

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

**DW 12-254
DW 13-074**

FOREST EDGE WATER COMPANY, INC.

Rate Case

Affiliate Agreement with Atlantic Operating and Management Corp.

Order Approving Stipulation Agreement and Accepting Affiliate Agreement

ORDER NO. 25,575

September 20, 2013

APPEARANCES: Stephen P. St. Cyr, for Forest Edge Water Company, Inc.; Richard A. Lake, ratepayer; Marcia A. Brown, Esq. for the Staff of the Public Utilities Commission.

I. PROCEDURAL HISTORY

On August 20, 2012, Forest Edge Water Company, Inc. (Forest Edge), a water utility serving 42 residential customers in North Conway, filed a notice of its intent to file rate schedules. On September 25, 2012, Forest Edge filed rate schedules and revised tariff pages indicating its intent to increase its annual revenues by \$8,056 or 41.4%. On October 9, 2012, Forest Edge filed a request for temporary rates, pursuant to RSA 378:27, seeking an increase in revenues of \$3,998 or 20.54% during the pendency of the permanent rate case. Forest Edge proposed that its temporary rates be effective for service rendered on and after October 1, 2012.

On October 23, 2012, in Order No. 25,427, the Commission suspended Forest Edge's proposed tariff provisions pursuant to RSA 378:6 and scheduled a prehearing conference for November 20, 2012. On November 7, 2012, Robert L. deFeyter, Renee Arakelian, and Ledge Top Co., Inc. petitioned for intervention. On November 16, 2012, Richard A. Lake filed a

petition to intervene. The intervention requests were approved at the prehearing conference. Following the prehearing conference, the Commission approved the parties' proposed procedural schedule, which included a hearing on temporary rates on January 3, 2013.

After discussion among the parties, on December 21, 2012, Commission Staff filed a stipulation on temporary rates signed by the Staff and Forest Edge. Staff and Forest Edge presented the stipulation at the January 3, 2013 hearing. On February 19, 2013, the Commission approved the stipulation in Order No. 25,464. The Commission did not authorize a rate increase; and instead ordered that Forest Edge's current rates be set as temporary rates for service rendered on and after November 1, 2012.

On February 22, 2013, following discovery, technical sessions, and discussions among the parties, Staff, Forest Edge, and Mr. deFeyter filed a stipulation agreement on permanent rates, which was presented at the hearing on February 28, 2013. Also on February 28, 2013, Mr. Lake filed a motion to continue the rate case for 60 days, alleging that he had not received adequate responses to discovery he had posed to Forest Edge. The Commission denied the motion but stated that it wished to hear some of the issues raised by Mr. Lake during the hearing. Record requests were made at the hearing and Exhibits 7, 10, 11, and 12 were reserved for those documents. On May 8, 2013, Staff filed Exhibits 11 and 12 relating to water sampling documentation that it had received from Forest Edge. On May 16, 2013, Staff filed Exhibit 7, proposed tariff changes in track-change format, on behalf of Forest Edge. On May 17, 2013, Mr. Lake filed Exhibit 10 relating to water sampling documentation. On May 24, 2013, Mr. deFeyter filed comments on the proposed tariff changes. On June 19, 2013, Mr. Lake filed comments on the proposed tariff changes. On August 28, 2013, Staff filed its comments.

II. POSITIONS OF THE PARTIES AND STAFF

A. Forest Edge, Staff, and Mr. deFeyter Regarding Stipulation Agreement

The positions of Staff, Forest Edge, and Mr. deFeyter (settling parties) are contained in the stipulation agreement, which is described below.

