



DW13-134

SEWER COMPANY, INC.

May 1, 2013

Debra Howland
Executive Director
NH Public Utilities Commission
21 S. Fruit Street
Concord, NH 03301



Re: Request for Eastman Sewer Company Use of Capital Funds

Dear Debra,

Over the past year the Eastman Sewer Company incurred three capital expenses that were paid with ESC operating funds. In addition, we are holding an invoice for a recent pump purchase which has not been paid. We request approval to use funds from the ESC capital reserve account to cover the expenditures for these four items:

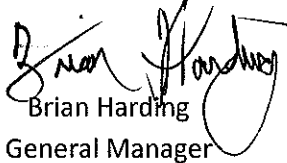
1. Water System Operators (invoice #9386, dated 1/19/2012) – this invoice was for a man hole frame and cover that required replacement. We paid this bill on 1/31/2012 (ESC check #2493) and accrued it as an operating expense. Please note that check #2493 included payments to WSO for non-capital expenses, including their monthly operating fee. During the audit of ESC's financial results for 2012, auditor Ed Schulz (Seelye & Schulz, Nashua, NH) stated the man hole and frame should have been accrued as a capital expense and recommended we request approval for transfer from the capital reserve for this expenditure. Note – WSO invoice #9386 includes a charge of \$52.16 for air filters which is not part of the capital request. **Requested capital withdrawal - \$962.50.**
2. Shepherd Builders (no invoice #, bill dated 11/01/2012) – this bill was for installation of new shingles on ESC's lab building at the aeration lagoons. We paid this bill on 11/01/2012 (ESC check #2585) and accrued it as an operating expense. During the year-end review, auditor Ed Schulz stated this should have been accrued as a capital expense and recommended we request approval for transfer from the capital reserve for this expenditure. **Requested capital withdrawal - \$3,200.**
3. Water System Operators (invoice #9897, dated 11/19/2012) – this invoice was for replacement of a pump at our West Cove B pump station. We paid this bill on 3/31/2013 (ESC check #2650). Please note that check #2650 included payments to WSO for non-capital expenses, including their monthly operating fee. A pump replacement is typically accrued as a capital expense and we request approval for transfer from the capital reserve for this expenditure. **Requested capital withdrawal - \$2,354.14.**

4. Water System Operators (invoice #10155, dated 04/24/2013) – this invoice is for replacement of a large pump at our West Cove A pump station. Due to limited operating funds, we have not paid this bill and cannot pay it until a transfer of capital funds is approved. A pump replacement is typically accrued as a capital expense and we request approval for transfer from the capital reserve so that we may pay WSO for this item. **Requested capital withdrawal - \$9,854.57.**

We request permission to transfer the total sum of **\$16,371.21** from the ESC capital reserve fund to cover these expenses. As of today's date, the ESC capital reserve balance stands at \$34,413. In addition to this original, I've enclosed six (6) hard copies of the request, along with an electronic version on CD.

Thank you, and please contact me at 863-4240 if you have any questions on this request.

Respectfully,



Brian Harding

General Manager
Eastman Sewer Company

cc: Brad Moses, ESC President
Gayle Burns, ESC Accounts Payable
Bill Weber, VDE Manager