

Forest Edge Water Company

Report of Proposed Rate Changes

Utility Forest Edge Water Co. Date Filed: 6/10/2009

Tariff No.: Effective Date 4/1/2009

<u>Rate of Class of Service</u>	<u>Effect of Change</u>	<u>Number of Customers</u>	<u>Authorized Present Revenue</u>	<u>Proposed Revenue</u>	<u>Proposed Change Amount</u>	<u>Proposed Change Percentage</u>
Gen'l Cust.	<u>\$10,365</u>	<u>38</u>	<u>\$7,600</u>	<u>\$17,965</u>	<u>\$10,365</u>	<u>136.38%</u>
Total Water	<u>\$10,365</u>	<u>38</u>	<u>\$7,600</u>	<u>\$17,965</u>	<u>\$10,365</u>	<u>136.38%</u>
Avg. Genl. Cust.	<u>\$272.76</u>		<u>\$200.00</u>	<u>\$472.76</u>	<u>\$272.76</u>	<u>136.38%</u>

GENERAL SERVICE – UNMETERED

AVAILABILITY:

This service is applicable to all unmetered water service in the territory.

RATES:

\$472.76 payable semiannually \$236.38 due May 1, and \$236.38 due November 1.

TERMS OF PAYMENT:

Bills are rendered semiannually and are due and payable upon presentation. If payment is not made within 30 days from postmarked date, disconnect action may be taken in accordance with regulations of the N. H. Public Utilities Commission.

Issued:

Issued by:

Nathaniel Sullivan

Effective: April 1, 2009

Title:

President

Authorized by NHPUC Order No. ... in DW 08-160 dated ...

Forest Edge Water Company

Computation of Revenue Deficiency

For the Test Year Ended December 31, 2008

	<u>Actual</u>	<u>Proforma</u>
Rate Base (Schedule 3)	\$34,398	\$39,472
Rate of Return (Schedule 4)	<u>0.00%</u>	<u>7.00%</u>
Operating Income Required	\$0	\$2,763
Net Operating Income (Schedule 1)	<u>-4,263</u>	<u>2,763</u>
Operating Income Deficiency	\$4,263	\$0
Tax Effect	<u>0</u>	<u>0</u>
Revenue Deficiency	<u>\$4,263</u>	<u>\$0</u>

Statement of Income

Line No.	Account Title (Number) (a)	Actual 2008 Year End Balance (b)	Proforma Adjustments (c)	Proforma 2008 Year End Balance (d)	Actual 2007 Year End Balance (e)	Actual 2006 Year End Balance (f)	Actual 2005 Year End Balance (g)
	UTILITY OPERATING INCOME						
1	Operating Revenues(400)	\$ 7,600	\$ 10,365	\$ 17,965	\$ 7,600	\$ 7,400	\$ 7,300
2	Operating Expenses:						
3	Operating and Maintenance Expense (401)	9,229	3,025	12,254	22,010	7,788	11,047
4	Depreciation Expense (403)	2,334	314	2,648	1,243	556	715
5	Amortization of Contribution in Aid of Construction (405)						
6	Amortization of Utility Plant Acquisition Adjustment (406)						
7	Amortization Expense-Other (407)						
8	Taxes Other Than Income (408.1-408.13)	300		300	217	424	1,071
9	Income Taxes (409.1, 410.1, 411.1, 412.1)						
10	Total Operating Expenses	\$ 11,863	\$ 3,339	\$ 15,202	\$ 23,470	\$ 8,768	\$ 12,833
11	Net Operating Income (Loss)	(4,263)	7,026	2,763	(15,870)	(1,368)	(5,533)
	OTHER INCOME AND DEDUCTIONS						
13	Interest and Dividend Income (419)						
14	Allow. for funds Used During Construction (420)						
15	Nonutility Income (421)						
16	Gains (Losses) Form Disposition Nonutility Property (422)						
17	Miscellaneous Nonutility Expenses (426)	(250)					
18	Interest Expense (427)						
19	Taxes Applicable to Other Income (409.2, 410.2, 411.2 412.2)						
20	Total Other Income and Deductions	\$ (250)	\$ -	\$ -	\$ -	\$ -	\$ -
21	NET INCOME (LOSS)	\$ (4,513)	\$ 7,026	\$ 2,763	\$ (15,870)	\$ (1,368)	\$ (5,533)