B. Richard A. Lake Regarding Stipulation Agreement

Mr. Lake did not provide testimony at hearing, but in closing, Mr. Lake objected to the use of a 5-quarter average in determining the revenue requirement. Mr. Lake objected to the inclusion of costs associated with Forest Edge's affiliate agreement with Atlantic Operating and Management Corp. Mr. Lake opposed any further surcharges and explained that people living on Social Security can't come close to affording the rate increase. Mr. Lake stated that he forbade the owner of Forest Edge from coming on to his property, and he disputed that Forest Edge had an easement to access his property. Mr. Lake disputed Mr. Sullivan's statement that water samples for lead and copper were taken from six different locations. Mr. Lake also stated that Forest Edge told him his water line is in the wrong place and that it would need to be moved at his expense. Mr. Lake took issue with certain of Forest Edge's responses to his discovery requests, suggesting they were inadequate. Mr. Lake also questioned the accuracy of the number of customers Forest Edge has stated are connected to the Forest Edge system. Mr. Lake expressed his concern that costs related to a mapping project include costs for mistakes and that it is unfair to include such costs in rates. Mr. Lake questioned whether the \$35,000 loan owed to Mr. Sullivan's late father, the former owner of Forest Edge, could be documented. Mr. Lake thought the loan was for \$25,000, and he questioned why the amount seemingly had changed.

In a filing following the hearing, Mr. Lake questioned the validity of an \$8,100 charge for management services, why a secretary was working for Mr. Sullivan, and whether Mr. Sullivan's time was being spent on his late father's trust rather than on utility work.

C. Staff, Mr. deFeyter, and Mr. Lake Regarding Proposed Tariff Revisions

Payment for Main Extensions: Forest Edge seeks to eliminate language in paragraph 1(C) of its tariff that currently requires Forest Edge to pay for main extensions. Staff agreed to this change. Staff stated that Forest Edge's system is nearly built out and opined that a main extension is therefore unlikely. Staff also observed that main extensions are usually paid for by a third party, such as a developer. Mr. Lake advocated that the tariff state the cost per foot that would be charged to customers; but Staff did not believe this was appropriate given that costs change over time.

Restricting Ratepayer Use of Water: In paragraph 7, titled Restricted Use, Forest Edge seeks to add language that would permit it to require ratepayers to restrict their use of water for "above or underground irrigation systems, and other non-essential water consuming equipment, including swimming pools." Staff recommended the Commission allow the language change and stated Forest Edge should be able to restrict non-essential water uses when such restrictions would be prudent. Mr. deFeyter requested additional language that Forest Edge make reasonable efforts to restore water as soon as possible. Staff did not object to the recommendation but noted that, because RSA 374:1 requires the provision of safe and adequate service, such a recommendation would be redundant. Mr. Lake stated that restricting the use of water is unnecessary because the water supply is plentiful.

Stoppage and Damage: Paragraph 8 specifies the limits of Forest Edge's liability when a representative of the company shuts off water supply for repairs or construction. Forest Edge

does not seek a change to this paragraph. Regarding paragraph 8, Mr. Lake requested Forest Edge show each customer where the curb cock is located and he criticized the company for alleged lack of maintenance of “shut off valves.” Mr. Lake also requested that Forest Edge provide additional blow-off valves. Staff did not consider Mr. Lake’s requests to be relevant to this paragraph because his requests pertain to maintenance of the distribution system and not to stoppage for repairs or construction.

Tampering: Paragraph 9 is a new provision that prohibits unauthorized persons from operating or tampering with Company property such as gates and valves. Staff had no objection to the addition of this provision. Mr. Lake, however, asserted that customers should have the right to employ a qualified plumber or contractor to turn curb cock valves or to repair a service line to a property. Staff strongly disagreed with Mr. Lake’s recommendation and stated that the utility owns all utility property and in no instance should a non-utility be permitted to operate valves or utility property.

