

TOWN OF MANSFIELD
SPECIAL TOWN COUNCIL MEETING

Wednesday, October 23, 2013

Audrey P. Beck Municipal Building
Council Chambers
6:00pm

A G E N D A

CALL TO ORDER

ROLL CALL

EXECUTIVE SESSION

1. Strategy and Negotiations with Respect to Pending Claims or Litigation, in accordance with CGS §1-200(6)(B)
2. Sale or purchase of real property, in accordance with CGS §1-200(6)(D)

Council will move out of executive session at approximately 7:00 p.m.

NEW BUSINESS

3. Water Supply Project/Letter of Intent (LOI) with Connecticut Water Company (CWC)

OPPORTUNITY FOR THE PUBLIC TO ADDRESS THE COUNCIL

ADJOURNMENT

Town of Mansfield, Connecticut Stationery

October [], 2013

Eric W. Thornburg
President and CEO
Connecticut Water Company
93 West Main Street
Clinton, Connecticut 06413

Re: Town of Mansfield Water Supply Project

Dear Mr. Thornburg:

The Town of Mansfield, Connecticut, acting by and through its Town Council (“Town”), submits this non-binding letter of intent (“LOI”) to provide water utility service to the Town of Mansfield (the “Project”) from the Connecticut Water Company (“CWC”). The Town and CWC are individually referred to as “Party” and collectively referred to as “Parties.”

In making this submittal, the Parties rely upon the following assumptions:

1. The Parties desire to enter into this LOI to serve as the basis for commencing negotiation of a definitive agreement for the provision of water utility service to the Town of Mansfield (the “Definitive Agreement”);
2. The Parties agree to work cooperatively to prepare an initial draft of the Definitive Agreement;
3. The execution of any Definitive Agreement would be subject to the approval of the Town Council; and
4. The Parties intend not to be bound by this LOI (except for paragraphs 17 and 18) or any Definitive Agreement unless and until it is executed by both Parties; and

Subject to those assumptions and reservations and based on the information now available to it, the Town therefore proposes that the Parties agree that the negotiated Definitive Agreement would include the following terms:

1. The System

- a. The System shall be comprised of existing Town water distribution infrastructure set forth in “Schedule A” attached hereto (“Existing Infrastructure”), existing University of Connecticut (“UCONN”) water distribution infrastructure (“UCONN System”), new water supply infrastructure contemplated by the EIE (“EIE Infrastructure”) and any future capacity upgrades made by Connecticut Water to meet system demands pursuant to CWC’s Water Supply plan, as amended to reflect service to the Town of Mansfield and the University.
- b. The EIE Infrastructure consists of the following:
 - i. *Town Connection* - Subject to routing decisions based upon considerations such as the EIE, land use, and hydraulics, CWC shall be responsible, at its sole cost, to provide the infrastructure necessary to distribute potable water as described in this LOI. Such connection shall ensure flow to meet immediate public health and redevelopment needs of the Town of Mansfield.
 - ii. *Western System Improvements* – Source of supply enhancements anticipated by CWC’s Water Supply Plan, as revised to reflect the projected demands for the Town of Mansfield and UCONN, as appropriate.
- c. The Parties shall define within the Definitive Agreement the initial areas to be served by CWC. Subsequent expansions of the service area will be undertaken in consultation with the Advisory Committee referred to in paragraph 8 of this LOI. The Definitive Agreement will harmonize any limitations on service areas with CWC’s obligations under Section 16-20 of the General Statutes.
- d. CWC will be required to provide an adequate supply of Water to address demands in the community consistent with the EIE, Town’s Water Supply Plan, Town’s Plan of Conservation and Development, Town’s zoning regulations, fire suppression needs and in strict conformance with applicable requirements of the state Department of Public Health (“DPH”) and the Public Utilities Regulatory Authority (“PURA”). There would be no “take or pay” obligation in a Definitive Agreement.
- e. The Definitive Agreement would provide a process for the Parties to regularly apprise each other of anticipated changes in water supply or demand volumes in order to minimize over-estimation or under-estimation of infrastructure capacity needs. The parties would agree to cooperate to ensure that margin of safety quantities are not required to be duplicated in water supply plans of the Parties or under any other DPH regulatory obligations.

2. Design and Construction of EIE Infrastructure

- a. The Parties would confer with each other and UCONN to establish the water supply pipeline route, and prepare a drawing of such route as an exhibit to the Definitive Agreement.
- b. CWC would design and construct the pipeline and any system improvements in compliance with all applicable requirements of state and federal law and CTDPH

Guidelines for the Design and Operation of Public Water System Treatment, Works, and Sources, and standards incorporated therein by reference.

