

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DW 08-160

FOREST EDGE WATER COMPANY

Permanent Rate and Financing Proceeding

**Order Suspending Proposed Tariffs
and
Scheduling Prehearing Conference**

ORDER NO. 24,946

March 3, 2009

Forest Edge Water Company (Forest Edge) provides unmetered water service to approximately 38 customers in the Forest Edge subdivision in the Town of North Conway. On December 11, 2008, Forest Edge filed a Notice of Intent to file rate schedules and, on February 10, 2009, Forest Edge filed its rate schedules as well as a request for temporary rates. It also requested approval, nunc pro tunc, of financing it obtained in 2007. In support of the proposed rate increase, Forest Edge provided prefiled direct testimony, schedules and other supporting documentation.

Forest Edge seeks to increase its annual revenues by \$10,852.00 in order to earn an overall rate of return of 7%. Forest Edge is presently operating at a loss. Its capital structure consists of negative equity, long term debt, and no short term debt. Forest Edge proposes the rate increase take effect immediately. The new rate would result in an average annual residential water bill for a single family home of approximately \$485.58. Bills in the amount of \$242.79 would be due semi-annually in May and November. This would represent an annual customer bill increase of \$285.58, or 143%, over current rates. In the event the Commission suspends its

proposed permanent rates, Forest Edge requests the Commission approve current rates as temporary rates.

Forest Edge requests approval of a loan it entered into in 2007 with its parent company, Kearsarge Building Company, Inc. (KBC), in the amount of \$25,509. Proceeds of the loan were used to: (1) redevelop an existing well by deepening it 200 feet, which increased its flow to 150 gallons per minute; (2) dig a trench from the well to the pump house and lay new water and electrical lines at the site; (3) install new wiring at the pump house and new pumping equipment; and (4) meet its 2007 operating expenses which included increases in maintenance and water testing costs. The well and pumping equipment were placed in service in December 2007. The total loan amount, \$25,509, includes \$16,375 for the new well and pumping equipment and \$9,134 for the 2007 operating costs. The loan includes a 20-year term and an interest rate of 7% per annum.

The filing raises, inter alia, issues related to: RSA 378 and whether the proposed permanent and temporary rates and frequency of billing are lawful, just, and reasonable; RSA 378:3 and the requirement that 30-days notice be provided prior to the implementation of new rates; RSA 369 and whether the proposed financing is consistent with the public good; Forest Edge's capital structure; and N.H. Code Admin. Rule Puc 603.03 and whether it is in the public interest for Forest Edge to provide unmetered service.

Based upon the foregoing, it is hereby

ORDERED, that Forest Edge Water Company of New Hampshire's NHPUC NO. 1 WATER – First Revised Page 6 is hereby suspended; and it is

FURTHER ORDERED, that a Prehearing Conference, pursuant to N.H. Admin. Rules Puc 203.15, be held before the New Hampshire Public Utilities Commission located at 21 South Fruit Street, Concord, New Hampshire on March 25, 2009 at 10:00 a.m. at which each party and Commission Staff will provide a preliminary summary of its positions with regard to the Petition; and it is

FURTHER ORDERED, that, immediately following the Prehearing Conference, Forest Edge, Commission Staff, and Intervenors hold a technical session to review the issues and recommend a proposed procedural schedule for consideration of permanent rates; and it is

FURTHER ORDERED, that pursuant to N.H. Admin. Rules Puc 203.12 and Puc 1203.2, Forest Edge shall notify persons desiring to be heard at this hearing by mailing a copy of this order, no later than March 12, 2009, to all current and known prospective customers, as well as to the Town Clerk for the Town of North Conway; and it is

FURTHER ORDERED, that pursuant to N.H. Admin. Rules Puc 203.12, any party seeking to intervene in the proceeding shall submit to the Commission seven copies of a petition to intervene with copies sent to Forest Edge and the Office of the Consumer Advocate on or before March 20, 2009, such Petition stating the facts demonstrating how its rights, duties, privileges, immunities or other substantial interests may be affected by the proceeding, as required by N.H. Admin. Rule Puc 203.17 and RSA 541-A:32, I(b); and it is

FURTHER ORDERED, that any party objecting to a petition to intervene make said Objection on or before March 25, 2009.

Pursuant to N.H. Code Admin. Rules Puc 203.12 (a) (5), each party has the right to have an attorney represent them at their own expense.

By order of the Public Utilities Commission of New Hampshire this third day of March,
2009.

Thomas B. Getz
Chairman

Graham J. Morrison
Commissioner

Clifton C. Below
Commissioner

Attested by:

Kimberly Nolin Smith
Assistant Secretary

Individuals needing assistance or auxiliary communication aids due to sensory impairment or other disability, should contact the Americans with Disabilities Act Coordinator, NHPUC, 21 S. Fruit St., Suite 10, Concord, New Hampshire 03301-2429; 603-271-2431; TDD Access: Relay N.H. 1-800-735-2964. Notification of the need for assistance should be made one week prior to the scheduled event.