General Limitation on Company Liability: Paragraph 11(A) is a new provision that seeks to limit Forest Edge’s liability for damages caused by shut offs that are for reasons beyond the control of the Company. This paragraph also provides for proportional refunds to customers if a service interruption lasts for more than 10 continuous days, and provides that while Forest Edge will provide notice of shut offs when practicable, no notice by Forest Edge shall be required. Paragraph 11(B) seeks to limit Forest Edge’s liability for damages for any cause that is “due to no lack of reasonable care on the part of the Company.” Mr. deFeyter requested clear language in paragraph 11(A) that Forest Edge’s liability would not be limited in instances where Forest Edge had not exercised reasonable care. Mr. Lake objected to the inclusion of “shortage of supply” as a reason for damage that may be caused by a shut off. Mr. Lake also wanted proof from Forest

Edge that it made every attempt to avoid the shut off and interruption of supply. Staff believes that Paragraph 11(A) is acceptable, because, even though the standard of reasonable care is not stated in Paragraph A, Staff is of the opinion that the Commission may still hold Forest Edge accountable if it does not exercise reasonable care. Staff expressed concern, however, with Forest Edge's proposed 10-day interruption threshold for considering customer refunds. Staff believed a 48-hour period was more appropriate. Staff stated that it is not unreasonable for older, small systems such as Forest Edge to experience a service interruption due to circumstances beyond its control. Staff did not see the need to specify in tariff that Forest Edge provide proof to customers that it took all reasonable efforts to avoid an outage because the Commission may investigate in any event and hold a utility accountable if it fails to take reasonable steps to avoid an outage.

Deposits: In paragraph 12, Forest Edge seeks permission to limit interest paid on customer deposits. Staff had no objection, reasoning that Forest Edge's proposed language was consistent with Commission rule Puc 1203.03(1)(3), which requires that interest on customer deposits accrue at the prime rate. For the same reason, Staff disagreed with Mr. Lake's recommendation that an interest rate of 6% per annum be specified, and that customer deposits be returned within 10 days of requesting termination of service.

Elimination of Duplicative Statement of Charges: Mr. deFeyter and Staff agree that paragraph 13 is unnecessary because the fees identified in that paragraph are also identified in paragraph 15.

Disconnection Fees: Staff objected to a general reference to "a fee" in paragraphs 14(A)(3)(b) and (c). Staff recommends that these paragraphs specifically refer to paragraph 15 where the applicable fees are listed. Mr. deFeyter also recommended that paragraph 14(B)(9)

state that in the event a disconnection is through no fault of the customer that the company waive the service connection fee.

Fees and Charges: In paragraph 15(A), Forest Edge seeks the ability to recoup the costs of collection from individual customers, including attorney's fees. In paragraph 15(B) Forest Edge seeks to increase the service charge during normal business hours from \$50 to \$60 per visit and increase the service charge for a visit after normal business hours from \$75 to \$90. In paragraph 15(C), Forest Edge seeks the right to recover litigation-related attorney's fees from customers. The section states: "[i]n the event of litigation between a customer and the Company, the prevailing party shall be awarded its reasonable attorney's fees and costs, including but not limited to filing fees, witness fees, and expenses." Paragraph 15.D. would impose a Service Connection Charge equivalent to the cost of one hour of labor time specified in paragraph 15.B. Paragraph 15.E. would impose a Penalty for Bad Checks of \$35.00 or the processing fee paid by Forest Edge, whichever is greater. Although Mr. Lake stated that costs of collection would be onerous to the customer, Staff stated that the provision was reasonable. Regarding the terms of payment on the General Service-Unmetered rate schedule, Mr. Lake objected to the 5% late fee. Staff did not object to the late fee but stated that the fee should read: "5% per annum."

Right of Access: In paragraph 16, Forest Edge seeks to add the following to its tariff: "Any authorized Company representative shall have the right to access and shall be permitted access to customer's premises at any time, upon reasonable notice under the circumstances, to inspect the plumbing, fixtures, and appliances supplied with water." Mr. Lake insisted that, notwithstanding tariff paragraph 16, the company did not have a right to access any customer property without a signed agreement allowing such access.

