

PANNONE
LOPES
DEVEREAUX &
WEST_{LLC}

counselors at law

MEMORANDUM

TO: Matthew W. Hart, Town Manager

**FROM: Teno A. West, Esq.
Bruce H. Tobey, Esq.
Matthew C. Reeber, Esq.**

DATE: August 5, 2013

RE: Governance Analysis of Water Supply EIE Options

I. Introduction

The Town of Mansfield (“Mansfield”) retained PLDW to provide advice regarding governance alternatives arising from the following potential future water supply options now under consideration through the on-going University of Connecticut (“UConn”) environmental impact evaluation (“EIE”) process: (1) Mansfield is a party to a contract with the Connecticut Water Company (“CWC”) and UConn; and (2) Mansfield is a party to a contract with Windham Water Works (“WWW”) and UConn for WWW to provide bulk water supply to Mansfield.

II. Initial Considerations

As a threshold matter, regardless of whether Mansfield and UConn select CWC or WWW, both relationships will be creatures of contract. Accordingly, Mansfield may negotiate with CWC and WWW to define the terms and conditions regarding their respective functions, powers or duties and the manner whereby they are to be performed. Additionally, the negotiated agreement may contain provisions concerning debt incurrence, capital and operating cost obligations, and the ownership of the distribution system.

Regardless of the future water supply option which Mansfield might choose, it is up to the Town to utilize its zoning and land use powers to manage how and where growth occurs in Mansfield. For instance, in its Plan of Conservation and Development, Mansfield identified specific areas where higher density commercial and mixed commercial/residential use is appropriate. The Town’s zoning and land use regulations provide Mansfield with the ability to

direct growth to these permitted areas. The Town's planning, zoning and land use regulations provide the strongest defense to the unwanted growth that might otherwise occur when an increased water supply becomes available.

In Connecticut, every community must prepare a Plan of Conservation and Development ("POCD") and update that plan at least every 10 years (Conn. Gen. Stats. § 8-23). The purpose of these plans is to guide the physical and economic development of the community. As such, the goals, policies and recommendations contained in the POCD provide the framework for the Town's zoning regulations.

The Town's current plan was adopted in 2006, and identifies several Planned Development areas where higher density and mixed use development may be appropriate. *See* Map, attached as Exhibit A. In many cases, these Planned Development areas are either served by existing sewer and water infrastructure, such as the Storrs Center and Eastbrook Mall areas, or are in locations with potential for sewer and water infrastructure such as Four Corners. The vast majority of the Town is designated for Low Density Residential uses.

In 2011, the Town applied for and received a grant from the Department of Housing and Urban Development to assist in planning for potential growth, including that generated by the new UConn Technology Park and the water supply project. This grant is being used to develop a new Plan of Conservation and Development and Zoning Regulations. Since the Mansfield Tomorrow project kick-off in January 2012, the Town has conducted an extensive community engagement process to get input on how to preserve the essential characteristics of the Town as well as where new development should occur and what form development should take. The new POCD is expected to be published for public comment in late fall, 2013, with public hearings anticipated in early 2014. This project provides the perfect opportunity for the Town to strengthen its goals and policies on where new development should occur, and more importantly, where it should not, particularly in relationship to new water transmission pipes that are constructed as part of the proposed water supply project.

While the POCD establishes a general framework for future development, the Town's zoning and subdivision regulations are the main tool for managing the location, type and density of development. The second phase of the Mansfield Tomorrow project involves the development of new zoning and subdivision regulations. As with the new POCD, updates to zoning and subdivision regulations should specifically address how the Town plans to control growth along pipelines in areas that are not planned for higher densities. The subject of induced growth due to the water project was the subject of a Planning and Zoning Commission Regulatory Review Committee ("PZC") meeting in September 2012. *See* Minutes, attached as Exhibit B. During this initial discussion, the PZC Regulatory Review Committee expressed concern with the potential for 'pipeline sprawl' and identified the use of an overlay district as an appropriate tool to manage development along the new water transmission main.