- c. CWC, at its sole cost, shall design, permit, construct, start-up, test, operate and maintain the EIE Infrastructure in conformity with applicable law and regulations (including Town development laws), prudent industry practices and the requirements of the Agreement between CWC and UCONN.
 - d. CWC shall hold monthly progress meetings at which the Town can participate and receive access to information regarding the design and construction of EIE Infrastructure and its consistency with the EIE. CWC will respond to comments and concerns made by Town.
 - e. The Town shall have the right, but not the obligation, to observe and inspect construction of the EIE Infrastructure at any reasonable time. The Definitive Agreement will detail the Town's inspection rights and requirements, and CWC's obligations during construction of the EIE Infrastructure.
 - f. The Town shall have the right to review information regarding the construction of the EIE Infrastructure to the extent reasonably necessary to confirm the Company's compliance with the Definitive Agreement's requirements.
 - g. CWC will comply with testing standards, and the Town shall have the right to observe such testing, in the construction of the EIE Infrastructure in conformance with DPH and PURA requirements.
 - h. Upon achievement of the date upon which CWC serves the Town written notice of completion of construction and testing of the EIE Infrastructure ("Completion Date"), CWC shall provide Water service to non-UCONN water customers ("Customers") in accordance with the Definitive Agreement.
3. Regulatory Oversight
- a. CWC is subject to regulatory oversight by state and federal agencies including but not limited to the DPH with regard to the purity and adequacy of its supplies; by the Department of Energy and Environmental Protection (DEEP) regarding water resources and environmental permitting, and PURA with respect to rates and quality of service. Customers in the Town of Mansfield shall be afforded all the rights and protections available to all Connecticut Water customers as a result of such oversight. A summary of applicable laws and statutory references shall be included as an exhibit in the Definitive Agreement.
 - b. CWC has in effect "Rules and Regulations" as approved and may be amended subject to PURA approval that provide information for customers including but not limited to the general rules; applications and transfers of service; rules for meters, services, equipment, as well as details regarding billing, collection and denial or termination of service. The current Rules and Regulations will be included as an exhibit in the Definitive Agreement.
 - c. CWC has a Main Extension Agreement, as approved by PURA, that stipulates the construction standards and financial terms and conditions for any customer funded main extensions, a copy of which shall be included as an exhibit in the Definitive Agreement.

4. Ownership, Operation and Maintenance of the System

- a. CWC will operate, maintain, service and repair (“OM”) all Existing Infrastructure and any EIE Infrastructure lying within the Town beginning as of the Completion Date of capital improvements for supplying water to the point of delivery specified in the UCONN Definitive Agreement.
- b. CWC shall OM the System at its sole cost in accordance with applicable laws and regulations.
- c. CWC shall take title to Existing Town and University Infrastructure upon it being fully depreciated, or its repair or replacement by CWC, whichever first occurred.
- d. CWC shall immediately take title to all EIE Infrastructure.
- e. On and after the Completion Date and before the transfer of ownership, the Town will grant CWC an irrevocable license to use the Existing Infrastructure to serve Existing and New Customers in Mansfield.

5. System Capacity and Expansion

- a. CWC would agree not to permit customer connections in Mansfield unless that Customer first obtains any required Town approvals, including those required pursuant to local zoning and planning ordinances.
- b. CWC would agree not to permit customer connections to EIE infrastructure that would violate any connection restriction or conflict with the 2013 State Plan of Conservation and Development as set forth in the University’s Record of Decision under CEPA as approved by the Office of Policy and Management (OPM) except as directed by PURA when such connection would conflict with the company’s obligations under section 16-20 of the CGS with timely notice of initiation of such proceedings to OPM, the University, and the Town.
- c. CWC shall notify the Director of Planning and Development and the Water System Advisory Committee of any new service requests.
- d. CWC shall provide the capital for the pipeline infrastructure for the route indicated in the Definitive Agreement with no assessment to the Town or customers in Town for such pipeline infrastructure.

6. Water Quantity, Quality and Pressure

- a. Subject to the Force Majeure provision of the Definitive Agreement, CWC shall provide water of a quality meeting or exceeding those standards for quality of drinking water established by the Connecticut Department of Public Health pursuant to Section 19a-36 of the Connecticut General Statutes, as amended, as currently set forth in Section 19-13-B102 of the Regulations of Connecticut State Agencies (“Potable Water”).

