

STATE OF NEW HAMPSHIRE

BEFORE THE

PUBLIC UTILITIES COMMISSION

Re: Lakes Region Water Company

DW 22-_____

DIRECT PREFILED TESTIMONY OF THOMAS A. MASON

December 16, 2022

Q. What is your name and business address?

A. My name is Thomas A. Mason and my business address is 420 Governor Wentworth Highway, PO Box 389, Moultonborough, NH 03254.

Q. What is your role at Lakes Region Water Company?

A. I am president of the Company and serve on its Board of Directors. The company is owned by a family trust.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to explain the Company's desire to secure a term loan of up to 20 years and a maximum of \$862,080 to develop a new well source, to construct new pump and meter station and to connect to existing water system at Paradise Shores

Q. Please provide some background information about these projects?

A. Production from the wells in the Paradise Shores water system has been decreasing over the last several years. In 2021 the NHDES Sanitary Survey (Attachment A-NHDES Sanitary Survey) made a recommendation to locate, develop and permit an additional water source to maintain a sufficient supply to meet demand. Based on this recommendation the Company began to proactively research its own property within the water system for a new well source. Due to low well yields and high-water usage this summer, the Company trucked in a total of 396,000 gallons of water from July 6th, 2022 to September 6th, 2022 in order to keep up with the demand.

Q. How does the Company plan to proceed.

A. Company engaged Nobis for professional hydrogeologic services (Attachment B-Nobis' Revised Proposal for New Well Siting dated February 15, 2022) in which

- they will conduct a preliminary assessment of well potential, favorable areas for drilling and a detailed exploration and well siting, including geophysics.
- Q. What is the overall objective of the hydrogeologic services?
- A. To increase water supply available for the Paradise Shores water system to augment to yield of existing sources during high demand and/or increase water supply available.
- Q. How will Nobis conduct its work?
- A. Nobis proposes to conduct the work in phases.
- Q. Please describe the phases and the related costs.
- A. Phase 1- Preliminary assessment of well potential and favorable areas for drilling.
Phase 2- Detail exploration and well siting, including geophysics.
Future phases- Provide permitting services if wells are useable
- Q. Has the Company and Nobis begun its work?
- A. Yes.
- Q. What are the results thus far?
- A. The Company has constructed a 1700' access road to reach the site areas proposed by Nobis for the four (4) well sites and the Company has drilled two (2) test wells to date.
- Q. Has Nobis provided a letter report?
- A. No, Nobis is still collecting information. The Company will provide a letter report when the report becomes available.
- Q. What are the total costs of the Projects?
- A. The total costs of the Project are estimated to be \$862,080.
- Q. How does the Company propose to finance such costs?

- A. The Company proposes to borrow \$862,080 from CoBank.
- Q. What are the terms and conditions of the CoBank financing?
- A. The proposed terms and conditions are 20 years at an estimated 6.75% interest rate. (Attachment C- Cobank Term letter, please note that Cobank rounded the loan amount to \$863,000 in its term letter). As of October 12, 2022 the 20-year term loan is in the 6.75% range. It should be noted that interest rates are rising. Presuming NHPUC approval at some later point in time, it is likely that the interest rate will be higher.
- Q. Why should the Commission approve the financing?
- A. The Commission should approve the financing because it is in the best interest of the Company and its customers. The development of a new source of supply will provide adequate and reliable supply into the future.
- Q. How is the Company proposing to recover these investments?
- A. The Company plans to recover approximately 66% of the costs via the Company's annual contract with POASI. The approximately 34% of the costs will have to recover from the Company's ratepayers as part of a future rate case.
- Q. Is there anything else that you would like to address.
- A. No.
- Q. Does this conclude your testimony?
- A. Yes.