The purpose of the overlay district regulations would be to supplement existing regulations by requiring evidence that the proposed development could be served by an on-site water supply prior to being allowed to connect to the public water supply. For example, applicants for single-family subdivisions currently submit plans to the health district for confirmation that each of the proposed lots can be adequately served by individual well and

septic systems. If any of the lots cannot support a well and/or septic system, that lot would not be approved for development by the PZC. Under the overlay concept, a developer would still be required to go through this evaluation process during subdivision review to prove that the number of proposed lots could be served without any public water. However, the developer would have the option of connecting to the public water supply for the approved units instead of installing individual wells.

The exception to this requirement would be in Planned Development Areas (PDAs) that are specifically identified in the POCD as being appropriate for higher density development. The purpose of these PDAs is to direct growth to certain locations rather than sprawling all over town; water and sewer infrastructure is what makes this type of compact development possible. As such, development in these areas would be controlled by standard zoning regulations and could exceed the density that would have been supported by on-site groundwater resources.

III. Discussion

A. The CWC Option

On June 7, 2013, CWC submitted to UConn and Mansfield a Response to Request for Information issued due to the EIE process. *See Exhibit C, attached.* CWC proposed an agreement whereby CWC would:

- assume all responsibility for maintaining any infrastructure related to providing water to UConn and Mansfield;
- pay for the needed piping required by the EIE, thereby relieving the Town of the need to borrow against its bond cap for the infrastructure needed by CWC and;
- establish a joint Advisory Committee with UConn and CWC to engage system issues.

Additionally, CWC would maintain water rates at the current level for Mansfield consumers who are “off-campus” users of UConn’s water supply. CWC could in the future seek other rate changes pursuant to the terms of its agreement with UConn and the Town, further discussed below, and as regulated by the Public Utilities Regulatory Authority (“PURA”).

In engaging CWC, a private water utility regulated by PURA, Mansfield may maintain oversight with regard to water supply matters by entering into, along with UConn, a comprehensive agreement that allows Mansfield a voice in how water is supplied to the Town. CWC’s proposal envisions collaboration between and among the parties, which it suggests occur in part through the establishment of the Advisory Committee. Mansfield would be represented on the Advisory Committee by town-appointed committee members. The Advisory Committee would address issues related to operations, infrastructure improvements and customer service. The Advisory Committee will also serve as a public forum for Town residents to express their opinion of CWC’s operation, considering such issues as customer service problems. With regard to growth management off-campus, Mansfield’s authority through its zoning regulations would be controlling.

CWC, Mansfield and UConn would develop the specifics of the Advisory Committee by contract and eventually through the adoption of by-laws. CWC suggests that membership on the committee consist of representatives from the following: UConn, Mansfield, and environmental organizations. In CWC's experience, such committees establish a regular meeting schedule and the committee would provide Mansfield with an annual report on the committee and CWC's activities. CWC operates the Maine Water Company ("MWC"), which serves as the water utility for Biddeford, Saco, Old Orchard Beach and Scarborough, Maine. The MWC also utilizes an advisory committee, consisting of appointed representatives from each of the serviced communities, including Saco's Mayor and Old Orchard Beach's Town Manager. The MWC advisory committee specifically addresses and seeks public input regarding future infrastructure upgrades.

With regard to rates, Mansfield would be able to participate in proceedings at the PURA. Even though CWC envisions a collaborative process, PURA ultimately dictates CWC's rates, while impacting numerous other considerations as well. Under Section 16 of the General Statutes, CWC is subject to state regulations "with respect to rates and charges, services, accounting practices, safety and the conduct of operations generally of public service companies subject to its jurisdiction as it deems reasonable and necessary." See Conn. Gen. Stat. § 16-6b. For CWC to increase its rates, it would have to first apply to PURA. See Conn. Gen. Stat. § 16-19. Mansfield residents would be able to submit comments to PURA regarding any proposed rate hike and on other issues, too. Id. All rate proceedings are open to the public and CWC is required to notify all customers of the opportunity to attend hearings and how to obtain additional information, submit comment, or otherwise participate. Id.

CWC similarly must provide notice to all local officials and municipalities, who may intervene or become a party to the proceedings. PURA maintains a website that allows parties to electronically file petitions, comments and other pleadings. PURA also maintains a phone center to address customer concerns. Additionally, PURA requires that the CWC's operating Rules and Regulations, and any desired modifications to the same be approved by the above administrative process. In sum, CWC's schedule of rates and the terms and conditions of its operations would be approved by PURA, following an adjudicatory proceeding, with the input of customers and participation by the Town.