Miscellaneous: Forest Edge seeks to modify paragraphs 2, 3, 4, 5, 6, and 10 of the tariff. These paragraphs pertain to: Applications for Service, Service Pipe, Pipes and Fixtures, Use of Water, Hot Water Tanks, and Billing. Staff stated the changes in paragraphs 2 through 6 were routine clarifications to the terms of service. With regard to Paragraph 5, which pertains to the use of water, the tariff would permit Forest Edge to determine what constitutes waste or improper use and to restrict the same when necessary. Mr. Lake suggested that the terms “waste” and “improper use” of water be defined. Staff noted that these terms were self-defined in that water is provided for routine domestic use. Staff opined that Forest Edge should be free to make reasonable judgments about water use and not be restricted by prescribed definitions in the tariff. With regard to paragraph 6, Forest Edge seeks to require that installations of hot water tanks include vacuum relief valves to prevent harm to these tanks in the event of a shut off. Mr. Lake requested the company notify customers when water is shut off for emergency or repairs. Staff believes that, because the paragraph addresses the water to installations within the home, Mr. Lake has misinterpreted the paragraph. In paragraph 10, Forest Edge added language making bills due and payable within thirty days of presentation. Staff had no objection to this change.

III. TERMS OF STIPULATION AGREEMENT

Staff, Forest Edge, and Mr. deFeyter reached agreement on all issues as specified below.

A. Income Requirement

The settling parties recommend the Commission grant Forest Edge an increase of \$5,181, or 26.62%, to an annual revenue requirement of \$24,642. This amount was calculated using a stipulated rate base of \$36,122, total operating expenses of \$21,933, and an overall rate of return

of 7.50%. The settling parties used a cost of equity of 9.75% and a cost of long-term debt of 7.5%. One hundred percent of the capital is debt.

B. Customer Rate Impact

The settling parties agreed that the new revenue requirement should be distributed among the 42 customers equally because Forest Edge does not provide metered service. As a result, if the revenue requirement is approved, then the new quarterly charge per customer would be \$146.68. This represents an increase of \$30.84 from the existing quarterly rate of \$115.84. This rate is a residential rate. Forest Edge does not serve any commercial or industrial customers.

C. Step Increase

The settling parties recommend the Commission grant Forest Edge one step increase in its rates for costs relating to the system mapping required by the Department of Environmental Services (DES). Forest Edge may file for this step increase no later than June 30, 2014. The settling parties estimate that this step adjustment would increase Forest Edge's revenue requirement to \$26,352 or 4.45% higher than the permanent rate recommended in the settlement agreement. The settling parties further agree that the system mapping costs should be offset by any marginal increase in revenues that may be realized from increases in customer base between the date of the stipulation agreement and the date Forest Edge files its step increase request. The step increase request will be audited by Staff, and Staff and the intervenors will have the right to file recommendations pertaining to whether the mapping project is completed and to the accuracy of the associated costs. The settling parties agree that new rates established through the step adjustment, if approved, shall reflect an updated customer count as of the date the step adjustment is filed.

D. Rate Case Expenses

The settling parties agree that within fifteen days of the Commission's final order in this docket, Forest Edge will file documentation of its rate case expenses as well as a proposed surcharge for their recovery.

E. Affiliate Agreement

The settling parties recommend the Commission approve an affiliate agreement between Forest Edge and Atlantic Operating and Management Corp. (Atlantic). Mr. Sullivan is president of both companies, and Atlantic provides management and bookkeeping services to Forest Edge. The costs associated with these services have been included in the proposed revenue requirement in the stipulation agreement.

