

Forest Edge Water Company

Computation of Revenue Deficiency

For the Test Year Ended December 31, 2007

	<u>Actual</u>	<u>Proforma</u>
Rate Base (Schedule 3)	\$27,809	\$32,552
Rate of Return (Schedule 4)	<u>0.00%</u>	<u>7.00%</u>
Operating Income Required	\$0	\$2,279
Net Operating Income (Schedule 1)	<u>-15,870</u>	<u>2,279</u>
Operating Income Deficiency	\$15,870	\$0
Tax Effect	<u>0</u>	<u>0</u>
Revenue Deficiency	<u>\$15,870</u>	<u>\$0</u>

Statement of Income

Line No.	Account Title (Number) (a)	Actual 2007 Year End Balance (b)	Proforma Adjustments (c)	Proforma 2007 Year End Balance (d)	Actual 2006 Year End Balance (e)	Actual 2005 Year End Balance (f)
	UTILITY OPERATING INCOME					
1	Operating Revenues(400)	\$ 7,600	\$ 10,852	\$ 18,452	\$ 7,400	\$ 7,300
2	Operating Expenses:					
3	Operating and Maintenance Expense (401)	22,010	(7,637)	14,373	7,788	11,047
4	Depreciation Expense (403)	1,243	311	1,554	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)	217	29	246	424	1,071
9	Income Taxes (409.1, 410.1, 411.1, 412.1)					
10	Total Operating Expenses	\$ 23,470	\$ (7,297)	\$ 16,173	\$ 8,768	\$ 12,833
11	Net Operating Income (Loss)	(15,870)	18,149	2,279	(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)					
18	Interest Expense (427)			-		
19	Taxes Applicable to Other Income (409.2, 410.2, 411.2 412.2)			-		
20	Total Other Income and Deductions	\$ -	\$ -	\$ -	\$ -	\$ -
21	NET INCOME (LOSS)	\$ (15,870)	\$ 18,149	\$ 2,279	\$ (1,368)	\$ (5,533)

Forest Edge Water Company
Statement of Income - Proforma Adjustments

Schedule 1A

Page 1 of 1

Operating Revenues

2007 Test Year Proforma	\$18,452
2007 Test Year Actual	<u>7,600</u>
Proforma Adjustment	<u>\$10,852</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 **\$10,852**

Operating and Maintenance Expenses

<u>Maintenance of Pumping Equipment</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	
Three Year Average of Maintenance	13,255	1,438	5,157	\$6,617
2007 Maintenance				<u>13,255</u>
Proforma Adjustment				<u>(\$6,638)</u>
To adjust test year maintenance to 3 year average				

<u>Regulatory Commission Exp (Water Testing)</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	
Three Year Average of Water Testing	1,912	357	471	\$913
2007 Water Testing				<u>1,912</u>
Proforma Adjustment				<u>(\$999)</u>
To adjust test year water testing to 3 year average				

Total Proforma Adjustment to Operating and Maintenance Expenses **(\$7,637)**

Depreciation Expense

2007 Test Year Proforma	\$1,555
2007 Test Year Actual	<u>1,243</u>
Proforma Adjustment	<u>\$311</u>

To adjust test year expense for additional 2007 depreciation expense due to reclassifying certain 2007 additions to plant

Taxes other than Income

<u>State Utility Property Taxes</u>	
2007 Test Year Proforma	\$91
2007 Test Year Actual	<u>79</u>
Proforma Adjustment	<u>\$12</u>

To adjust test year expenses for the increase in State Utility Property Taxes associated with the 2008 additions to plant

<u>Municipal Property Taxes</u>	
2007 Test Year Proforma	\$155

2007 Test Year Actual	<u>138</u>
Proforma Adjustment	<u>\$17</u>
To adjust test year expenses for the increase in Municipal Property Taxes associated with the 2008 additions to plant	

Total Proforma Adjustments to Taxes other than Income	<u>\$29</u>
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Total Proforma Adjustment to Operating Expenses	<u>(\$7,297)</u>
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Balance Sheet - Assets and Other Debits

Line No.	Account Title (Number) (a)	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)	\$ 50,688	\$ 34,313	\$ 31,905
2	Less: Accumulated Depr. and Amort. (108-110)	\$ 22,571	\$ 21,328	20,772
3	Net Plant	\$ 28,117	\$ 12,985	\$ 11,133
4	Utility Plant Acquisition Adj. (Net) (114-115)			
5	Total Net Utility Plant	\$ 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	4,557	-
13	Special Deposits (132)			
14	Accounts Receivable Net (141-143)	800	1,695	-
15	Plant Materials and Supplies (151)			
16	Prepayments (162-163)		42	253
17	Misc. Current and Accrued Assets (174)			
18	Total Current and Accrued Assets	\$ 801	\$ 6,294	\$ 253
	DEFERRED DEBITS			
19	Miscellaneous Deferred Debits (186)			
20	Accumulated Deferred Income Taxes (190)			
21	Total Deferred Debits	\$ -	\$ -	\$ -
	TOTAL ASSETS AND OTHER DEBITS	\$ 28,918	\$ 19,279	\$ 11,386