Upon entering into an agreement, CWC envisions that the Town would initially own any water mains, other piping, equipment and plants that the Town originally financed or finances after the parties enter into the agreement. CWC would assume the operation and maintenance of all infrastructure, both now or subsequently existing. As current infrastructure and any new improvements depreciate or are replaced by CWC, the CWC would by agreement obtain ownership of all mains, other piping, equipment and plants in Mansfield. For example, Mansfield currently owns sections of pipeline connected to UConn's water system. Under its vision of the proposed agreement into an agreement, CWC would assume this responsibility from the Town and would operate and maintain *all* portions of the water system for which the Town now has a responsibility. In exchange, CWC will eventually own *all* infrastructure related to the town's water system, either when CWC replaces the infrastructure or the infrastructure amortizes to a zero value to the Town.

Prior to entering into the agreement, Mansfield should explore sharing costs required by the CWC option, including the installation of additional infrastructure. To the extent CWC requires the extension of existing infrastructure to service Mansfield consumers, the Town should negotiate with CWC to explore options related to financing and construction.

In summary the CWC option provides the following features:

- it envisions the initial development of an additional water supply to the Town through the negotiation of a contractual relationship to which it would be a full party;
- it would proceed with on-going collaboration through the workings of an Advisory Committee in which Town representatives would be active participants; and
- Mansfield could influence rate-setting and operational issues through its participation in the PURA process.

Mansfield may optimize the benefits of CWC's proposal by negotiating a proportionate role on the proposed Advisory Committee.

B. The WWW Option

The WWW proposal, also presented as part of the EIE process, envisions a potential arrangement whereby WWW would provide bulk water to portions of Mansfield which do not currently have a water supply source other than from wells ("the New Service Area"). See Exhibit D, attached. The WWW's proposal encompassed the following base principals:

- existing Mansfield and Windham ratepayers will not pay for the installation of new pipelines that will service new Mansfield consumers;
- water rates will remain the same for current Mansfield consumers who receive their water from WWW;
- the state, Mansfield and/or UConn will fund the planning, design, permitting and installation of all new transmission lines;
- WWW will not pay any costs related to the initial infrastructure required to serve the additional consumers;
- WWW will establish new rates for consumers in the New Service Area;
- those new rates will cover the costs of treating and pumping the new water supply, and maintaining, repairing, upgrading and replacing the water infrastructure located between WWW's water treatment plant and the New Service Area; and
- Mansfield, UConn, WWW and others would seek legislative creation of a new water authority, the Mansfield Water Authority ("MWA").

The MWA would consist of members representing UConn and Mansfield. It would have the following responsibilities:

- administer funds for the planning, design, permitting, and installation of required infrastructure related to the new service areas and the expansion of the WWW water treatment plant;
- permit, plan and install a required new water main;
- meter water consumption and bill consumers;
- purchase bulk water from the WWW; and
- develop an interconnection for the Four Corners service area.

While the description of the WWW option does not expressly state it, it logically follows that MWA would also be charged to develop retail rates for customers in the New Service Area. Those rates would capture the costs arising from bulk water purchases from WWW as well as those due to servicing any Mansfield debt incurred in developing the transmission lines to the New Service Area and such administrative activities such as meter reading and consumer billing.

It is also worth noting that the MWA approach would enable Mansfield to share regulation and control of its water system with UConn. Additionally, as with the CWC option, Mansfield's authority through its zoning regulations to manage off-campus growth would be controlling.

Mansfield should seek to negotiate an arrangement with WWW that would allow it more of a voice in the ratemaking process for the proposed bulk sale of water since, as currently proposed, the WWW commission will dictate rates. See Conn. Gen. Stat. § 7-239; Windham, Connecticut Code of Ordinances XII-1. Additionally, Windham, pursuant to its charter and code of ordinances, appoints members to the Commission. Windham, Connecticut Code of Ordinances VII-1, VII-6. Absent contractual language between the parties that provides a role for it, Mansfield would lack input to the conduct of WWW's affairs.