IV. COMMISSION ANALYSIS

RSA 378:7 authorizes the Commission to fix rates after a hearing upon determining that the rates, fares, and charges are just and reasonable. In determining whether rates are just and reasonable, the Commission must balance the customers' interest in paying rates that are no higher than are required, with the investors' interest in obtaining a reasonable return on their investment. *Eastman Sewer Company, Inc.*, 138 N.H. 221, 225 (1994). Additionally, in circumstances where a utility seeks to increase rates, the utility bears the burden of proving the necessity of the increase pursuant to RSA 378:8. RSA 541-A:31, V(a), provides that informal disposition may be made of any contested case at any time prior to the entry of a final decision or order, by stipulation, agreed settlement, consent order, or default. Prior to approving the disposition of a contested case by settlement, the Commission must determine that the settlement results are just and reasonable and serve the public interest. N.H. Code Admin. R. Puc 203.20(b).

A. Revenue Increase

Forest Edge last received an increase in its rates in 2009 by Order No. 25,017 (September 23, 2009). The settling parties presented three primary reasons for the requested increase in this docket: bookkeeping and management costs, legal costs, and system mapping costs mandated by DES. An overall return on rate base of 7.50% was applied. The overall cost of capital equals the cost of debt because Forest Edge has no equity. The settling parties have indicated that bookkeeping and management costs were not fully included in the last rate case and that Forest Edge required these services to serve customers. Audit Staff reviewed Forest Edge's books and records. Hearing Transcript of February 28, 2013 (Tr. 2/28/13) at 25. The settling parties agreed that the 26.62% proposed increase in rates was appropriate and would permit Forest Edge the opportunity to earn a reasonable return on its investments in utility plant.

With respect to the loan amounts questioned by Mr. Lake, both Forest Edge and Staff witnesses testified that those loans were reviewed and approved by the Commission in the company's last rate case. Because the loans have not yet been repaid, they remain in the company's capital structure for this rate case. As Forest Edge's accountant, Mr. St. Cyr explained, "[d]uring the test year, payments were made in accordance with the terms of the note and amortization schedule, and paid to the Joseph E. Sullivan, Jr. Revocable Trust of 1998." Tr. 2/28/13 at 73 lines 7-10. We see no reason to remove the loan from the capital structure.

At hearing, Mr. Lake questioned the accuracy of the customer count. Mr. Laflamme explained the discrepancy. DES approved the residential development for a total of 47 customers and Forest Edge serves 42 customers. Tr. 2/28/13 at 25-26. This yields a 5-customer difference. Two lots are undeveloped, two customers presently own two lots, and one lot has a barn on it with no water service. *Id.* This accounts for the 5-unit difference between the DES-

approved customer count and the actual customer count. We are satisfied that the customer count is accurate and that the revenue requirement should be recovered from 42 customers.

With respect to costs associated with water sampling, we find that Forest Edge takes samples from more than one location. Mr. Sullivan testified that in all the years he's been with the company, samples have never been taken from just one property. Tr. 2/28/13 at 93 lines 12-17. He testified that the DES sends Forest Edge six bottles to use and selects the properties from which Forest Edge must take samples. *Id.* Mr. Lake supplied documents that he asserted support his argument that in fact support Mr. Sullivan's explanation. The Lead and Copper sampling forms he submitted list multiple sample locations, the date and time of collection, as well as the date the sample was analyzed. Exh. 11 at 1-6, 8, and 9. We further note that the DES notices and letters do not take issue with the sampling locations; rather they concern the test results. There is no evidence that the DES was concerned that the water sampling was not in compliance with the sampling instructions. Had the DES been concerned that Forest Edge was sampling solely from one residence, we would have expected to see notices of violation or letters of deficiency addressing that issue.

As to the letters of deficiency and notices of violation contained in Exhibit 10, we note that Mr. Sullivan testified at hearing that, though Forest Edge had been issued letters of deficiency in the past, currently "there are no deficiencies letters against the Company." Tr. 2/28/13 at 92 lines 10-13. We accept the letters and notices in Exhibit 10 as both demonstration of prior non-compliance and demonstration that Forest Edge has resolved its past violations and is currently in compliance with applicable DES standards.

