

# 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

January 29, 2010

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

Re: DW 08-160 Forest Edge Water Company

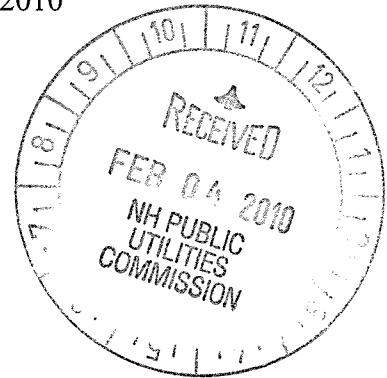
Dear Ms. Howland:

On September 23, 2009 the Public Utilities Commission issued Order No 25,017, which granted Forest Edge Water Company (“FEWC” or “Company”) an increase in permanent rates. The order adopted and approved the terms of the settlement agreement. The settlement agreement required the Company to do the following:

1. The Company agreed to retain one or more entities with water system operation/design expertise to assess current and future system needs. The results of this study shall be reported to Staff and the homeowners. The study will outline the current status of the system, along with the need for and cost of the improvements in the future. See Attachment A, a letter dated December 30, 2009 to Mr. Sullivan from Mr. Lyons regarding system improvements and budget for upgrading system.

Please note that the settlement agreement provides for a step adjustment to its rates for the cost of the study. See Attachment B, a copy of the FXLyons invoice amounting to \$200.00. The Company proposed to recover its study costs via a surcharge to customer bills over one period commencing April 1, 2010 at a rate of \$5.26 / customer.

2. The Company agreed to submit a copy of the executed note with KBC. See Attachment C, Promissory Note.
3. The Company agreed to establish a defined separate corporate existence for FEWC. See Attachment D, Articles of Incorporation.



# **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

4. The Company agreed to improve FEWC's accounting and financial practices in line with the Staff's audit report.

Please note that the Company is utilizing an accounting system, Quickbooks, and has automated its billing and bill paying process. With the generation of billings and the paying of bills thru Quickbooks, Quickbooks will be able to create a general ledger.

Also, the Company has conducted a physical inventory of its plant. Please see Attachment E, System Inventory. The Company still needs to match the inventory to the plant costs and create continuing property records.

In addition, the Company agreed to file a proper affiliate agreement between FEWC and KBC. See Attachment F, Management Agreement.

5. Finally, on November 4, 2009 the Public Utilities Commission issued Order No 25,040, which approved temporary rate recoupment and authorized recovery of rate case expenditures. At that time the Company deferred its financing costs until it applies for the step adjustment authorized by the Commission, at which time the costs would be factor in the determining the total costs of financing upon which the step increase would be based. As such, the Company proposes to recover its financing costs of \$3,547 ( $\$8,867 \times 40\%$ ) over 20 years at an annual rate of \$177. The annual rate of \$177 would increase the approved revenue requirement to \$17,785. The annual and quarterly rates would be \$468.03 and \$117.01, respectively.

With this submission, the Company believes that it has fulfilled its requirements under the settlement agreement approved by the PUC. The Company respectfully requests that a technical session be scheduled at a mutually acceptable date for Staff and the Company to discuss the system study. Further, the Company respectfully requests that the Commission issue an order by no later than March 31, 2010 approving the Company's proposed recovery of the system study costs via a surcharge to customer bills beginning April 1, 2010. If you have any questions or comments, please call me at 207-282-5222 or email me at [stephenpstcyr@yahoo.com](mailto:stephenpstcyr@yahoo.com).

Sincerely,



Stephen P. St. Cyr

Cc: Nate Sullivan