

**THE STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DW 10-306

LAKELAND MANAGEMENT COMPANY, INC

Permanent Rates

**Order Suspending Proposed Tariffs
and
Scheduling a Prehearing Conference**

ORDER NO. 25,198

February 22, 2011

Lakeland Management Company Inc. (Lakeland) is a regulated public utility that provides water service to approximately 156 customers and sewer service to approximately 152 customers in the Town of Belmont. On November 19, 2010, Lakeland filed a notice of intent to increase its rates to both the water and sewer utilities. Lakeland also submitted a request for waiver of certain filing requirements of N.H. Code Admin. R. Puc 1604.01. Lakeland states that a waiver from the N.H. Code Admin. R. Puc 1604.01 filing requirements is appropriate because, given its small size, Lakeland does not prepare: (1) monthly and/or quarterly reports; (2) internal financial statements; (3) stockholder reports; (4) advertising reports; (5) cost of service studies; (6) management and depreciation studies; (7) expense reports; or (8) Securities and Exchange Commission filings.

On January 19, 2011, Lakeland filed its proposed rate schedules as well as materials supporting its proposed permanent rate increases for both its water and sewer systems. Lakeland seeks to increase its annual water revenues by \$59,452, or an overall increase of 73.16%. Lakeland seeks to increase its annual sewer revenues by \$8,261, or an overall increase of 11.9%.

To collect the increased revenue requirement, Lakeland proposes to change its customer rates, effective February 18, 2011, as follows:

WATER				
CUSTOMER CLASS	OLD CUSTOMER CHARGE	NEW CUSTOMER CHARGE	OLD USAGE RATE \$/HCF (hundred ft ³)	NEW USAGE RATE \$/HCF
Commercial A	\$833	\$1442	\$12.1873	\$16.6035
Commercial B	\$278	\$481	\$4.2729	\$7.5061
Residential Single Family	\$62	\$107	\$3.4617	\$5.225
Residential Multi-family	\$278	\$3424	\$4.2729	\$5.225

SEWER				
CUSTOMER CLASS	OLD CUSTOMER CHARGE	NEW CUSTOMER CHARGE	OLD USAGE RATE \$/HCF	NEW USAGE RATE \$/HCF
Commercial A	None	\$711	85.4%*	\$4.7734
Commercial B	None	\$237	85.4%*	\$1.54
Residential Single Family	None	\$53	85.4%*	\$1.7489
Residential Multi-family	None	\$6427	85.4%*	\$1.7489

*Of total water charge

In support of its request to increase its annual revenue requirement, Lakeland states that permanent rate increases are necessary given that the operating results for the test year ending December 31, 2010 reflect a loss of \$18,213. Lakeland further states that its last rate filing was 15 years ago and since then it has improved its water treatment systems, drilled a new well, and increased its storage capacity. Lakeland states that the increased cost of regulation, overall

business cost increases, taxes, as well as investment in plant have all contributed to Lakeland's financial loss.

With respect to Lakeland's waiver request, we will grant the request insofar as Lakeland is a very small utility and does not produce the information, reports, or filings for which the waiver is requested. The orderly and efficient resolution of this proceeding will not be disrupted by the requested waiver inasmuch as the parties and Staff can avail themselves of the discovery process to obtain whatever information is needed to review Lakeland's rate filings. In addition, Staff routinely conducts a financial audit of utilities requesting an increase in rates. Staff will scrutinize all expenditures and revenues, as well as the audit results, as it does in any rate request.

This order and other filings in this docket, other than information for which confidential treatment is requested of or granted by the Commission, will be posted to the Commission's website at: www.puc.nh.gov/Regulatory/Docket/2010/10-306.htm.

The filing raises, *inter alia*, issues related to: RSA 378:7 and RSA 378:27-28 and whether the proposed permanent rates are lawful, just, and reasonable; whether test year expenses and *pro forma* adjustments are reasonable; whether the calculation of rate base represents prudent investment in property that is used and useful in the provision of utility service; the determination of a reasonable rate of return, including an appropriate capital structure; the suitability of consumption measurement; whether rate changes and billing methodologies are just and reasonable; and whether the level of revenues requested is appropriate.

Based on the foregoing, it is hereby

ORDERED, that Lakeland Management Company Inc. NHPUC No. 2 WATER, Lakeland's NHPUC No. 1 SEWER Fourth Revised Page 1, and Lakeland's NHPUC No. 1 SEWER Original Page 2, be and hereby are suspended; and it is

FURTHER ORDERED, that a waiver of N.H. Code Admin. R. Puc 1604.01 Rate Case Filing Requirements is hereby granted pursuant to N.H. Code Admin. R. Puc 201.05; and it is

FURTHER ORDERED, that a Prehearing Conference, pursuant to N.H. Code Admin. R. Puc 203.15, be held before the New Hampshire Public Utilities Commission located at 21 S. Fruit St., Suite 10, Concord, New Hampshire on April 6, 2011 at 10:00 a.m. at which each party and Staff will provide a preliminary summary of its positions with regard to the filing; and it is

FURTHER ORDERED, that immediately following the Prehearing Conference, Lakeland, Staff, and any intervenors hold a technical session to review the issues and recommend a proposed procedural schedule for consideration of the issues raised by the filing; and it is

FURTHER ORDERED, that a waiver of the 30-day notice requirement of N.H. Code Admin. R. Puc 1203.02(d) is hereby granted pursuant to N.H. Code Admin. R. Puc 201.05 and that pursuant to N.H. Code Admin. R. Puc 203.12, Lakeland notify all persons desiring to be heard at this hearing by providing a copy of this Order on or before March 23, 2011 to all current and known prospective customers by first class mail, as well as mailing a copy of the Order to the town clerks for the Towns of Belmont and Gilford, and that said mailings be documented by affidavit filed with the Commission on or before April 6, 2011; and it is



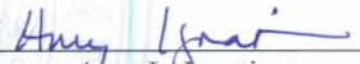
FURTHER ORDERED, that pursuant to N.H. Code Admin. R. Puc 203.17, any party seeking to intervene in the proceeding shall submit to the Commission seven copies of a Petition

to Intervene with copies sent to Lakeland and the Office of the Consumer Advocate, on or before April 4, 2011, such Petition stating the facts demonstrating how its rights, duties, privileges, immunities or other substantial interests may be affected by the proceeding, as required by N.H. Code Admin. R. Puc 203.17 and RSA 541-A: 32, I (b); and it is


FURTHER ORDERED, that any party objecting to a Petition to Intervene make said Objection on or before April 6, 2011; and it is

FURTHER ORDERED, that, pursuant to N.H. Code Admin. R. Puc 203.12(a)(5), each party has the right to have an attorney represent the party at the party's own expense.

By order of the Public Utilities Commission of New Hampshire this twenty-second day of February, 2011.

		
Thomas B. Getz Chairman	Clifton C. Below Commissioner	Amy L. Ignatius Commissioner

Attested by:



 Debra A. Howland
 Executive Director

Individuals needing assistance or auxiliary communication aids due to sensory impairment or other disability, should contact the Americans with Disabilities Act Coordinator, NHPUC, 21 S. Fruit St., Suite 10, Concord, New Hampshire 03301-2429; 603-271-2431; TDD Access: Relay N.H. 1-800-735-2964. Notification of the need for assistance should be made one week prior to the scheduled event.