7. Water Rates and Charges

- a. CWC would charge any existing billed customer of record served by the University as of the Completion Date (“Existing Customers”) at a rate equal to the water commodity charge and basic service charge then charged to those Existing Customers by the University for the applicable customer class until those rates are

- adjusted by the same dollar amount thereafter approved at any future CWC rate cases before the Public Utilities Regulatory Authority (“PURA”).
- b. CWC would charge any new billed customer of record and any customer requesting an initial service connection made after the Completion Date (“New Customers”) at a rate equal to the water commodity charge and basic service charge for similarly defined CWC customers as approved by PURA.
 - c. CWC would charge the Town for any facilities it owns and operates at the Public Authority Rate plus applicable Public Fire Protection charges. Existing Town facilities would be charged based on the charges for Existing Customers of the University and any new Town facilities would be charged at the CWC approved rate for its Public Authority customers.
 - d. Existing and New customers in Mansfield shall be subject to applicable PURA-approved surcharges or surcredits at the same percentage basis as other CWC customers.
 - e. CWC rates and charges established under a Definitive Agreement would be subject to PURA approval. A schedule of the charges defined in this agreement will be included as an exhibit in the Definitive Agreement.
 - f. Parties shall use all reasonable efforts to advocate to the PURA the rate treatment contemplated by the Definitive Agreement.
8. Water System Advisory Committee
- a. CWC shall commit to the establishment of a Water System Advisory Committee (“Committee”) comprised of representatives of the Town, UCONN, regional representatives and other key stakeholders that would advise regarding Water service and the System’s operation, expansion or integration.
 - b. CWC is obligated to consult with the Committee in regards to any System expansion or improvement within the Town. The Committee shall also make recommendations of Best Management Practices (as defined herein), including water conservation programs and CWC shall work cooperatively with the Committee in the implementation thereof.
9. Best Management Practices
- a. During non-emergency phases of the CWC Emergency Contingency Plan, such as a water supply advisory, watch or warning, the Town would work cooperatively with CWC to encourage customers in the community to reduce water use consistent with the Plan. CWC shall support and assist the Town in implementing zoning, wetland and similar plans of development to mitigate development pressures in targeted areas consistent with the OPM approval of the EIE, provided that such support and assistance can be harmonized with CWC’s obligations under section 16-20 of the General Statutes.
 - b. CWC shall install, at its sole expense, meters for any new Connecticut Water customers requesting water service.

- c. CWC shall support efforts to employ water conservation practices using flow reducers and aerators, shutoff valves, leak detection systems and water reuse and reclamation. In consultation with its advisory committee, CWC shall explore the provision of customer education programs and related financial incentives to encourage customers to reduce water consumption.
10. Record Keeping, Reporting
 - a. CWC shall comply with applicable statutes and regulations regarding maintaining records, reporting and meter testing. Although CWC is not subject to the Connecticut Freedom of Information Act, it will use reasonable efforts to assist the Town in complying with its obligations under that law, as applicable to records created under the terms of the Definitive Agreement.
11. Regulatory Permits, Licenses and Approvals
 - a. CWC shall, at its sole cost, be responsible for all filings, applications and reports necessary to obtain the permits, licenses and approvals required to be made, obtained and maintained by CWC for the construction and operation of the system.
 - b. CWC shall apply for and be solely responsible for legal, engineering, consulting, administrative fees and other costs and expenses arising in connection with securing required authorizations, approvals, and permits from governmental authorities, including but not limited to PURA, DPH, DEEP, state Department of Transportation and other applicable agencies for all required regulatory approvals.
 - c. CWC would obtain the necessary easements and rights-of-way for construction and operation of the Project all at its sole cost and expense. The Town would provide CWC with the necessary easements and rights-of-way for CWC's construction and operation of Project on Town property.
 - d. With respect to permitting, zoning approvals, right-of-way access and public information, the Town shall cooperate with CWC, as necessary, appropriate and in conformance with federal, state and local law and regulation. This condition notwithstanding, the Town shall have no responsibility or liability regarding such activities of CWC.
12. Property Taxes
 - a. CWC shall be liable for property or any other tax with respect to any portion of the System owned by CWC.
13. Protections for the Town Regarding Continuous Provision of Water Service
 - a. Subject to the terms of the Definitive Agreement, CWC shall be authorized and obligated to provide water service for current and future customers in the Town of Mansfield in accordance with all applicable state and local regulatory provisions.
 - b. CWC shall be responsible to meet the current and future public water supply needs for Mansfield meeting the PURA standards for service at PURA approved rates. If the company fails to meet its regulatory obligations, they would be subject to any applicable enforcement actions by the agencies and the Town may

petition PURA under Sections 16-10a or 16-20 of the CT General Statutes. If following their investigation, the Authority finds that the company has failed to provide service which is adequate to serve the public convenience and necessity of any town, it may revoke the Company's franchise in the town, or any portion thereof, or make such other order as may be necessary to provide such service.

