

THE STATE OF NEW HAMPSHIRE

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June 8, 2018

NHPUC 2018-18-10:50

Debra A. Howland, Executive Director  
New Hampshire Public Utilities Commission  
21 South Fruit Street, Suite 10  
Concord, NH 03301

Re: DW 17-106 Lakes Region Water Company, Inc.  
Tariff Revision  
Supplemental Information  
Staff Recommendation for Approval

Dear Ms. Howland:

The purpose of this letter is to supply additional information pertaining to the request of Lakes Region Water Company, Inc. (Lakes Region) to adopt a new Tariff.

Lakes Region filed NHPUC No. 7 – Water on June 22, 2017 seeking permission to supersede NHPUC No. 6 – Water. The Staffs of the Water and Consumer Services and External Affairs divisions held a number of meetings with Lakes Region during the following several months. Staff of the Consumer Services and External Affairs suggested many changes to the language and definitions to NHPUC No. 7 submitted on June 22, 2017. As a result, Lakes Region filed an updated version of the tariff on February 5, 2018. Staff of the Water division found a few typographical errors on the February 5 filing and suggested the changes to Lakes Region. On March 7, 2018, Lakes Region filed the corrected version. The Water division staff found one additional correction and Lakes Region filed the correction on March 9, 2018.

Throughout Staff's discussions with Lakes Region, the "Place of Consumption" was an area of great concern. It was important to both the company and staff to produce a definition that was fair for all parties involved. Lakes Region initially reviewed tariffs of other regulated NH utilities for guidance before submitting their proposed definition of "Place of Consumption" on June 22, 2017:

Place of Consumption - shall mean any location, use or structure to which Water Service is provided or available. Each location or structure that is

capable of being owned, leased or occupied separately shall require a separate Service Connection, Application for Service and Customer account, except where Water Service is provided pursuant to a Wholesale Contract. Use of water in a manner that is incidental and accessory to single place use, e.g. ordinary watering of a garden, shall not be considered a second Place of Consumption.

This definition was modified during discussions with staff. Lakes Region submitted the following definition of "Place of Consumption" on March 7 and 9, 2018:

Place of Consumption - shall mean any location, or structure to which Water Service is provided or available. (e.g. single family dwelling, bunkhouse, and cottage) A location or structure associated with an existing customer for which additional water service is incidental or accessory to the customer's existing water service shall not be considered a Place of Consumption (e.g. utility sink in garage, outdoor shower or outside garage faucet)

Included in follow-up information received by Staff through Lakes Region's responses to Data Requests received on April 13, 2018, Lakes Region supplied Staff with a list of properties having more than one "Place of Consumption." Lakes Region confirmed that all revenues associated with each "Place of Consumption" was included in Lakes Region's rate case DW15-209. Lakes Region stated that it does not expect a significant increase in "Place of Consumption" over the next five years, the exception being the pending purchase of Wildwood Water Company which may contain 3 or 4 duplexes. Lakes Region would work with Staff prior to establishing the Wildwood Water Company "Place of Consumption" determinations. Lastly, Lakes Region stated that it has no current plans to inspect its franchise or customer properties, other than what is routinely observed during meter readings and normal operations, for multiple places of consumption.

Staff reiterates its recommendation of March 16, 2018 and recommends approval of NHPUC No. 7 – Water as submitted by Lakes Region on March 9, 2018.

If you have any questions regarding this matter, please contact me.

Sincerely,



Robyn J. Descoteau  
Utility Analyst, Gas/Water Division

cc: Service list

Attachments: Staff Data Requests Set 1

**DW 17-106**  
**LAKES REGION WATER COMPANY, INC.**  
**STAFF DATA REQUESTS – SET 1**

**Date Request Received: 04/04/2018**

**Date of Response:**

**Request No. Staff 1-1**

**Witness: Leah Valladares**

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**REQUEST:** Please explain/detail how the Company arrived at its definition for “Place of Consumption”.

