

**STATE OF NEW HAMPSHIRE  
PUBLIC UTILITIES COMMISSION**

**DW 15-209**

**LAKES REGION WATER COMPANY, INC.**

**Permanent and Temporary Rate Increase Proceeding**

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

**ORDER NO. 25,809**

**September 4, 2015**

Lakes Region Water Company, Inc. (LRWC or the Company), provides water service to approximately 1,700 customers within limited areas of the Towns of Campton, Conway, Freedom, Gilford, Laconia, Moultonborough, Ossipee, Tamworth, Thornton, and Tuftonboro. On June 3, 2015, LRWC filed a notice of intent to file rate schedules. On August 5, LRWC filed proposed tariff pages along with testimony and schedules, pursuant to N.H. Code of Admin. Rules Chapter Puc 1600, supporting its proposed rate increase. On that date LRWC also filed a Request for Waiver of Puc 1604.05(c)(1), the requirement to file rate schedules within 60 days after filing a notice of intent. LRWC proposes to permanently increase its annual water revenues from general metered and unmetered customers<sup>1</sup> by \$398,274, or 38.18%.<sup>2</sup> LRWC estimates that customer bills will increase by an average of \$239.06 per year or \$59.77 per quarter. On August 17, 2015, LRWC filed a petition for temporary rates. LRWC's petitions and subsequent docket filings, other than any information for which confidential treatment is requested of or

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<sup>1</sup> The increase is exclusive of revenues from its special contract with the Property Owners Association at Suissevale, Inc., (POASI).

<sup>2</sup> LRWC's Report of Proposed Rate Changes accompanying its permanent rate petition shows a proposed net increase in its gross operating revenues of \$386,745, or 29.39%, from \$1,316,010 earned during 2014 to \$1,702,755 in proposed new operating revenues. The net increase consists of the proposed increase in revenues from general metered and unmetered customers of \$398,274, an anticipated increase in revenues from the special contract with POASI of \$65,754, and an anticipated decrease in rate case surcharge revenues of \$77,283.

granted by the Commission, will be posted to the Commission's website at

<http://www.puc.nh.gov/Regulatory/Docketbk/2015/15-209.html>.

LRWC states that its currently effective rates do not allow it to meet its operating expenses and earn its authorized rate of return on water system investment. LRWC proposes a rate of return of 8.68%, based on a cost of equity of 11.60% and a weighted average cost of debt of 4.94%. LRWC's capital structure as of December 31, 2014, was composed of 33.32% debt and 66.68% equity.

LRWC proposes a rate base value that includes plant investment during and after the 2014 test year. Those investments include \$608,475 during the test year, including significant investments in its Indian Mound and Paradise Shores systems; \$415,906 during 2015, to purchase the so-called "Mt. Roberts" property;<sup>3</sup> and approximately \$216,147 of other post-test year investments. Also, the Company proposes step adjustments to recover the costs of additional capital investments anticipated during the next five years.

LRWC requests as temporary rates an increase in its annual water revenues from general metered and unmetered customers<sup>4</sup> of \$221,487.<sup>5</sup> LRWC asserts that it achieved a rate of return of 3.64% during the test year, which is significantly below its authorized rate of return of 8.19%. LRWC estimates that the proposed temporary revenue increase will result in an average annual increase to general metered and unmetered customers of \$132.95, or \$33.24 per quarter. LRWC

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<sup>3</sup> LRWC has received a financing proposal from CoBank for the purchase of the Mt. Roberts Land. The Company intends to make a filing for financing approval in conjunction with the instant rate proceeding.

<sup>4</sup> The increase is exclusive of revenues from its special contract with the Property Owners Association at Suissevale, Inc., (POASI).

<sup>5</sup> LRWC's Report of Proposed Rate Changes accompanying its temporary rate petition shows a proposed net increase in its gross operating revenues of \$209,958, or 15.95%, from \$1,316,010 earned during 2014 to \$1,525,968 in proposed new operating revenues. The net increase consists of the proposed increase in revenues from general metered and unmetered customers of \$221,487, an anticipated increase in revenues from the special contract with POASI of \$65,754, and an anticipated decrease in rate case surcharge revenues of \$77,283.

proposes that temporary rates take effect on the date specified for publication of the Order of Notice in this proceeding, on a service rendered basis. If temporary rates are approved, customers' bills will be reconciled with the permanent rates approved by the Commission in this proceeding.

We grant LRWC's requested waiver of Puc 1604.05 (c) (1). The two-day delay in filing the rate schedules did not adversely affect the rights of any party.

LRWC's filing raises, *inter alia*, issues related to: RSA 378:7 and the justness and reasonableness of LRWC's proposals including proposed temporary and permanent rates and charges; the proposed operating expenses, proforma adjustments, and rate of return; the proposed rate base and its prudence and used and usefulness; and whether any proposed financing is consistent with the public good.

**Based upon the foregoing, it is hereby**

**ORDERED**, that Lakes Region Water Company, Inc.'s NHPUC NO. 6 WATER – 6<sup>th</sup> Revised Pages 10, 11, and 12 are hereby suspended; and it is

**FURTHER ORDERED**, that a Prehearing Conference, pursuant to N.H. Code Admin. Rules Puc 203.15, be held before the Commission located at 21 S. Fruit St., Suite 10, Concord, New Hampshire on at September 30, 2015 at 1:30 p.m., at which each party will provide a preliminary statement of its position with regard to the petition and any of the issues set forth in N.H. Code Admin. Rules Puc 203.15 shall be considered; and it is

**FURTHER ORDERED**, that, immediately following the Prehearing Conference, Lakes Region Water Company, Inc., the Staff of the Commission, and any Intervenors hold a Technical

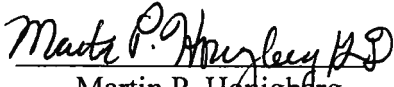
Session to review the petition and allow Lakes Region Water Company, Inc. to provide any amendments or updates to its filing; and it is


**FURTHER ORDERED**, that pursuant to N.H. Code Admin. Rules Puc 203.12, Lakes Region Water Company, Inc. shall notify all persons desiring to be heard at this hearing by mailing a copy of this Order of Notice no later than September 14, 2015, to all current and known prospective customers as well as the Clerk of the Towns of Campton, Conway, Freedom, Gilford, Laconia, Moultonborough, Ossipee, Tamworth, Thornton, and Tuftonboro, New Hampshire, by first class U.S. Mail, postmarked no later than September 14, 2015 and documented by affidavit filed with the Commission on or before September 25, 2015; and it is


**FURTHER ORDERED**, that pursuant to N.H. Code Admin. Rules 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 Lakes Region Water Company and the Office of the Consumer Advocate on or before September 25, 2015, such petition stating the facts demonstrating how its rights, duties, privileges, immunities or other substantial interest may be affected by the proceeding, as required by N.H. Code Admin. Rules 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 September 30, 2015.

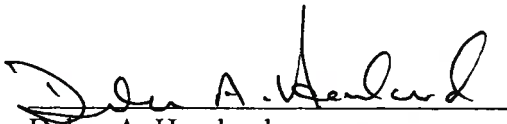
By order of the Public Utilities Commission of New Hampshire this fourth day of  
September, 2015.

  
Martin P. Honigberg  
Chairman

  
Robert R. Scott  
Commissioner

  
Kathryn M. Bailey  
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.