- c. At the time a Water Utility Coordinating Committee is convened pursuant to Section 25-32c through 25-32j of the CGS, CWC would seek and the Town would support the designation of the Exclusive Service Area in Mansfield to CWC, except for those areas served at that time by other regulated public water supply systems subject to CWC's fulfillment of its obligations to be performed under the Definitive Agreement and pursuant to the terms to be set forth therein.
- d. The agreement between CWC and UCONN provides that at the time of the University's acceptance of CWC's Completion Date notice, the University will deliver to CWC an irrevocable license for CWC to use, maintain, repair or replace off-campus infrastructure as required to serve the Town of Mansfield. There would be no fee associated with such use of the infrastructure except that the Parties agree to confer and identify those costs, expenses and operational requirements that may result to the University system relating to any proposed extension of the infrastructure to serve customers outside of the Town of Mansfield after the Point of Connection.
- e. Any proposed sale or transfer of CWC would be subject to approval by PURA and the successor would be obligated to meet any and all obligations regarding service to the Town and its customers. The Town and any customers therein would have the right to participate in the proceeding, including seeking intervenor status, providing input at the hearings on the matter, and requesting any specific terms or conditions of such sale or transfer to protect the interests of the customers.

14. Definitive Agreement Approval Requirements

- a. CWC and Town would agree that the execution of any Definitive Agreement would be subject to the approval of the Town Council.
- b. CWC and Town would agree that the obligations of the Definitive Agreement would be subject to specified conditions precedent including but not limited to receipt of all required regulatory permits and approvals.

15. Dispute Resolution

- a. The Parties shall commit to establish an alternative dispute resolution process, provided that such process shall be consistent with PURA's jurisdiction under state law.

16. Definitive Agreement Assignment

- a. Neither Party can assign the Definitive Agreement without the prior written approval of the other Party, such approval not to be unreasonably withheld.

17. Non-Binding Effect of LOI

- a. The proposed elements and terms of the Definitive Agreement outlined herein are not intended to be legally binding on either Party. The Parties shall only be bound if and when a Definitive Agreement has been negotiated, approved and executed by the Parties. No past or future action, course of conduct, or failure to act relating to the possible transaction or relating to the negotiation of any Definitive Agreement will give rise to or serve as a basis for any obligation or other liability on the part of either of the Parties.

18. Miscellaneous Provisions

- a. Entire Agreement. The binding paragraphs of this LOI, Paragraph 17 (Non-Binding Effect of LOI) and Paragraph 18 (Miscellaneous Provisions), shall supersede all prior agreements, whether written or oral, between the Parties with respect to its subject matter and constitute a complete and exclusive statement of the terms of the agreement between the Parties with respect to its subject matter.
- b. Modification. This LOI may only be amended, supplemented or otherwise modified by a writing executed by the Parties.
- c. Governing Law. All matters relating to or arising out of this LOI and the rights of the Parties (sounding in contract, tort or otherwise) will be governed by and construed and interpreted under the laws of the State of Connecticut, without regard to conflicts of laws principles that would require application of any other law.
- d. Counterparts. This LOI may be executed in one or more counterparts, each of which will be deemed to be an original copy and all of which, when taken together, will be deemed to constitute one and the same document, and will be effective when counterparts have been signed by each of the parties and delivered to the other parties. A manual signature on this letter whose image shall have been transmitted electronically will constitute an original signature for all purposes.
- e. LOI Termination. The binding paragraphs of this LOI, Paragraph 17 (Non-Binding Effect of LOI) and Paragraph 18 (Miscellaneous Provisions), will automatically terminate upon the earliest of the following (the "LOI Termination Date"): (i) December 31, 2013, or (ii) execution of the Definitive Agreement by both of the Parties unless otherwise extended by mutual agreement by both of the Parties; provided, however, that the termination of the binding provisions will not affect the liability of a party for breach of any of the binding provisions prior to the termination. Upon termination of the binding provisions, the Parties will have no further obligations under this letter, except Paragraph 18 (Miscellaneous Provisions) will survive such termination.
- f. Expenses. It is agreed that each Party shall bear its own legal, accounting, engineering, consulting, and other expenses in connection with the negotiation, documentation, and execution of a Definitive Agreement whether or not such an agreement is executed.

Eric W. Thornburg

October [], 2013

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This LOI is intended to be a non-binding letter of intent providing a basis for negotiating the Definitive Agreement, excepting Paragraph 17 (Effect of Letter) and Paragraph 18 (Miscellaneous Provisions) which shall be binding on the Parties.

If you are in agreement with the foregoing, please sign and return one copy of this letter, which thereupon will constitute our understanding with respect to its subject matter.

Very truly yours,

Agreed to on behalf of Connecticut Water Company as to Paragraphs 17 (Non-Binding Effect of LOI) and 18 (Miscellaneous Provisions).