Forest Edge Water Company
Statement of Income - Proforma Adjustments

Schedule 1A

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Operating Revenues

2007 Test Year Proforma	\$17,965
2007 Test Year Actual	<u>7,600</u>
Proforma Adjustment	<u>\$10,365</u>

To adjust test year revenues for the additional revenue needed in order for the Company to earn its rate of return and to recover its expenses.

Total Proforma Adjustment to Operating Revenues **\$10,365**

Operating and Maintenance Expenses

<u>Maintenance of Pumping Equipment</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	
Three Year Average of Maintenance	1,963	13,255	1,438	\$5,552
2008 Maintenance				<u>1,963</u>
Proforma Adjustment				<u>\$3,589</u>
To adjust test year maintenance to 4 year average				

<u>Regulatory Commission Exp (Water Testing)</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	
Three Year Average of Water Testing	1,981	1,912	357	\$1,417
2008 Water Testing				<u>1,981</u>
Proforma Adjustment				<u>(\$564)</u>
To adjust test year water testing to 4 year average				

Total Proforma Adjustment to Operating and Maintenance Expenses **\$3,025**

Depreciation Expenses

2008 Test Year Proforma	\$2,648
2008 Test Year Actual	<u>2,334</u>
Proforma Adjustment	<u>\$314</u>
To adjust test year depreciation for additional half year depreciation on 2008 additions to plant	

Total Proforma Adjustment to Operating Expenses **\$3,339**

Balance Sheet - Assets and Other Debits

Line No.	Account Title (Number) (a)	Actual 2008 Year End Balance (b)	Actual 2007 Year End Balance (b)	Actual 2006 Year End Balance (c)	Actual 2005 Year End Balance (d)
UTILITY PLANT					
1	Utility Plant (101-106)	\$ 59,476	\$ 50,688	\$ 34,313	\$ 31,905
2	Less: Accumulated Depr. and Amort. (108-110)	\$ 24,905	\$ 22,571	\$ 21,328	20,772
3	Net Plant	\$ 34,571	\$ 28,117	\$ 12,985	\$ 11,133
4	Utility Plant Acquisition Adj. (Net) (114-115)				
5	Total Net Utility Plant	\$ 34,571	\$ 28,117	\$ 12,985	\$ 11,133
OTHER PROPERTY AND INVESTMENTS					
6	Nonutility Property (121)				
7	Less: Accumulated Depr. and Amort. (122)				
8	Net Nonutility Property				
9	Utility Investments (124)				
10	Depreciation Fund (127)				
11	Total Other Property & Investments	\$ -	\$ -	\$ -	\$ -
CURRENT AND ACCRUED ASSETS					
12	Cash (131)	1,094	1	4,557	-
13	Special Deposits (132)				
14	Accounts Receivable Net (141-143)	500	800	1,695	-
15	Plant Materials and Supplies (151)				
16	Prepayments (162-163)	39		42	253
17	Misc. Current and Accrued Assets (174)				
18	Total Current and Accrued Assets	\$ 1,633	\$ 801	\$ 6,294	\$ 253
DEFERRED DEBITS					
19	Miscellaneous Deferred Debits (186)	1,250			
20	Accumulated Deferred Income Taxes (190)				
21	Total Deferred Debits	\$ 1,250	\$ -	\$ -	\$ -
TOTAL ASSETS AND OTHER DEBITS					
		\$ 37,454	\$ 28,918	\$ 19,279	\$ 11,386