Under the WWW option, Mansfield and UConn would remain responsible to fund any needed capital improvements. Mansfield and UConn would also be required to repair and maintain existing infrastructure to service its consumers. Mansfield would likely be required to issue bonds to help fund the necessary piping that the WWW plan envisions. Further, as compared to the CWC option, Mansfield and UConn will remain in the role as a water supplier and the continued responsibilities, for example, to own and maintain the infrastructure and manage metering, meter reading, and billing. The Town does not have sufficient staffing in place to address these responsibilities, but it could seek to privatize some or all of these services, after conducting an appropriate procurement process.

Finally, even if Mansfield and UConn select the CWC option, the Town would retain the ability to seek future additional water supply for other portions of the community from the WWW. Whether such an approach is optimal to the Town will likely be dependent on how robust a relationship the Town develops with CWC.

In summary, the WWW option includes the following features:

- it provides that rates for current Mansfield customers who receive water for WWW will remain unchanged and that neither they nor WWW will pay any of the costs attendant to the installation of the new infrastructure that will bring water to the New Service Area;
- it intends that WWW will establish new rates for consumers in the New Service Area which will cover the costs of treating and pumping the new water supply, and maintaining, repairing, upgrading and replacing the water infrastructure located between WWW's water treatment plant and the New Service Area;
- it contemplates that the state, Mansfield and UConn will bear all the costs to be incurred in planning, designing, permitting and installing all new infrastructure required to bring water to the New Service Area, operating through the vehicle of a Mansfield Water Authority, which would require legislative creation; and
- it envisions MWA, which contain representatives representing the interests of both Mansfield and UConn, as the entity which would both purchase bulk water from WWW and issue bills to the customers in the New Service Area.

C. Comparison of the key provisions of the CWC and WWW options

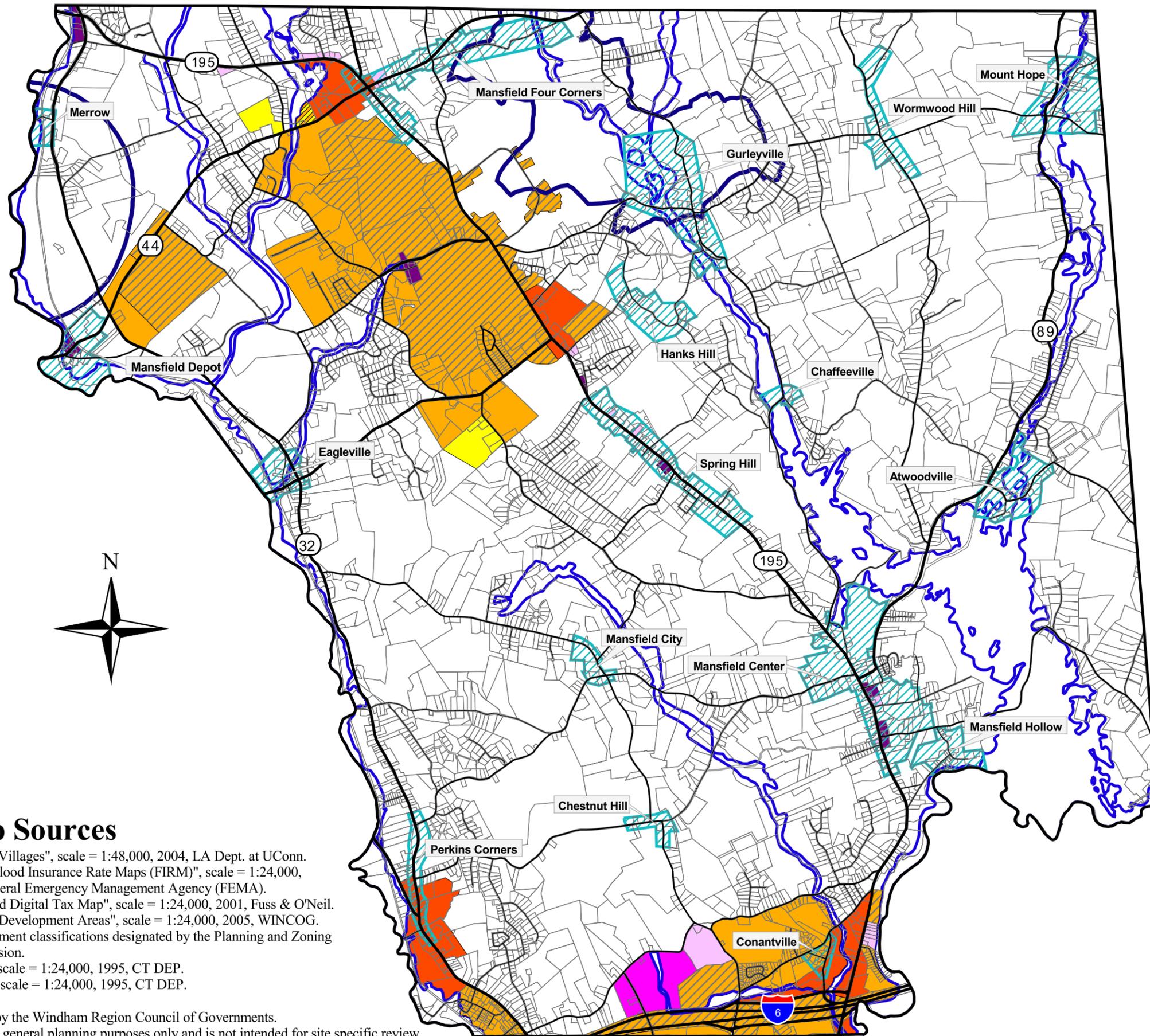
The attached graph, marked Exhibit E, provides a recapitulation of the key features of each proposal which has emerged from UConn's EIE process.