By: _____
Name: Eric W. Thornburg
Title: President and CEO
Connecticut Water Company

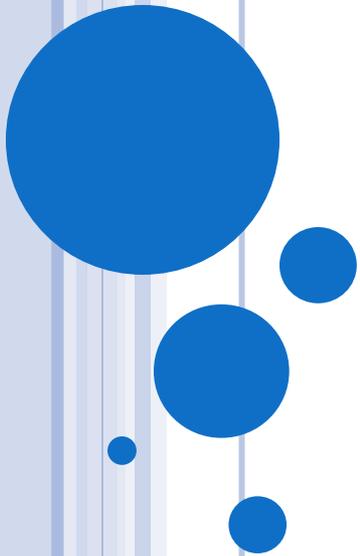
By: _____
Name: Matthew Hart
Title: Town Manager
Town of Mansfield

DRAFT

Town of Mansfield, Connecticut – Connecticut Water Company
Non-binding Letter of Intent
SCHEDULE A
Town Existing Infrastructure

DRAFT

KEY PROVISIONS OF LOI WITH MANSFIELD



CWC TO BE PROVIDER OF WATER UTILITY SERVICE IN TOWN OF MANSFIELD

- CWC assumes all rights, responsibilities and regulatory obligations as a regulated public water utility in the community
- Will provide adequate supplies to meet current and projected needs and operate and maintain the system in accordance with all state and federal regulatory requirements.
- Regulatory oversight provides a transparent public process for decisions and information related to permits or compliance is readily available from the agencies.

PROVISIONS TO ENSURE CONTINUOUS WATER SERVICE FOR TOWN (SECTIONS 1, 3, 8, 9, 13)

- Agreement will define the route for the pipeline to the area, including the Four Corners; delineate 'existing' system;
- provide for CWC to operate, maintain and replace existing infrastructure in Town;
- CWC to coordinate development with the community through the Water System Advisory Group; and
- CWC to make any source or system improvements to meet current and future water supply needs of the area.
- CWC will have the obligations in perpetuity and directly serve any customers, with no obligations or liabilities to the Town.
- CWC will design and construct the pipeline with no special assessment or a "take or pay obligation" for the town.

ANY SYSTEM EXPANSIONS

- Coordinated with the Water System Advisory Committee
- Customers seeking service required to have all required state or local approvals; and
- Must be consistent with the EIE, Town's Water Supply Plan, Town's Plan of Conservation and Development, and Town's zoning regulations or subject to review by PURA under Section 16-20.

CWC AND UCONN SYSTEMS WILL BE INTEGRATED AND OPERATIONALLY DEPENDENT

- Will have contractual provisions to ensure the continued operations of the system to serve off campus including:
- University will provide CWC an irrevocable license for CWC to use, maintain, repair or replace off-campus infrastructure as required to serve Mansfield.

CWC AND UCONN SYSTEMS WILL BE INTEGRATED AND OPERATIONALLY DEPENDENT

- If at any point in the future, the agreement with CWC and UCONN is terminated, any remaining off campus university-owned infrastructure would transfer to CWC so they could continue to serve customers in Mansfield.
- No fee associated with such use of the infrastructure **except** if CWC proposes to use the infrastructure to serve customers outside of Mansfield
 - CWC and UCONN agree to confer and identify those costs, expenses and operational requirements that may result to the University system relating to such proposed extension.

WATER SYSTEM ADVISORY GROUP

- Representatives of the Town, UCONN, regional representatives and other key stakeholders to advise CWC
 - water service and the system's operations,
 - expansion or integration
 - recommended Best Management Practices, including water conservation programs.

RATES AND CHARGES (SECTION 7)

- All rates and charges of regulated water company subject to PURA approval
- Rate proceedings are public process with opportunity for Town and/or individual customers to participate in proceeding
- Customers directly notified of any pending general rate proceeding and given notice of hearings and opportunity to comment

RATES AND CHARGES (SECTION 7)

- **Basic Service charge** – a daily rate which covers the cost associated with basic operation, billing and customer service.

The size of water meter determines the amount of the Basic Service charge. Residential customers usually have the smallest meter, 5/8 inch, while larger water users can have meters 3/4 inch or larger.

- **Water Commodity or Usage** – the number of gallons used, rounded to the last full thousand used, multiplied by CWC's approved rates (in rate schedule as rate per 1000 gallons).
- **PURA Approved Surcharges or Credits** – Applied as approved by PURA to all customers on a percentage basis of the total bill for basic service charge and commodity charge. An explanation is provided on the customer bill for any surcharge or credit.

PURA APPROVED SURCHARGES

- **Water Infrastructure and Conservation Adjustment (WICA)** - recovers PURA authorized investments in pipe line replacement and conservation projects between general rate cases.
 - Typically done as semi-annual adjustments
 - maximum WICA allowed by the law is 5% per year or a maximum of 10% between general rate case filings.
 - CWC has historically had about a 2% per year WICA charge based on the level of investment.
- **Revenue Adjustment** - Authorized by a 2013 Connecticut law, this mechanism is intended to support water conservation by allowing water utilities to adjust rates annually to recover the revenues PURA approved at the time of their last rate general rate proceeding.
 - Adjustment could be a surcharge or credit depending on the amount of revenues collected in a calendar year.
 - company must submit the details to PURA for approval annually before an adjustment is applied to customers' bills.