The record evidences that Forest Edge has taken action to address past water quality concerns. For instance, Mr. Sullivan testified that the fluoride issue was "another reason why we

deepened the wells.” *Id.* at 91 lines 20-23. The deepening, completed in 2007, also addressed radon issues. *Id.* at 79-80. Mr. Lake stated that customers had complained of poor water quality during the well deepening project. In response, Mr. Sullivan testified that Forest Edge had not received any complaints from customers concerning sand or particles in their water since Forest Edge deepened one of the bedrock wells. Tr. 2/28/13 at 79-80. Mr. Sullivan also testified that one of Forest Edge’s wells taps into the same aquifer as the North Conway Water Precinct and that, according to its certified operator, the water quality from that aquifer is exceptional. *Id.* at 83. Mr. Sullivan also testified that occasionally Forest Edge exceeds the fluoride threshold and, per DES regulations, it notifies customers within 30 days. *Id.* Consequently, Forest Edge uses two wells to blend the water to reduce the fluoride levels. Documentation of the costs associated with the well deepening project was submitted. Exh. 12.

From this evidence, we find that costs associated with capital improvements necessary to maintain compliance with applicable water quality regulations are appropriately included in the revenue requirement, and we find the proposed revenue requirement to be reasonable. We find no evidence of current customer complaints of water quality that would justify rejection of the proposed revenue requirement.

B. Rate Impact

As stated above, the proposed revenue requirement recovered from 42 customers produces a quarterly rate of \$146.68 per customer. This represents an increase of \$30.84 from the existing quarterly rate of \$115.84. Because we have evidence that the customer count is accurate and, because we find the proposed revenue requirement to be reasonable, we find that the resulting rates are just and reasonable.

C. Step Increase

The settlement agreement provides that Forest Edge may file for one step adjustment to its rates no later than June 30, 2014, to recover its costs relating to the system mapping project required by DES. Staff and Forest Edge testified that Forest Edge has already expended \$5,525 toward the project and that it will take an estimated \$3,000 to \$3,500 to complete the project. Tr. 2/28/13 at 42 lines 3-10. Forest Edge has also received a \$1,500 grant from the DES for the project. Exh. 5 at 14. The settling parties calculate that the potential rate impact of this step adjustment will be an additional increase to rates of about 4.45%. The settling parties have further agreed that consideration will be given to the impact of any additional customers connecting to the water system by the date Forest Edge makes its step adjustment filing. The revenues of that customer or customers, net of the direct operation and maintenance costs incurred to serve those customers, will be applied to the step adjustment calculation. Given the testimony that there are perhaps four lots in the Forest Edge development that still can be built on, this is a reasonable proposal, and we approve it.

At hearing, Mr. Lake questioned the necessity and correctness of the mapping costs. After review of the transcript and evidence, we find the costs reasonable and find no reason to deny Forest Edge the opportunity to include these costs in its rate base. Accordingly, we will make our determination on the actual amounts to be recovered in the step increase after Forest Edge has made its filing. We approve the request that Forest Edge be allowed to file for a step increase to rates no later than June 30, 2014. We further find that accounting for additional revenue from new customers is reasonable.

D. Affiliate Agreement

The settling parties recommend we accept and approve an affiliate agreement between Forest Edge and Atlantic. The agreed upon revenue requirement in the settlement agreement includes expenses arising from this affiliate agreement. The settling parties aver that these expenses are reasonable, and have been reviewed in this rate case. We note that this affiliate agreement has been separately filed with the Commission and has been docketed as DW 13-074. We do not normally approve affiliate agreements; rather, we accept them for filing and review costs associated with them in subsequent rate cases. We do the same here. Although Mr. Lake objected to the costs, he did not produce evidence that the costs were unreasonable. Based on the recommendation of the settling parties and the evidence, we find the costs associated with affiliate agreement to be reasonable for inclusion in the revenue requirement.