Balance Sheet - Liabilities and Capital

Line No.	Account Title (Number) (a)	Actual 2008 Year End Balance (b)	Actual 2007 Year End Balance (b)	Actual 2006 Year End Balance (c)	Actual 2005 Year End Balance (d)
EQUITY CAPITAL					
1	Common Stock Issued (201)				
2	Preferred Stock Issued (204)				
3	Other Paid-In Capital (211)				
4	Retained Earnings (217)	(92,677)	(88,164)	(72,294)	(70,926)
5	Proprietary Capital (Proprietorships & partnerships only)(216)				
6	Total Capital	\$ (92,677)	\$ (88,164)	\$ (72,294)	\$ (70,926)
LONG TERM DEBT					
7	Other Long-Term Debt (224)	\$130,131	\$117,082	91,573	82,312
CURRENT AND ACCRUED LIABILITIES					
8	Accounts Payable (231)				
9	Notes Payable (232)				
10	Customer Deposits (235)				
11	Accrued Taxes (236)				
12	Accrued Interest (237)				
13	Misc. Current and Accrued Liabilities (241)				
14	Total Current and Accrued Liabilities	\$ -	\$ -	\$ -	\$ -
OTHER LIABILITIES					
15	Advances for Construction (252)				
16	Other Deferred Credits (253)				
17	Accumulated Deferred Investment Tax Credits (255)				
18	Miscellaneous Operating Reserves (265)				
19	Contributions In Aid of Construction - Net (271-272)				
20	Accumulated Deferred Income Taxes (282-283)				
21	TOTAL LIABILITIES AND CAPITAL	\$ 37,454	\$ 28,918	\$ 19,279	\$ 11,386

Forest Edge Water Company

Schedule 3

Rate Base

Line No.	Account Title (a)	December 2008 Balance (b)	December 2007 Balance (c)	Actual Beg/End Avg Bal (d)	2008 Proforma Adjustments (e)	Proforma Beg/End Avg Bal (f)
1	Plant in Service	\$ 59,476	\$ 50,688	\$55,082	\$4,394	\$59,476
2	Less: Accumulated Depreciation	<u>(24,905)</u>	<u>(22,571)</u>	<u>(23,738)</u>	<u>(315)</u>	<u>(24,053)</u>
3	Net Utility Plant	34,571	\$28,117	\$31,344	\$4,079	\$35,423
4	Cash Working Capital	3,034	7,237	3,034	995	4,029
5	Material and Supplies	0	0	0		0
6	Prepayments	39	0	20		20
7	Accumulated Deferred Income Taxes - Assets	0	0	0		0
8	Net Contribution in Aid of Construction	<u>0</u>	<u>0</u>	<u>0</u>		<u>0</u>
11	Total Rate Base	<u>\$37,644</u>	<u>\$35,354</u>	<u>\$34,398</u>	<u>\$5,074</u>	<u>39,472</u>

Forest Edge Water Company

Schedule 3A

Rate Base Adjustments

Beginning Balance for 2008 additions	\$0
2008 Additions to Plant	<u>8,788</u>
Beginning / Ending Average	<u>\$4,394</u>
Proforma Adjustment	<u>\$4,394</u>
Ending Balance for 2008 Accumulated Depreciation	\$24,905
Adjusted Ending Balance for 2008 Accum Depr	<u>25,220</u>
Adjustment	<u>(\$315)</u>
Proforma Adjustment	<u>(\$315)</u>

Forest Edge Water Company

Schedule 3B

Utility Plant in Service / Accumulated Depreciation / Depreciation Expense

Utility Plant

<u>Account #</u>	<u>Account</u>	<u>12/31/2008</u>
304	Structures & Improvements	\$9,126
307	Wells and Springs	16,678
311	Pumping Equipment	18,382
330	Distribution Reservoirs & Standpipes	5,930
331	Trasportation and Distribution Mains	6,900
333	Services	<u>2,460</u>
Total		<u>\$59,476</u>