PURA APPROVED SURCHARGES

- **Repair Tax Credit** – As of April 1, 2014 the company will apply a credit to all CWC customers' bills
 - return to customers over a 2 year period the benefit of a one-time federal tax refund as a result of a clarification of Federal tax rules regarding Repair Tax Deductions.
 - The Company estimates the amount of the tax refund that will be shared with customers in the form of a rate reduction over the 2 year period will be approximately \$10 million, or approximately 6% of currently authorized rates.

RATES FOR MANSFIELD CUSTOMERS (SECTION 7)

- Rates and charges for any existing water customers in Mansfield based on current UCONN rates
- Rates and charges for any new customers would be charged CWC rates.
- CWC would charge the Town for any facilities it owns and operates at the Public Authority Rate and any applicable surcharges or credits plus Public Fire Protection charges. Rates for existing set based on UCONN rates and new town facilities at CWC rate.
- The rate schedule is subject to PURA approval.



RATE SCHEDULE FOR MANSFIELD CUSTOMERS

<i>Commodity Charge</i>	Current UCONN Rates per 100 cu ft	Current UCONN Rates per 1000 gals	CWC Base Rates per 1000 gals
Residential	3.05	4.078	7.34
Commercial	3.05	4.078	6.424
Industrial	3.05	4.078	5.464
Public Authority	3.05	4.078	6.025
<i>Basic Service Charge/Quarter</i>			
5/8" Meter	25.00	25.00	28.83
3/4" Meter	25.00	25.00	43.24
1" Meter	25.00	25.00	72.06



[Key Provisions of LOI with Mansfield](#)

SAMPLE RESIDENTIAL WATER BILL CALCULATION

Typical Residential Customer Bill (Quarterly) 5/8"meter @ 15,000 gal/qtr Usage	<i>CWC Rates for Existing Non University</i>	<i>CWC Rates for New Non University</i>
Commodity Charge 15 x commodity charge	61.17	110.10
Meter Charge	25.00	28.83
Total Bill Subject to Surcharge	<u>86.17</u>	<u>138.93</u>
Current WICA Surcharge @ 8.09%	6.97	11.24
TOTAL QUARTERLY BILL	93.14	150.17



SAMPLE COMMERCIAL WATER BILL CALCULATION

Typical Commercial Customer Bill (Monthly) 3/4" meter @ 50,000 gal/month Usage		<i>CWC Rates for Existing Non University</i>	<i>CWC Rates for New Non University</i>
Commodity Charge	50 x commodity charge	203.89	321.20
Meter Charge		8.33	14.41
Total Bill Subject to Surcharge		<u>212.23</u>	<u>335.61</u>
Current WICA Surcharge @ 8.09%		17.17	27.15
TOTAL MONTHLY BILL		229.39	362.76



CWC REGULATORY OVERSIGHT (SECTION 3)

- Actions handled in a public process
- Information related to permits or compliance is readily available from the agencies
- The primary regulatory oversight:
 - DPH with regard to the purity and adequacy of its supplies;
 - DEEP regarding water resources and environmental permitting;
 - PURA with respect to rates and quality of service.

CWC REGULATORY OVERSIGHT (SECTION 3)

- Customers in the Town of Mansfield shall be afforded all the rights and protections available to all Connecticut Water customers as a result of such oversight.
- A summary of applicable laws and statutory references shall be included as an exhibit in the Definitive Agreement.

CWC RULES AND REGULATIONS

- CWC has in effect “Rules and Regulations” as approved and may be amended with PURA approval
- Provide information for customers
 - general rules;
 - applications and transfers of service;
 - rules for meters, services, equipment,
 - details regarding billing, collection and denial or termination of service.



RATES AND CHARGES (Section 7)

Bills for water service are based on three charges:

- ❖ **Basic Service charge** – a daily rate which covers the cost associated with basic operation, billing and customer service. The size of your water meter determines the amount of the Basic Service charge. Residential customers usually have the smallest meter, 5/8 inch, while larger water users can have meters ¾ inch or larger.
- ❖ **Water Commodity or Usage** – the number of gallons used, rounded to the last full thousand used, which is multiplied by Connecticut Water’s approved rates (shown in rate schedule as rate per 1000 gallons).
- ❖ **PURA Approved Surcharges or Credits** – Applied once approved by PURA to all customers on a percentage basis of the total bill for basic service charge and commodity charge. An explanation is provided on the customer bill for any surcharge or credit. The most common surcharges are:
 - **WICA or Water Infrastructure and Conservation Adjustment** - WICA recovers PURA authorized investments in pipe line replacement and conservation projects between general rate cases. These are typically done as semi-annual adjustments with the maximum WICA surcharge allowed by the law is 5% per year or a maximum of 10% between general rate case filings. Historically, CWC has generally had about a 2% per year WICA charge based on the level of investment.
 - **Revenue Adjustment** - Authorized by a new law enacted in Connecticut in 2013, this adjustment mechanism is intended to support water conservation by allowing water utilities to adjust rates annually to recover the revenues that PURA approved at the time of their last rate general rate proceeding. The adjustment could be a surcharge or credit depending on the amount of revenues collected in a calendar year. The company must submit the details to PURA for approval annually before an adjustment is applied to customers’ bills.
 - **Repair Tax Credit** – As of April 1, 2014 the company will apply a credit to all CWC customers’ bills to return to customers over a 2 year period the benefit of a one-time federal tax refund as a result of a clarification of Federal tax rules regarding Repair Tax Deductions. The Company estimates the amount of the tax refund that will be shared with customers in the form of a rate reduction over the 2 year period will be approximately \$10 million, or approximately 6% of currently authorized rates.

RATES FOR CUSTOMERS IN MANSFIELD (Section 7)

Under the Agreement, CWC has proposed that the rates and charges for any existing water customers in Mansfield would be based on the current UCONN rates and any new customers would be charged the CWC rates. The rate schedule is subject to PURA approval. A complete schedule of all the existing UCONN and CWC rates and charges is attached.

RATE SCHEDULE

Under the Agreement, the rates for any existing water customers in Mansfield would be based on the current UCONN rates and any new customers would be charged the CWC rates.

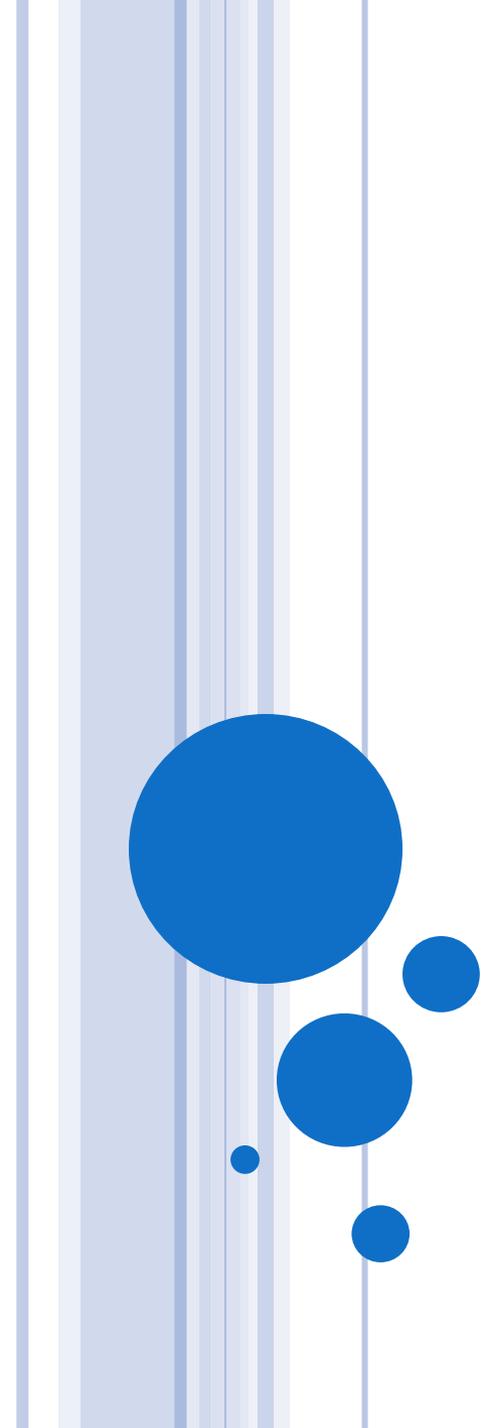
Commodity Charge	Current UCONN Rates per 100 cu ft	Current UCONN Rates per 1000 gals	CWC Base Rates per 1000 gals
Residential	3.05	4.078	7.34
Commercial	3.05	4.078	6.424
Industrial	3.05	4.078	5.464
Public Authority	3.05	4.078	6.025
Basic Service Charge/Quarter			
5/8" Meter	25.00	25.00	28.83
3/4" Meter	25.00	25.00	43.24
1" Meter	25.00	25.00	72.06

Note: CWC would charge the Town for any facilities it owns and operates at the Public Authority Rate and any applicable surcharges or credits plus Public Fire Protection charges. Existing Town facilities would be charged based on the charges for Existing Customers of the University and any new Town facilities would be charged at the CWC approved rate for its Public Authority customers.