EXHIBIT A

Planned Development Areas

Legend

-  Historic villages or hamlets
-  Medium to High-Density Institutional/Mixed-Use
-  Low Density Residential
-  Medium to High Density Age Restricted Residential
-  Medium to High Density Residential
-  Planned Business/Mixed Use
-  Planned Office/Mixed Use
-  Agriculture/Medium to High Density Residential/Open Space
-  Neighborhood Business/Mixed Use
-  Flood Hazard Zone (Depicted for Reference Purposes)



Map Sources

"Historic Villages", scale = 1:48,000, 2004, LA Dept. at UConn.
 "FEMA Flood Insurance Rate Maps (FIRM)", scale = 1:24,000, 1981, Federal Emergency Management Agency (FEMA).
 "Mansfield Digital Tax Map", scale = 1:24,000, 2001, Fuss & O'Neil.
 "Planned Development Areas", scale = 1:24,000, 2005, WINCOG. Development classifications designated by the Planning and Zoning Commission.
 "Roads", scale = 1:24,000, 1995, CT DEP.
 "Towns", scale = 1:24,000, 1995, CT DEP.

Prepared by the Windham Region Council of Governments.
 Map is for general planning purposes only and is not intended for site specific review.



Plan of Conservation and Development
 April 2006

4000 0 4000 Feet



Map 22

EXHIBIT B

DRAFT
MINUTES

PLANNING & ZONING COMMISSION REGULATORY REVIEW COMMITTEE

Tuesday, September 4, 2012 ▪ Special Meeting
Town Council Chambers, Audrey P. Beck Municipal Building

Members present: V. Ward, A. Marcellino, B. Chandy, S. Westa, K. Holt, K. Rawn, B. Pociask, J. Goodwin

Others present: L. Painter, Director of Planning and Development; G. Meitzler, Assistant Town Engineer; Jason Coite, UConn Office of Environmental Policy

Call to Order

Chairman Ward called the meeting to order at 5:52 p.m.

Approval of Minutes

6-27-12: Holt MOVED, Ward SECONDED approval of the minutes as written. The motion was approved unanimously.

8-15-12: Marcellino MOVED, Ward SECONDED approval of the minutes as written. The motion was approved unanimously.

Regulations Related to Water Supply Environmental Impact Evaluation (EIE)

Painter provided an overview of the Water Supply EIE project, including each of the supply alternatives under consideration and reviewed the need for supplemental regulations to prevent undesirable development (aka 'pipeline sprawl') along the pipeline route between the chosen water supply source and the UConn water system. The primary concern is that the introduction of a water main may increase pressure for development that is not consistent with the Town's POCD and zoning regulations due to the availability of a public water supply.

