

STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITIES COMMISSION

Lakes Region Water Co., Inc. and
Wildwood Water Company, Inc.

Docket No. DW 17-176

Petition to Transfer Utility Assets and Franchise and for Related Approvals

SETTLEMENT AGREEMENT

I. INTRODUCTION

This Settlement Agreement (Agreement) is entered into this 15th day of March 2018, between and among Lakes Region Water Co, Inc. (Lakes Region), Wildwood Water Company, Inc. (Wildwood), the Office of the Consumer Advocate (OCA), and the Staff of the New Hampshire Public Utilities Commission (Staff) (collectively, the Settling Parties), with the intent of resolving certain issues, more fully described below, in the above-captioned proceeding.

II. THE PARTIES

Lakes Region is a New Hampshire corporation and public water utility. Lakes Region serves a total of approximately 1,760 customers in 18 separate systems located in the Lakes Region and Mt. Washington Valley of New Hampshire. Wildwood is a New Hampshire corporation and public water utility that provides water service to 49 customers in the Town of Albany, New Hampshire. Wildwood is owned by Burnham E. Quint, Jr. and Robert Letoile, who are its shareholders.

III. PROCEDURAL BACKGROUND

On November 13, 2017, Lakes Region, and Wildwood (together, the Joint Petitioners) filed with the New Hampshire Public Utilities Commission (Commission) a Joint Petition

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seeking: (1) approval to transfer Wildwood's water utility assets and franchise to Lakes Region pursuant to RSA 374:22 and :30; (2) permission for Wildwood to discontinue operations as a public utility pursuant to RSA 374:28; and (3) permission for Lakes Region to modify the tariff of Wildwood to reflect the terms and conditions of service provided by Lakes Region, pursuant to RSA 378:3. The OCA filed a letter of participation on December 4, 2017.

On January 3, 2018, the Commission issued an Order of Notice directing Lakes Region to provide notice to Wildwood's customers and to the Town of Albany. Lakes Region filed an Affidavit of Publication with the Commission on January 12, 2018 indicating that it had sent the Commission's Order of Notice by first class mail to all Wildwood customers as well as the Town of Albany on January 8, 2018.

The Commission held a prehearing conference followed by a technical session on January 23, 2018. No customers or other persons requested intervention or provided comments concerning the Joint Petition. The Commission approved a procedural schedule for review of the Joint Petition on February 2, 2018. Staff propounded data requests to the Joint Petitioners on February 2, 2018 to which the Joint Petitioners provided written responses on February 12, 2018. A copy of those responses is attached as Exhibit A to this Settlement Agreement.¹ A technical session was held on February 21, 2018 amongst Lakes Region, Staff, and the OCA wherein the terms of a Settlement Agreement was discussed.

IV. TERMS OF AGREEMENT

The Settling Parties agree as follows:

¹ Also included, is a Supplemental Response to Staff Data Request 1-9 dated February 28, 2018.

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A. Sale of Assets

The Settling Parties agree that such sale by Wildwood as set forth in the Asset Purchase Agreement dated September 21, 2017 between Lakes Region, as Buyer, and Wildwood, as seller, (APA) is for the public good pursuant to RSA 374:30 and, therefore, recommend the Commission approve the sale. The Settling Parties note that the transfer of assets set forth in the APA will provide administrative efficiencies to ratepayers in both service territories, and that ratepayers in the Wildwood service territory in particular will benefit from service improvements and access to lower cost capital than was available under Wildwood's 100 percent equity capitalization structure.

B. Authority to Operate

The Settling Parties agree that Lakes Region has the requisite managerial, technical, and financial expertise to provide service to Wildwood's customers within the current Wildwood franchise area. Accordingly, the Settling Parties recommend the Commission find that Lakes Region's request for approval to engage in the business of providing water service in Wildwood's franchise area is for the public good.

C. Authority to Discontinue Service

The Settling Parties agree that Wildwood's discontinuation of service is for the public good, and recommend the Commission grant Wildwood's request to cease providing service as a public utility as of the date of the closing of the transaction as contemplated in the APA.

D. Tariff Revisions

The Settling Parties agree that Lakes Region shall incorporate Wildwood's existing rate schedule into its Tariff which is pending before the Commission in Docket No. DW 17-106, so

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that Lakes Region's general terms and conditions shall apply to water service provided at Wildwood's existing approved rates. Lakes Region shall file a revised tariff with the Commission incorporating these changes within thirty (30) days of the later of: (a) a Commission Order approving this Agreement; or (b) the Commission's approval of Lakes Region's Tariff which is pending before the Commission in Docket No. DW 17-106. A customer notice detailing specific tariff changes affecting the Wildwood system as a result of Lakes Region's acquisition will be sent to all Wildwood customers as well as the Town of Albany within forty-five (45) days from the later of the above-mentioned Commission approvals.