Balance Sheet - Liabilities and Capital

Line No.	Account Title (Number) (a)	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)	(88,164)	(72,294)	(70,926)
5	Proprietary Capital (Proprietorships & partnerships only)(216)			
6	Total Capital	\$ (88,164)	\$ (72,294)	\$ (70,926)
	LONG TERM DEBT			
7	Other Long-Term Debt (224)	\$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	\$ 28,918	\$ 19,279	\$ 11,386

Forest Edge Water Company

Schedule 3

Rate Base

Line No.	Account Title (a)	December 2007 Balance (b)	December 2006 Balance (c)	Actual Beg/End Avg Bal (d)	2008 Proforma Adjustments (e)	Proforma Beg/End Avg Bal (f)
1	Plant in Service	\$ 50,688	\$ 34,313	\$42,501	\$8,188	\$50,688
2	Less: Accumulated Depreciation	(22,571)	(21,328)	(21,950)	(933)	(22,882)
3	Net Utility Plant	28,117	\$12,985	\$20,551	\$7,255	\$27,806
4	Cash Working Capital	7,237	2,561	7,237	(2,511)	4,726
5	Material and Supplies	0	0	0		0
6	Prepayments	0	42	21		21
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>\$35,354</u>	<u>\$15,588</u>	<u>\$27,809</u>	<u>\$4,744</u>	<u>32,552</u>

Forest Edge Water Company**Schedule 3A****Rate Base Adjustments**

Beginning Balance for 2007 additions	\$0
2007 Additions to Plant	<u>16,375</u>
Beginning / Ending Average	<u>\$8,188</u>
Proforma Adjustment	<u>\$8,188</u>
Ending Balance for 2007 Accumulated Depreciation	\$21,950
Adjusted Ending Balance for 2007 Accum Depr	<u>22,882</u>
Adjustment	<u>(\$933)</u>
Proforma Adjustment	<u>(\$933)</u>

Forest Edge Water Company

Schedule 3B

Utility Plant in Service / Accumulated Depreciation / Depreciation Expense

Utility Plant

<u>Account #</u>	<u>Account</u>	<u>12/31/2007</u>	<u>Adjustments</u>	<u>Adjusted 12/31/2007</u>
304	Structures & Improvements	\$5,200	\$2,265	\$7,465
307	Wells and Springs	22,502	(7,081)	15,421
311	Pumping Equipment	7,696	4,816	12,512
330	Distribution Reservoirs & Standpipes	5,930		5,930
331	Transportation and Distribution Mains	6,900		6,900
333	Services	<u>2,460</u>		<u>2,460</u>
Total		<u>\$50,688</u>	<u>\$0</u>	<u>\$50,688</u>

Accumulated Depreciation

<u>Account #</u>	<u>Account</u>	<u>12/31/2007</u>	<u>Adjustments</u>	<u>Adjusted 12/31/2007</u>
304	Structures & Improvements			
307	Wells and Springs			
311	Pumping Equipment			
330	Distribution Reservoirs & Standpipes			
331	Transportation and Distribution Mains			
333	Services			
Total		<u>\$22,571</u>	<u>\$311</u>	<u>\$22,882</u>

Depreciation Expense

<u>Account #</u>	<u>Account</u>	<u>Cost Basis</u>	<u>Rate</u>	<u>12/31/2007</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
307	Wells and Springs	8,392	0.00%	0		0
307	Wells and Springs	14,110	3.33%	470		470
307	Wells and Springs	-7,081	3.33%		(236)	-236
311	Pumping Equipment	5,431	10.00%	120		120
311	Pumping Equipment	2,265	10.00%	227		227
311	Pumping Equipment	4,816	10.00%		482	482
330	Distribution Reservoirs & Standpipes	5,930	2.00%	119		119
331	Transportation and Distribution Mains	6,900	2.00%	138		138
333	Services	2,460	2.00%	49		49
	Adjustment			(9)	9	0
Total		<u>\$50,688</u>		<u>\$1,243</u>	<u>\$311</u>	<u>\$1,555</u>

Forest Edge Water Company**Schedule 3C****Working Capital**

	2007 Proforma <u>Amount</u>	2007 Actual <u>Amount</u>	2006 Actual <u>Amount</u>
Operating and Maintenance Expenses	\$14,373	\$22,010	\$7,788
120/365	<u>32.88%</u>	<u>32.88%</u>	<u>32.88%</u>
Working Capital	<u>\$4,726</u>	<u>\$7,237</u>	<u>\$2,561</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	-304.88%	0.00%	0.00%		-304.88%	0.00%	0.00%
Long Term Debt	404.88%	0.00%	0.00%		404.88%	7.00%	7.00%
Total Capital	100.00%		0.00%		0.00%		7.00%