Two approaches to regulations were discussed; one which would reference the guide map for the current Connecticut Conservation and Development Policies Plan and an alternative approach that would establish overlay districts along pipeline routes. Painter noted that she was uncomfortable with referencing the Connecticut guide map as the current plan and map is in the process of being changed, which would result in the need for amendments to the regulations upon adoption of the new plan within the next year. Additionally, Painter expressed concern that the use of references to another plan would not be user-friendly. As such, she recommended the establishment of overlay districts on the zoning map.

The purpose of the overlay district regulations would be to supplement existing regulations by requiring evidence that the proposed development could be served by an on-site water supply prior to being allowed to connect to the water main. The exception to this requirement would be in areas that are specifically identified in the POCD as being appropriate for higher density development (i.e. Planned Development Areas identified on Map 26). A map of all potential pipeline routes being evaluated for each alternative was distributed. The map also depicted potential overlay districts based on a 1,000 foot radius from the pipeline. Painter noted that the only area where an overlay district would be established would be along the actual pipeline route.

Discussion ensued regarding: the need for supplemental regulations, the timing of such regulations given the POCD update process starting this fall, the legality of the proposed overlay district approach, and the ability of the Commission to enforce the regulations over the long term. Rawn noted that pipeline sprawl has been a significant community concern since the establishment of the Four Corners Committee, and expressed his support for adoption of supplemental regulations in the form of an overlay district. Westa noted that the use of overlay districts to address issues such as this is fairly common in Connecticut.

The general consensus of the members present was that supplemental regulations were needed to prevent undesirable development and that the use of overlay districts was the preferred approach. The draft regulations should include a clear statement of intent and be as strong as possible to prevent undesirable development. Painter will continue to work with the EIE consultant on developing the regulations and on a timeline for adoption that will ensure the regulations are adopted prior to submission of permits to the DEEP while allowing time to coordinate the regulations with the upcoming POCD update.

Next Meeting/Future Agenda Items

Discussion of the next meeting date and future agenda items was deferred to the regular meeting of the Planning and Zoning Commission.

Adjournment

The meeting was adjourned at approximately 6:47 p.m.

Respectfully submitted,
Linda M. Painter, AICP

EXHIBIT C



Eric W. Thornburg
President and CEO

Connecticut Water Service, Inc.
93 West Main Street
Clinton, CT 06413-1600

860.664.6008 Fax 860.669.5579
Email: ethornburg@ctwater.com

June 7, 2013

Mr. Thomas Callahan
Associate Vice President
University of Connecticut
Infrastructure Planning & Strategic Project Management
3 North Hillside Road Unit 6076
Storrs, CT 06269-6076

**Re: University of Connecticut and the Town of Mansfield
Request for Preliminary Business, Regulatory and Financial Information**

Dear Mr. Callahan:

The Connecticut Water Company is pleased to provide the enclosed information in response to the University of Connecticut's (UCONN) and the Town of Mansfield's request for additional information dated May 16, 2013.

Connecticut Water is prepared to step forward, engage with UCONN and the Town of Mansfield and resolve the long term water supply issues facing the region. We believe it is time for bold action. Therefore, we are prepared to fund our proposed solution with no tax dollars or capital contribution from the State of Connecticut, UCONN or the Town of Mansfield.

We have watched this process unfold for over five years, including the last two years involving the EIE. It pains us to see the state's flagship university, a source of pride and opportunity for our state, constrained from its growth ambitions due to the lack of adequate water supply. Likewise, the Town of Mansfield has had to idle development, postpone the redevelopment of the Four Corners, and unable to control or plan for its future.

Providing a safe and reliable supply of high quality water is what we do for the 56 towns where we operate. There is not a single town in our service area that has to expend time or money on drinking water supply planning or had growth constrained because of supply limitations. We accept that responsibility and focus on it every day so that the towns we serve do not have to. That is the value we bring to communities.

June 7, 2013

Mr. Thomas Callahan
University of Connecticut
Page Two

We are also the only solution regulated in all aspects – environmental, operational, and economic – by the State. So while UCONN and the Town of Mansfield would not directly control every aspect of the water supply solution, every aspect would be subject to extensive regulatory oversight.