SAMPLE WATER BILL CALCULATION

Typical Residential Customer Bill (Quarterly)		CWC Rates for Existing Non University	CWC Rates for New Non University
5/8"meter @ 15,000 gal/qtr Usage			
Commodity Charge	15 x commodity charge	61.17	110.10
Meter Charge		25.00	28.83
Total Bill Subject to Surcharge		<u>86.17</u>	<u>138.93</u>
Current WICA Surcharge @ 8.09%		6.97	11.24
TOTAL QUARTERLY BILL		93.14	150.17

Typical Commercial Customer Bill (Monthly)		CWC Rates for Existing Non University	CWC Rates for New Non University
3/4" meter @ 50,000 gal/month Usage			
Commodity Charge	50 x commodity charge	203.89	321.20
Meter Charge		8.33	14.41
Total Bill Subject to Surcharge		<u>212.23</u>	<u>335.61</u>
Current WICA Surcharge @ 8.09%		17.17	27.15
TOTAL MONTHLY BILL		229.39	362.76



KEY PROVISIONS OF LOI WITH UCONN

UCONN – DPH REGULATED

- Pipeline project subject to conditions EIE approval under CEPA
- Specific language regarding the pipeline, construction and other related provisions
- UCONN remains a DPH regulated public water supply system
- UCONN to buy water from CWC to meet a portion of its supply and CWC will use some portions of the UCONN system to deliver water to off campus customers
- Agreement reflects that relationship, rates for water, and procedures for calculating billing for water delivered between the entities

WATER QUANTITY, QUALITY AND PRESSURE (SEC 1)

- Establishes schedule for CWC to complete infrastructure improvements and provide Water to the UCONN
- Indicates water sold between CWC and University shall meet or exceed standards for quality of drinking water established by CT DPH
- Other provisions regarding system design.

WATER RATES & CHARGES (SEC 2)

UCONN	Existing Customers in Mansfield	New Customers in Mansfield – After “Completion Date”
<p>State Infrastructure Customer Rate</p> <p>60% of CWC Approved Public Authority Rate</p>	<p>Current UCONN Rate</p> <p>To be adjusted by the same dollar amount change thereafter approved at any future CWC rate cases before PURA</p>	<p>PURA Approved Rate for CWC Customers</p>

All rates subject to PURA approval and would include any PURA approved surcharges or credits applied to the total bill.



INFRASTRUCTURE CONSTRUCTION, OWNERSHIP, OPERATION & MAINTENANCE (SEC 3, 4)

- UCONN, CWC and Town of Mansfield will confer to establish water supply pipeline route; drawing of route as exhibit to the Definitive Agreement.
- CWC responsible for design, engineering, permitting, construction, inspection and testing of the water supply pipeline and facilities to interconnect the CWC system in Tolland to the existing University system at the Point of Delivery.
- Design and construction in compliance with applicable requirements of state and federal law and DPH Guidelines for the Design and Operation of Public Water Systems.
- CONN to ensure the design and construction of the project is consistent with approved EIE.

INFRASTRUCTURE CONSTRUCTION, OWNERSHIP, OPERATION & MAINTENANCE (SEC 3, 4)

- Off-campus infrastructure owned by UCONN would transfer to CWC upon being fully depreciated or replaced by CWC
- UCONN will give CWC an irrevocable license to use, maintain, repair or replace off-campus infrastructure as required to serve Existing and New Customers.
- CWC will maintain, repair and replace off-campus infrastructure at its expense upon Completion Date and UCONN will maintain, repair and replace on-campus infrastructure.

WATER SUPPLY CONNECTION RESTRICTIONS (SEC 7)

- CWC would not to permit customer connections to the pipeline that would violate any connection restriction set forth in the University's Record of Decision under CEPA as approved by the OPM except as ordered or directed by PURA based upon CWC's obligations under C.G.S. §16-20 and with timely notice of initiation of such proceedings to OPM, University and the Town.

EXISTING AND OTHER SUPPLY SOURCES

(SEC 8)

- UCONN would agree to continue to operate its own system and supplies consistent with its current diversion registrations and operating procedures.
- UCONN would retain the ability to maintain existing measures or establish new measures to conserve or reuse water to meet University supply requirements and conservation objectives

WATER SYSTEM ADVISORY COMMITTEE (SEC 13)

- Allows for creation, membership and functions of an advisory committee concerning system operation and customer service matters, and
- the integration or coordination of such committee operations with a similar entity to be created between CWC and the Town of Mansfield

FREEDOM OF INFORMATION REQUIREMENTS (SEC 14)

- CWC would agree to reasonably cooperate with University as required for University to comply with applicable standards and procedures of the FOIA with respect to “records” created under the terms of the Definitive Agreement.

OTHER SECTIONS

- Regulatory Permits
- Licenses and Approvals
- State Contract Terms and Conditions
- State Procurement Process Requirements
- The Definitive Agreement Term
- Agreement Termination Matters, and
- Other Miscellaneous Provisions regarding the agreement.