**RESPONSE:**

The Company arrived at its definition by reviewing the Tariffs of other regulated utilities in NH, the NH PUC Rules and other Water Precincts in NH for guidance. The Company also consulted with NH PUC Staff Amanda Noonan, Rorie Patterson and Robyn Descoteau for further assistance in developing the definition for “Place of Consumption” and accepted their suggestion.

The Company proposed the following definition in its June 22, 2017 submission to the Commission:

Place of Consumption- shall mean any location, use or structure to which Water Service is provided or available. Each location or structure that is capable of being owned, leased or occupied separately shall require a separate Service Connection, Application for Service and Customer account, except where Water Service is provided pursuant to a Wholesale Contract. Use of water in a manner that is incidental and accessory to a single place use, e.g. ordinary watering of a garden, shall not be considered a second Place of Consumption.

The purpose of this definition was to recognize that the Company provides or could be asked to provide water service in a number of different circumstances, including residential homes, second homes, cottages, bunkhouses, apartments, commercial buildings, restaurants, pools and landscaping areas.

Staff suggested that substantive provisions such as the requirement that each separately owned, leased or occupied location be considered a separate customer should be moved to another location in the Tariff. Staff also recommended that a clearer example of incidental use be provided. The Company accepted the suggestions resulting in the following definition in the Tariff recommended by Staff on March 16, 2018;

Place of Consumption- shall mean any location, or structure to which Water Service is provided or available.(e.g. single family dwelling, bunkhouse, and cottage) A location or structure associated with an existing customer for which additional water service is incidental or accessory to the customer’s existing water service shall not be considered a Place of

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**LAKES REGION WATER COMPANY, INC.**  
**STAFF DATA REQUESTS – SET 1**

Consumption. (e.g. utility sink in garage, outdoor shower  
or outside garage faucet)

The Company remains open to other approaches. The Company's goal is to ensure that its Tariff contains clear, enforceable standards that allow the Company to require a separate customer account or a special contract when a customer connection serves multiple structures or uses that exceed those ordinarily be considered a single use.

This is particularly important due to strong seasonal demands in the Lakes Region where the cost to serve seasonal second homes is high. NH DES regulations governing system design require that pipe sizes, storage capacity and wells yields be sufficient to provide service during seasonal peak demand. This means that seasonal customers are significant factors in the capital costs of the facilities necessary to provide service.

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**Date Request Received: 04/04/2018**  
**Request No. Staff 1-2**

**Date of Response:**  
**Witness: Leah Valladares**

**REQUEST:**

Please provide a list of properties that currently have more than one “Place of Consumption”. Please detail how many places of consumption per property.

- a. Were the revenues from each “Place of Consumption” associated with these properties included in Lakes Region’s rate case DW15-209? If so, please quantify the amount included.
- b. If the revenues were not included in Lakes Region’s rate case DW15-209, please quantify the additional revenue generate by these additional places of consumption.

**RESPONSE:** The following are the properties with more than one “Place of Consumption”.

The individual customer addresses in the attached list have been redacted per Rule 203.08 (d) because the Company understands that the Commission typically considers this information to be confidential. See Puc 201.04 (a) (2) and RSA 91-A:5, IV. A complete un-redacted list marked confidential is being provided directly to Staff.