E. Tariff Issues

Forest Edge proposes numerous changes to its tariff, four of which have a rate impact. It would increase the service charge during normal business hours from \$50 to \$60 per visit and increase the service charge for a visit after normal business hours from \$75 to \$90. It would allow Forest Edge to recover any collection fees, court fees, sheriff fees, and legal fees associated with pursuing delinquent accounts from a customer. Finally, it would institute a return check fee of \$35 or the processing fee charged by Forest Edge's bank, whichever is greater. *See* Tr. 2/28/13 at 45, lines 5-11.

We have reviewed the proposed changes and have considered the comments filed by Staff, Mr. deFeyter, and Mr. Lake. We find the increases to the service charges and the return check fee to be reasonable and in line with other water utility charges. We agree with Staff and Mr. deFeyter that paragraph 13, Service Charge, and paragraph 15(D), Service Connection

Charge are duplicative and that paragraph 13 ought to be eliminated. Further, we agree that the language in paragraphs 14 (A)(3)(b) and (c) which reference the existence of a disconnection and reconnection fee but do not state the amounts to be charged should be made more clear to customers by referencing paragraph 15(B) which describes the actual charges.

Forest Edge proposes a 10-day interruption of service threshold before it will consider customer refunds. Staff recommended a 48-hour threshold. Having considered the recommendations, we decline to authorize Forest Edge to identify a specific interruption period. The Commission's administrative rule, Puc 1203.19, already addresses the interruption of service and requires a utility to "re-establish service within the shortest time practicable consistent with safety." In many instances, 48 hours would be an unreasonably long period of time for interruption of service. We also reject Forest Edge's proposal to provide a refund to customers in the event of an interruption of service lasting 10 days or more, as it may be appropriate in certain circumstances to provide a refund for outages of fewer than 10 days in duration. Accordingly, we will not approve the proposed changes to paragraph 11(A), Company Liability, which specify a minimum 10-day outage period before a "proportional refund will be made."

Mr. Lake recommends Forest Edge offer an interest rate of 6% on customer deposits, however, the Commission's administrative rule, Puc 1203.03(1)(3), already requires all customer deposits to accrue simple annual interest "at a rate equal to the prime rate." We see no need to deviate from that rule for Forest Edge and we decline to adopt Mr. Lake's recommendation.

We next address Forest Edge's proposed paragraph 15. With respect to 15(A), Costs of Collection, we agree that the proposed changes are reasonable with the exception of the automatic right to collect attorney's fees. With respect to paragraph 15(C), Attorney's Fees, we disagree that it is appropriate to include an automatic right to attorney's fees for litigated matters

in Forest Edge's tariff. We find that, as a policy matter, it is preferable to have the court in which litigation occurs determine whether an award of attorney's fees is appropriate given the facts and circumstances of a particular case. With respect to the terms of payment on the General Service - Unmetered rate schedule, we agree with Staff that the reference to 5% should be "5% per annum."

We find that Forest Edge's suggested addition to paragraph 16 of the tariff dealing with rights of access is broader than necessary. We are mindful of Mr. Lake's concerns regarding access to his property and will require the following amendment to the proposed tariff access provision:

"As a condition of water service, any authorized Company representative shall be permitted access to customer's premises at any time, upon reasonable notice under the circumstances, to inspect or repair any utility property used to supply water."¹

In conclusion, we approve the tariff changes proposed by Forest Edge with the exception of the sections that we specifically disapproved above.

F. Reconciliation and Recoupment

Although the stipulation agreement is silent on the issue of reconciliation of permanent rates with the temporary rates previously approved in this docket, Forest Edge is entitled to recover the reconciled difference between temporary and permanent rates pursuant to RSA 378:27-29. Accordingly, we direct Forest Edge to file its calculation of the temporary-permanent rate recoupment and suggested recovery surcharge no later than fifteen days from the date of this order. Staff and the intervenors may file comments on the calculation and proposed surcharge within fifteen days after Forest Edge files the calculation. We will make a determination on this issue after the calculation and comments, if any, are filed.