It is anticipated that, in its next rate proceeding before the Commission, Lakes Region will request the inclusion of Wildwood in its consolidated rate structure. The Settling Parties agree that Lakes Region's anticipated request for Wildwood's inclusion in Lakes Region's consolidated rate structure shall be subject to review and approval by the Commission as provided by law.

E. Capital Improvements Plan

The Settling Parties agree that Lakes Region shall prepare a 5-year capital improvements plan and budget for the Wildwood system. The Settling Parties further agree that Lakes Region shall include the 5-year capital improvements plan and budget for the Wildwood system with its NHPUC Annual Report for the year ending December 31, 2018.

F. Acquisition Costs

The Settling Parties agree that Lakes Region shall record its acquisition costs associated with the purchase of the Wildwood system as a deferred asset in its accounting records. It is anticipated that Lakes Region shall request rate recovery of these acquisition costs via an

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amortization mechanism in its next rate proceeding before the Commission. The Settling Parties further agree that inclusion of these acquisition costs in customer rates shall be subject to review and approval by the Commission as provided by law.

V. CONDITIONS

This Agreement is expressly conditioned upon the Commission's acceptance of all of its provisions, without change or condition, and if the Commission does not accept said provisions in their entirety, without change or condition, this Agreement shall at any of the Settling Parties' option exercised within ten (10) days of such Commission order, be deemed to be null and void and without effect and shall not constitute any part of the record in this proceeding nor be used for any other purpose.

The Commission's acceptance of this Agreement does not constitute continuing approval of, or precedent regarding, any particular principle or issue in this proceeding, but such acceptance does constitute a determination that, as the Settling Parties believe, the provisions set forth herein in their totality are just and reasonable and in the public good.

The information and testimony previously provided in this proceeding are not expected to be subject to cross-examination by the Settling Parties, which would normally occur in a fully litigated case. The Settling Parties agree that all of their pre-filed exhibits should be admitted as full exhibits for the purpose of consideration of this Agreement. Agreement to admit all pre-filed testimony without challenge does not constitute agreement by the Settling Parties that the content of the pre-filed testimony filed on behalf of the other is accurate or what weight, if any, should be given to the views of any witness.

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The discussions which have produced this Agreement have been conducted on the explicit understanding that all offers of settlement relating thereto are and shall be confidential, shall be without prejudice to the position of any party or participant representing any such offer or participating in any such discussion, and are not to be used in connection with any future proceeding or otherwise.

This Agreement may be executed in multiple counterparts, which together shall constitute one Agreement.

The Settling Parties agree that the proposed Agreement is lawful and consistent with the public good, and therefore recommend its approval.

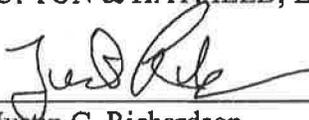
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IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed in their respective names by their authorized agents.

Lakes Region Water Co., Inc.
By Its Counsel,
UPTON & HATEFIELD, LLP

Date: March 14, 2018

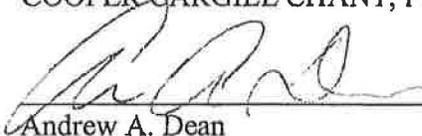
By:


Justin C. Richardson
NHBA #12148
159 Middle Street
Portsmouth, New Hampshire 03801

Wildwood Water Company, Inc.
By Its Counsel,
COOPER GARGILL CHANT, P.A.

Date: March 13, 2018

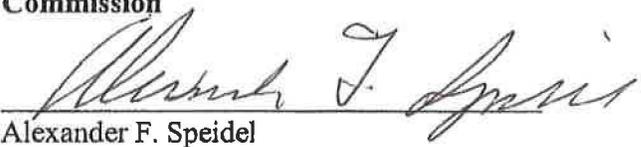
By:


Andrew A. Dean
NHBA # 268937
2935 White Mountain Highway
North Conway, New Hampshire 03860

**The Staff of the Public Utilities
Commission**

Date: March 15, 2018

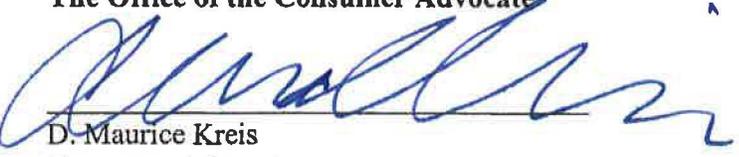
By:


Alexander F. Speidel
Staff Attorney

The Office of the Consumer Advocate

Date: March 15, 2018

By:


D. Maurice Kreis
Consumer Advocate