Accumulated Depreciation

<u>Account #</u>	<u>Account</u>	<u>12/31/2008</u>	<u>Adjustments</u>	<u>Adjusted 12/31/2008</u>
304	Structures & Improvements			
307	Wells and Springs			
311	Pumping Equipment			
330	Distribution Reservoirs & Standpipes			
331	Trasportation and Distribution Mains			
333	Services			
Total		<u>\$24,905</u>	<u>\$314</u>	<u>\$25,219</u>

Depreciation Expense

<u>Account #</u>	<u>Account</u>	<u>Cost Basis</u>	<u>Rate</u>	<u>2008 Depr. Exp.</u>	<u>Adjustments</u>	<u>Adjusted 12/31/2007</u>
304	Structures & Improvements	\$5,200	2.50%	\$130		\$130
304	Structures & Improvements	2,265	2.50%	57		57
304	Structures & Improvements	1,661	1.25%	21	21	42
307	Wells and Springs	8,392	0.00%	0		0
307	Wells and Springs	8,286	3.33%	276		276
311	Pumping Equipment	5,431	10.00%	543		543
311	Pumping Equipment	7,081	10.00%	708		708
311	Pumping Equipment	1,934	5.00%	97	97	193
311	Pumping Equipment	3,936	5.00%	197	197	394
330	Distribution Reservoirs & Standpipes	5,930	2.00%	119		119
331	Trasportation and Distribution Mains	6,900	2.00%	138		138
333	Services	<u>2,460</u>	2.00%	<u>49</u>		<u>49</u>
Total		<u>\$59,476</u>		<u>\$2,334</u>	<u>\$314</u>	<u>\$2,648</u>

Schedule 3C

Working Capital

	2008 Proforma <u>Amount</u>	2008 Actual <u>Amount</u>	2007 Actual <u>Amount</u>
Operating and Maintenance Expenses	\$12,254	\$9,229	\$22,010
120/365	<u>32.88%</u>	<u>32.88%</u>	<u>32.88%</u>
Working Capital	<u>\$4,029</u>	<u>\$3,034</u>	<u>\$7,237</u>

Rate of Return Information

Overall Rate of Return	Actual				Proforma		
	Component Ratio	Component Cost Rate	Wght Avg Cost Rate		Component Ratio	Component Cost Rate	Wght Avg Cost Rate
Equity Capital	-247.44%	0.00%	0.00%		-247.44%	0.00%	0.00%
Long Term Debt	347.44%	0.00%	0.00%		347.44%	7.00%	7.00%
Total Capital	100.00%		0.00%		0.00%		7.00%

Capital Structure		2008 Actual Amounts	2008 Actual Ratios		2008 Proforma Amounts	2008 Proforma Ratios
Common Stock		\$ -	0.00%		\$ -	0.00%
Other Paid in Capital		-	0.00%		-	0.00%
Retained Earnings		(92,677)	-247.44%		(92,677)	-247.44%
Total Equity		\$ (92,677)	-247.44%		\$ (92,677)	-247.44%
Long Term Debt		\$130,131	347.44%		\$130,131	347.44%
Total Capital		\$ 37,454	100.00%		\$ 37,454	100.00%

Capital Structure for 2008 - 2006		2008 Amounts		2007 Amounts		2006 Amounts
Common Stock		\$ -		\$ -		\$ -
Other Paid in Capital		-		-		-
Retained Earnings		(92,677)		(88,164)		(72,294)
Total Equity		\$ (92,677)		\$ (88,164)		\$ (72,294)
Long Term Debt		\$130,131		\$117,082		\$ 91,573
Total Capital		\$ 37,454		\$ 28,918		\$ 19,279

Capital Structure Ratios for 2008 - 2006		2008 Ratios		2007 Ratios		2006 Ratios
Common Stock		0.00%		0.00%		0.00%
Other Paid in Capital		0.00%		0.00%		0.00%
Retained Earnings		-247.44%		-304.88%		-374.99%
Total Equity		-247.44%		-304.88%		-374.99%
Long Term Debt		347.44%		404.88%		474.99%
Total Capital		100.00%		100.00%		100.00%

Cost of Common Equity Capital
The Company is utilizing the Commission determined cost of common equity of 9.75%.