

STEPHEN P. ST. CYR & ASSOC.

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DW 08-160
Accounting & Finance
Budgeting & Forecasting
Financial Statement Preparation
Regulatory Affairs
Tax Preparation & Planning
Management Services

September 23, 2011

Debra Howland
Executive Director and Secretary
Public Utilities Commission
21 S. Fruit St., Suite 10
Concord, N. H. 03001-2429

Re: DW 08-160 Forest Edge Water Company

Dear Ms. Howland:

In Order No. 25,017 dated September 23, 2009 the Public Utilities Commission ("PUC) ordered "that Forest Edge Water Company ("Company") is authorized to file for step increases as authorized in the settlement agreement." The settlement agreement contemplates ... for any improvements the Company actually completes in accord with the plan prior to the end of 2011, it may request another step increase. At this point, the Company has not made any of the improvements in accord with the plan because it was hoping to finance such improvements with internally generated cash. As such, the Company respectfully requests that the timeline to complete the improvements and implement the related step increase be extended to the end of 2012.

On another DW 08-160 matter, the operation and maintenance ("O&M") component of rates were developed using a five year average of O&M expenses for the period 2004 - 2008. The five year average for 2004 - 2008 was \$12,159. Unfortunately, the five year average contains very little, if any, bookkeeping and operational management expenses. Such expenses were absorbed by Kearsarge Building Company until the Company entered into an agreement with Atlantic Operating and Management Corp ("AOMC") on December 21, 2009.

AOMC provides Management services including bookkeeping, billing, customer relations and overseeing of the day-to-day operations. The compensation for such services was \$15 / hour for bookkeeping services and \$50 / hour for operational management.

In 2009 and 2010 the Company incurred O&M of \$15,198 and \$23,952, respectively. 2010 was the first year that the Company incurred bookkeeping and operational management of \$7,800 from AOMC. The Company was unable to pay AOMC.



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As such, the Company seeks reconsideration of the O&M component of rates. It respectfully requests that \$7,800 (the actual amount incurred in 2010) be added to the revenue requirement of \$17,608, resulting in a new, revised revenue requirement of \$25,408. Regarding the rate impact, the unmetered rate would go from \$463.37 annually per customer to \$668.63 ($\$25,408 / 38$ customers) annually per customer, an increase of \$205.26 or 44.30%.

In summary, the Company respectfully requests an extension of time to complete the improvements and implement the related step increase and reconsideration of the O&M component of rates and approval of an additional \$7,800 of revenue requirement.

If you, the PUC Staff and / or the Commissioners have any questions or comments, please call me at 207-282-5222 or email me at stephenpstcyr@yahoo.com.

Sincerely,



Stephen P. St. Cyr

Cc: Nate Sullivan