

STATE OF NEW HAMPSHIRE

before the

PUBLIC UTILITIES COMMISSION

Notice of Intention to File a Change in Rate Schedules

Forest Edge Water Company, Inc.

Docket No. DW 12-254

STIPULATION AGREEMENT

I. PARTIES AND SCOPE OF STIPULATION

A. This stipulation agreement relating to Forest Edge Water Company, Inc.'s (Forest Edge) permanent rate filing is entered into this 22nd day of February, 2013, by and among: Staff of the New Hampshire Public Utilities Commission; Forest Edge Water Company, Inc.; Mr. Robert L. deFeyter; and Mr. Richard A. Lake (jointly, Settling Parties) representing all of the full participants in this docket.

B. This stipulation constitutes the Settling Parties' recommendation to the Commission with respect to this docket.

C. The Settling Parties agree that the terms of the stipulation are intended to resolve the issues specified herein only. The stipulation shall not be deemed an admission by the Settling Parties that any allegation or contention in this proceeding, other than those specifically agreed to herein, is true and valid. This stipulation shall not be deemed to foreclose the Staff, or other parties from taking any position in any future proceeding.

D. The Settling Parties agree and recommend that the stipulation and attachments be admitted as full exhibits and given whatever weight the Commission deems appropriate.

II. STIPULATION TERMS

A. Revenue Requirement; Rate Base; Rate of Return

The Settling Parties agree and recommend the Commission approve an increase in Forest Edge's revenue requirement by \$5,181, or 26.62%, to an annual revenue requirement of \$24,642 based on a total test year rate base of \$36,122, total operating expenses of \$21,933, and an overall rate of return of 7.50% yielding an operating income requirement of \$2,708. The overall rate of return is a weighted average cost of capital based on a cost of equity of 9.75% and a cost of long-term debt of 7.50% and where 100% of the capital is debt. (See Attachment A.)

B. Step Increase

The Settling Parties agree and recommend the Commission authorize Forest Edge one step increase for costs relating to the System Mapping required by the Department of Environmental Services (DES). The System Mapping costs will be offset by the marginal increase in revenues that may be realized by Forest Edge caused by an increase in its customer base between the date of this stipulation agreement and the date it submits its filing for the step increase. The Settling Parties estimate that the inclusion of these costs, more fully described in Attachment B to this stipulation, would increase Forest Edges' revenue requirement to \$26,352. The estimated increase would be 4.45%. The Settling Parties recommend the Commission authorize Forest Edge to file for this step increase with the Commission no later than June 30, 2014. The step increase request will be subject to audit by the NHPUC Audit Staff. Staff and the remaining parties reserve the right to file recommendations pertaining to whether the mapping project has been completed and whether the costs are accurate and relate to the mapping project.

The Settling Parties further agree that commensurate with review of the increases associated with the System Mapping project, Forest Edge will update its customer count to reflect its current number of customers as of the date of its step increase filing

C. Customer Rate Impact

Forest Edge does not provide metered service; it bills its 42 customers on a quarterly basis. The Settling Parties propose no changes to Forest Edge's rate design. The Settling Parties agree and recommend the new revenue requirement be distributed among the residential customers equally, at 26.62%, such that the resulting quarterly rate will be \$146.68. This is a \$30.84 increase from the existing quarterly rate of \$115.84. The Report of Proposed Rate Changes is further detailed on Schedule 4 of Attachment A to this stipulation.

D. Rate Case Expenses

Forest Edge agrees to file within fifteen days from the date of a final order in this docket documentation of its rate case expenses as well as a proposed surcharge to recover those expenses.

E. Affiliate Agreement

The Settling Parties agree and recommend the Commission approve an affiliate agreement between Forest Edge and Atlantic Operating and Management Corp. (Atlantic). Nathaniel Sullivan is president of both companies. The affiliate agreement contracts for management and bookkeeping services from Atlantic to Forest Edge and the expenses associated with these services are included in the proposed revenue requirement.

III. MISCELLANEOUS

A. The Settling Parties agree that this stipulation may be executed in multiple counterparts, which together shall constitute one stipulation.

Forest Edge Water Company, Inc.
Stipulation Agreement

B. The Settling Parties agree that the Commission's acceptance of the stipulation does not constitute continuing approval or, or precedent for, any particular issue in this proceeding other than those specified herein.

IN WITNESS WHEREFORE, the signatories below have executed this stipulation, each being fully authorized to do so, as of the day indicated below.

FOREST EDGE WATER COMPANY, INC.

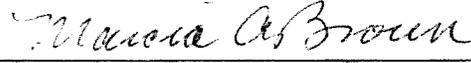
Date: February 22, 2013

By: 

Nathaniel Sullivan, President

STAFF OF THE NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION
By its Attorney,

Date: February 22, 2013

By: 

Marcia A. Brown, Esq.

Date: February ___, 2013

By: _____
Mr. Robert L. deFeyter, Intervenor

Date: February ___, 2013

By: _____
Mr. Richard A. Lake, Intervenor