Account Number	System	Service Address	Number of Units	Revenue Per Year
<b>METERED SYSTEMS (2 Meters, 2 Service lines)</b>				
2004250.0098	Paradise Shores	[REDACTED]	1	\$ 568.05
2004300.0097	Paradise Shores	[REDACTED]	1	\$ 568.05
2010650.0096	Paradise Shores	[REDACTED]	1	\$ 568.05
2010670.0097	Paradise Shores	[REDACTED]	1	\$ 568.05
6035900.0097	Wenworth Cove	[REDACTED]	1	\$ 568.05
6035950.0097	Wenworth Cove	[REDACTED]	1	\$ 568.05
<b>Total Metered</b>			<b>6</b>	<b>\$ 3,408.30</b>
<b>UNMETERED SYSTEMS (Apartments, Duplex &amp; Businesses)</b>				
12049850.0094	Tamworth WW	[REDACTED]	3	\$ 2,166.60
12050050.0098	Tamworth WW	[REDACTED]	2	\$ 1,444.40
12050650.0093	Tamworth WW	[REDACTED]	2	\$ 1,444.40
12050700.0097	Tamworth WW	[REDACTED]	2	\$ 1,444.40
12050750.0095	Tamworth WW	[REDACTED]	10	\$ 7,222.00
12050950.0096	Tamworth WW	[REDACTED]	9	\$ 6,499.80
12051000.0095	Tamworth WW	[REDACTED]	2	\$ 1,444.40
12051350.0097	Tamworth WW	[REDACTED]	3	\$ 2,166.60
12051450.0095	Tamworth WW	[REDACTED]	5	\$ 3,611.00
12052650.0097	Tamworth WW	[REDACTED]	5	\$ 3,611.00
12052900.0094	Tamworth WW	[REDACTED]	2	\$ 1,444.40
14060650.0098	Deer Cove	[REDACTED]	39	\$ 28,165.80
16085450.0098	Indian Mound	[REDACTED]	3	\$ 2,166.60
<b>Total Unmetered</b>			<b>87</b>	<b>\$ 62,831.40</b>
<b>Grand Total</b>			<b>93</b>	<b>\$ 66,239.70</b>

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Revenues from each “Place of Consumption” listed above were included in rate case DW 15-209. The amount included was \$66,239.70. The proposed Tariff change would not impact any of these customers as a result.

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**STAFF DATA REQUESTS – SET 1**

**Date Request Received: 04/04/2018**  
**Request No. Staff 1-3**

**Date of Response:**  
**Witness: Leah Valladares**

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**REQUEST:**

Does the Company expect the number of properties having more than one “Place of Consumption” to increase over the next 5 years? If so, please explain and quantify the additional revenue generated by these additional places of consumption.

**RESPONSE:**

Not significantly, but the Company is unable to reliably estimate how many additional “Places of Consumption” could be added to existing customer locations. Within the current franchise area, the Company estimates that over the next five years, perhaps as few as 1 or 2 “Places of Consumption” are likely to be added under the proposed Tariff provision.

Upon approval of the Tariff, the Company is aware of two residential service customers that would be required to pay an additional base charge providing additional revenue by \$2,272.00 per year.

In addition, the pending purchase of Wildwood Water Company, Inc. franchise may contain 3 to 4 duplexes that are currently being occupied by separate non-related families but billed as a single customer. This would need to be determined after the system is acquired. The Company would contact the customers and consult with Staff concerning its determination prior to applying an additional charge. Possible additional revenue generated would be \$1,566-\$2,088 per year.

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**LAKES REGION WATER COMPANY, INC.**  
**STAFF DATA REQUESTS – SET 1**

**Date Request Received: 04/04/2018**  
**Request No. Staff 1-4**

**Date of Response:**  
**Witness: Leah Valladares**

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**REQUEST:**

Does the Company plan to inspect its franchise for properties that currently have one service but should be set up with multiple places of consumption?

**RESPONSE:**

At this time the Company does not have plans to inspect its franchise or customer properties. other than what is routinely observed during meter readings and normal operations.

**SERVICE LIST - EMAIL ADDRESSES - DOCKET RELATED**

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Pursuant to N.H. Admin Rule Puc 203.11 (a) (1): Serve an electronic copy on each person identified on the service list.

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Docket #: 17-106-1      Printed: June 08, 2018

**FILING INSTRUCTIONS:**

- a) Pursuant to N.H. Admin Rule Puc 203.02 (a), with the exception of Discovery, file 7 copies, as well as an electronic copy, of all documents including cover letter with:
- DEBRA A HOWLAND  
EXECUTIVE DIRECTOR  
NHPUC  
21 S. FRUIT ST, SUITE 10  
CONCORD NH 03301-2429
- b) Serve an electronic copy with each person identified on the Commission's service list and with the Office of Consumer Advocate.
- c) Serve a written copy on each person on the service list not able to receive electronic mail.