

## TESTIMONY OF WADE R. CRAWSHAW

1. Please identify yourself.

I was born on May 22, 1952, a resident of Somerville, Massachusetts. My address is PO Box 7394, Gilford, NH 03247.

2. What is your education after high school?

I attended Wentworth College and the New Hampshire Technical Institute, from which I obtained an Associates Degree in architecture. I graduated from the University of New Hampshire with a Bachelor of Engineering in Civil Engineering in 1978.

3. By whom are you employed?

I am employed by C&C Water Services, Inc. I am the President, Director, and sole shareholder of Lakeland Management Company, Inc., and also of C&C Water Services, Inc.

4. What is the petitioner?

Lakeland Management Company, Inc. (the "Company") is a corporation organized and existing under the law of the State of New Hampshire. The Company is a public utility, owning and operating a public water supply system and a public sewer system in the Town of Belmont, New Hampshire. The Company's address is PO Box 7394, Gilford, NH 03247.

5. What is the capitalization of Lakeland Management Company, Inc.?

The capital stock of the Company consists of 100 shares of common stock with no par value. As of December 31, 2008, the Company has an additional \$212,987 of paid in capital.

6. What is the financing for which Commission approval is sought?

The Company seeks to acquire funds from the State of New Hampshire acting through its Department of Environmental Services State Revolving Fund ("SRF"). The total funding will be \$95,000. Half of that, \$47,500 will be a loan, plus interest at the rate of 2.34% per year on the declining balance, repayable in 120 equal monthly installments. The loan shall be evidenced by a promissory note. The other half, \$47,500, will be a grant, and will be treated as contribution in aid of construction. The funds are made available under the American Recovery and Reinvestment Act.

7. How will the proceeds of that funding be used?

The proceeds will be used to fund the construction of an additional water storage facility in the Briarcrest area within the Company's franchise territory in the Town of Belmont, New Hampshire. The water storage facility that is to be built will be located approximately 1,000 feet northeast of Plummer Road in Belmont, New Hampshire. The project will be to purchase and install two new American manufactured pre-cast concrete water storage tanks, totaling 30,000 gallons of storage, including the necessary water main piping, valves, fittings, and miscellaneous appurtenances. A topographical map showing the location is attached as Exhibit 1.

8. Why is the additional storage to be constructed?

In 2008 water service was extended to Maple Hill Apartments. Those apartments added 32 water users to the Company's customer base. The proposed 30,000 gallons of additional atmospheric storage, at the same geographic location, is needed to be able to provide the necessary and required gravity based water supply to meet NHDES and industry standards. The project will enable the Company to meet design requirements, enhance reliability of water to the service area under high demand conditions, as well as power failure conditions. The New Hampshire Department of Environmental Services has approved the project.

9. Breakdown the total funding.

A breakdown of the total funding is as follows:

Storage Tanks	\$85,000
Variable Frequency Drives	<u>\$10,000</u>
Total	\$95,000

That breakdown was provided by Bruce Lewis Engineering.

10. Who will be constructing the additional storage facility?

A general contractor has not yet been selected.

11. What benefit to the ratepayers is to be derived from the proposed construction?

The borrowing which is the subject of this petition will save the ratepayers of the Company considerable money, for it allows the Company to acquire the capital to improve its storage capability without having to pay back half of it

and at a favorable rate of interest for the other half. The terms are reasonable. The borrowing is consistent with the public good.

12. Please describe the storage station situation at Lakeland.

There is an existing 20,000 gallon water storage facility that currently provides water throughout the service area by gravity pressure. The service area is currently underserved.

13. Are there any other benefits associated with the project?

With certain electrical upgrades and operational programming, there will be increased energy efficiency and lower chemical addition costs. The increase in energy efficiency potentially can be achieved by reducing the surge of electrical current when the motor starts, thereby reducing the demand charge and reducing the wear and tear on the motor. The lower chemical addition costs potentially can be achieved by blending the bedrock well water with the gravel based well water.

14. When does the Company anticipate that the project will be completed?

The Company anticipates that the project will be completed in December 2009.

15. What is the Company proposing for the step increases associated with this project?

The Company is proposing a step increase for the project as part of its soon to be filed rate case. The step increase would go into effect upon completion of the project and when such project is providing service to customers. The Company anticipates that the project will be completed in December 2009. The Company believes that a likely time line would be for service to be provided by January 1, 2010 and new rates to be billed on or about April 1, 2010.

16. Why is the Company asking for approval of an order "NISI"?

The Company is asking the Commission to issue an order "NISI" due to funds becoming available to the State for "shovel ready" infrastructure projects through the recently passed federal legislation, the American Recovery and Reinvestment Act of 2009 (ARRA), or better known as the Federal Stimulus Package.

17. What process did the Company have to follow?

The New Hampshire Department of Environmental Services (NHDES), through its State Revolving Fund ("SRF"), received ARRA funds, which it has to spend in a prudent but expeditious manner in order to adhere to the Federal guidelines. As such the NHDES notified all water utilities in the state, posted the guidelines for qualifying projects and solicited pre-application filing for projects. The Company submitted an application for this project totaling \$95,000. NHDES evaluated each project as to need, economics of the area, and other criteria, which lead to each project receiving a ranking from 1 to 265. The NHDES then started at the top and will continue disbursing until the money runs out.

18. How else has urgency been demonstrated?

The speed demands on these projects are accelerated throughout the project life and over all governmental agencies from federal to state to local. The project administrators, the NHDES, have been instructed that if proper approvals for the projects are not received from the local communities, or in our case, the Commission, in an expeditious manner, then the project dollars will be withdrawn and awarded to the next project in line. This is all being done to expend the "Stimulus Money" as quickly as possible in order to maximize the economic impact of the process.

19. Does this conclude your testimony?

Yes.