¹ See N.H. Code of Admin. R. Puc 1203.11 on disconnection of service.

G. Rate Case Expenses

The settling parties provide for Forest Edge to file documentation of its rate case expenses for review within fifteen days from the order date, as well as its recommendation for a recovery surcharge. We find this reasonable and direct Forest Edge to file documentation of its rate case expenses for review within fifteen days from the date of this order.

H. Conclusion

Having reviewed the record, including the stipulation agreement and evidence presented at hearing, we find that the proposed revenue requirement is reasonable and will produce just and reasonable rates. We find that the terms of the stipulation agreement represent an appropriate balancing of ratepayer interests and the interests of Forest Edge's investors under current economic circumstances and are consistent with the public interest. We further find that Forest Edge's investments in rate base used to serve its customers are prudent and used and useful, pursuant to RSA 378:28 and that the resulting rates are just and reasonable pursuant to RSA 378:7. We adopt and approve the terms of the stipulation agreement.

Based upon the foregoing, it is hereby

ORDERED, that the terms of the stipulation agreement presented by Staff and the settling parties are hereby adopted and approved as discussed herein; and it is

FURTHER ORDERED, that Forest Edge is authorized a permanent revenue requirement of \$24,642, which is a 26.62% increase over Forest Edge's pro forma test year water revenues; and it is

FURTHER ORDERED, that Forest Edge is authorized to collect from customers permanent rates, as discussed herein; and it is

FURTHER ORDERED, that Forest Edge shall file within fifteen days its calculation of the temporary rate reconciliation and recoupment from November 1, 2012 to the date of this order, as well as its proposed method of recovering the difference, and Staff and the intervenors shall file comments on the calculation and proposed surcharge within fifteen days after Forest Edge files the calculation; and it is

FURTHER ORDERED, that Forest Edge shall file within fifteen days a calculation of its rate case expenses and proposed surcharge; and it is

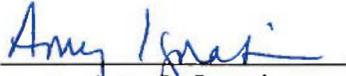
FURTHER ORDERED, that Forest Edge shall file with the Commission a compliance tariff within fifteen days of the date of this order that reflects the new permanent rates approved herein and only the approved changes to service charges, costs of collection, access, and return check fees, and that does not reflect tariff provisions rejected in the preceding analysis; and it is

FURTHER ORDERED, that Forest Edge may file for a step increase to its revenue requirement and rates no later than June 30, 2014, for the mapping project as described above; and it is

FURTHER ORDERED, that the affiliate agreement between Atlantic Operating and Management Corp. and Forest Edge is hereby accepted and Docket DW 13-074 is closed.

By order of the Public Utilities Commission of New Hampshire this twentieth day of

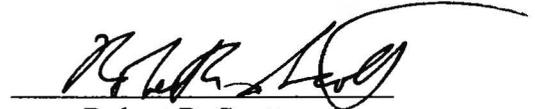
September, 2013.



Amy L. Ignatius
Chairman



Michael D. Harrington
Commissioner



Robert R. Scott
Commissioner

Attested by:



Debra A. Howland
Executive Director

SERVICE LIST - EMAIL ADDRESSES - DOCKET RELATED

Pursuant to N.H. Admin Rule Puc 203.11 (a) (1): Serve an electronic copy on each person identified on the service list.

Executive.Director@puc.nh.gov

amanda.noonan@puc.nh.gov

Christina.Martin@oca.nh.gov

jayson.laflamme@puc.nh.gov

marcia.brown@puc.nh.gov

mark.naylor@puc.nh.gov

nathaniel1970@gmail.com

robyn.descoteau@puc.nh.gov

Roric.E.P.Hollenberg@oca.nh.gov

stephenpstcyr@yahoo.com

steve.frink@puc.nh.gov

susan.chamberlin@oca.nh.gov

Copy sent by U.S. Mail to: Richard A. Lake, 479 Blueberry Lane, North Conway, NH 03860