

Forest Edge Water Company
PO Box 479
North Conway, NH 03860
603-356-5600

October 29, 2012

Dear Customer,

On September 24, 2012 Forest Edge Water Company ("FEWC" or "Company") requested the New Hampshire Public Utilities Commission's ("NHPUC") approval of an increase in rates to pay for operating expenses and to pay the outstanding debt. If the rate filing is accepted as submitted, the Company would realize an annual increase in permanent revenues of \$8,056 effective October 1, 2012. The proposed quarterly rate for a customer would increase from \$115.84 to \$163.79, an increase of \$47.95 or 41.40%.

Pending investigation of the proposed, permanent revenues, on October 5, 2012 the Company requests that the Commissioners grant its request for a temporary increase in rates so as to generate enough revenue to allow the Company to earn its rate of return and covers its operating expenses. If the temporary rate filing is accepted as submitted, the Company would realize an annual increase in revenues of \$3998. The temporary revenue increase of \$3,998 would enable the Company to earn a 7.57% rate of return on its rate base of \$36,548. The proposed, temporary quarterly rate amount for a customer would increase from \$115.84 to \$139.64, an increase of \$23.80 or 20.54%,

In 2011 (the test year) the Company's net loss was \$5,043. In 2012 the Company anticipates another net loss not only due to normal and reoccurring expenses, but also additional expenses related to legal, engineering and auditing. The Company believes that such temporary revenues are need to be in order for the Company to recover its costs and to earn a fair and reasonable return on its investment. The Company is requesting that the proposed rate be effective October 1, 2012.

The temporary and permanent rate increases will be subject to review and ultimate approval by the NHPUC. Customers are welcome to submit written comments to the Commission at New Hampshire Public Utilities Commission, 21 South Fruit Street, Suite 10, Concord, N.H. 03301-2429 or via email at puc@puc.nh.gov. Also, please see enclosed NHPUC order pertaining to the temporary and permanent rate proceeding. If you have any questions or comments, please contact me at 603-356-5600.

Sincerely,

A handwritten signature in black ink, appearing to read 'Nathaniel Sullivan', with a long horizontal flourish extending to the right.

Nathaniel Sullivan