Capital Structure		2007 Actual Amounts	2007 Actual Ratios		2007 Proforma Amounts	2007 Proforma Ratios
Common Stock		\$ -	0.00%		\$ -	0.00%
Other Paid in Capital		-	0.00%		-	0.00%
Retained Earnings		(88,164)	-304.88%		(88,164)	-304.88%
Total Equity		\$ (88,164)	-304.88%		\$ (88,164)	-304.88%
Long Term Debt		\$117,082	404.88%		\$117,082	404.88%
Total Capital		\$ 28,918	100.00%		\$ 28,918	100.00%

Capital Structure for 2007 - 2005		2007 Amounts		2006 Amounts		2005 Amounts
Common Stock		\$ -		\$ -		\$ -
Other Paid in Capital		-		-		0
Retained Earnings		(88,164)		(72,294)		(70,926)
Total Equity		\$ (88,164)		\$ (72,294)		\$ (70,926)
Long Term Debt		\$117,082		\$ 91,573		\$ 82,312
Total Capital		\$ 28,918		\$ 19,279		\$ 11,386

Capital Structure Ratios for 2007 - 2005		2007 Ratios		2006 Ratios		2005 Ratios
Common Stock		0.00%		0.00%		0.00%
Other Paid in Capital		0.00%		0.00%		0.00%
Retained Earnings		-304.88%		-374.99%		-622.92%
Total Equity		-304.88%		-374.99%		-622.92%
Long Term Debt		404.88%		474.99%		722.92%
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%.

Forest Edge Water Company
before the
New Hampshire Public Utilities Commission
DW 08-160
Proposed Statement to Customer

Date

Name

Address

Dear Customer,

On February 9, 2009 Forest Edge Water Company ("FEWC" or "Company") requested New Hampshire Public Utilities Commission ("NHPUC") approval of the financing of 2007 system improvements and other expenditures and an increase in rates to pay for operating expenses and to repay the 2007 financing. If the financing and rate filing is accepted as submitted, the Company would realize an annual increase in permanent revenues of \$10,852 effective immediately. The average annual amount for a residential customer would increase from \$200.00 to \$485.58, an increase of \$285.58 or 142.79%.

The need for the financing is due to the redevelopment of an existing well and new pumps. The need for the rate increase is due to an increase in expenses and to repay the 2007 financing of the 2007 system improvements. The Company has not raised its rates since it's present rates were approved by the NHPUC in 1985.

The financing and the rate increase will be subject to review and ultimate approval by the NHPUC. The Company will keep you apprised of the proceeding before the NHPUC and its ultimate conclusion.

Sincerely,

STEPHEN P. ST. CYR & ASSOC.

17 Sky Oaks Drive, Biddeford, ME 04005

PHONE: (207) 282-5222

FAX: (207) 282-5225

Accounting & Finance
Budgeting & Forecasting
Financial Statement Preparation
Regulatory Affairs
Tax Preparation & Planning
Management Services

Response to certain PUC 1604.01 Full Rate Case Filing Requirements

- | | |
|---|--|
| (3) Federal income tax reconciliation | The Company does not file a separate tax return. |
| (4) NH and federal income tax factors | The Company is not presently reflecting income taxes in its filing. |
| (8) Most recent construction budget | The Company does not have a construction budget. |
| (11) Membership fees, dues, donations | The Company does not belong to any associations, etc. |
| (14) List of Officers and Directors | Please see Schedule A-4 of the 2007 PUC Annual Report |
| (15) Amount of Voting Stock | The Company has no voting stock. |
| (16a) Payments ... in excess of \$1,000 | Please attached list. |
| (21) Projects need for External Financing | The Company has not projected its need for external capital for 2008 and 2009. |
| (22) Capital Budget ... Source and Use of Funds | See response to 8 and 21. |
| (28) Support | There is no additional support. |

SPSt. Cyr
2/09/09

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PUC 1604.01 (16a) Payments ... in excess of \$1,000

FXLyons	\$22,048
Tasker	5,519
Leavitt	1,137
Rockingham Electric	1,128
NH Electric	3,562
Kearsarge Building Company	2,000

SPSt. Cyr
2/07/09

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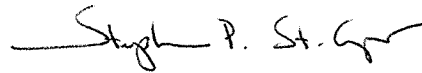
February 9, 2008

Debra Howland
Executive Director & Secretary
Public Utilities Commission
21 S. Fruit Street, Suite 10
Concord, N. H. 03301-2429

Dear Ms. Howland:

Forest Edge Water Company's ("FEWC" or "Company") filing for the proposed financing and rate change in DW 08-160 was prepared utilizing the Company's books and records. To the best of my knowledge and belief, the filing, including its revenue, expenses, assets and liabilities, accurately reflects the Company's books.

Sincerely,



Stephen P. St. Cyr

