses to consultants and payment and accrual adjustment to State and Federal Taxes respectively.													