Our solution also relieves UCONN of its “public utility” responsibilities as we commit to serving all non-university customers going forward. We are also prepared to accept the cost and responsibility of maintaining and ultimately replacing all the off campus water distribution infrastructure. That would benefit the University immediately, avoiding the real maintenance costs of today and the capital requirements of tomorrow.

Our solution does all of this at the lowest cost, with the least environmental impact, and can be implemented quicker than any other option being considered.

We look forward to the opportunity to serve!

Sincerely,

A handwritten signature in black ink, appearing to read 'Eric W. Thornburg', with a large, stylized initial 'E'.

Eric W. Thornburg
President and CEO

Cc: Mr. Mathew Hart, Mansfield Town Manager
Mr. W. Richard Smith, Jr., Robinson & Cole LLP
Mr. Richard N. McCarthy, Environmental Capital LLC

University of Connecticut

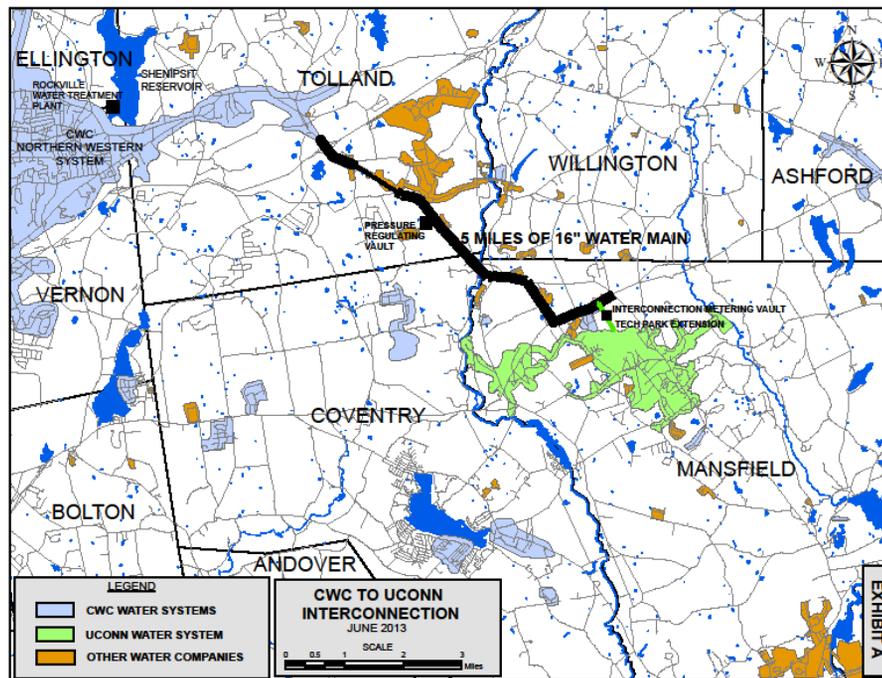
Town of Mansfield (collectively, the "Water Users") Water Supply Project (the "Project")
Request for Preliminary Business, Regulatory and Financial Information

Business and Regulatory Information

Business and Regulatory Information

Request 1: *Please describe your business approach for supplying water to the Project.*

Response: There are a number of approaches that could be taken under the Connecticut Water business model, but our underlying premise is that Connecticut Water will fund and install a water supply pipeline and related appurtenances to transfer water to the northern terminus of the Tech Park, and be responsible for maintaining an adequate supply to serve the University, the Four Corners and existing and future customers in Mansfield. Our investment would include the installation of five miles of piping, pumping station upgrades at the existing Tolland Booster and pressure reducing valves to interconnect with the University system and flow water to the Mansfield Four Corners intersection along CT Route 44. A map of the proposed project route is shown on Figure 1, below, and attached in larger scale as Exhibit A.



Project Route, Figure 1

Connecticut Water brings ready access to capital and considerable experience owning and operating water systems in 56 towns throughout Connecticut to support this project. We have a highly skilled team of operations, engineering, water quality, and water resource professionals who will ensure the area's public water supply needs are well served.

These same professionals have been a resource to the University through our sister company, New England Water Utility Services (NEWUS), that has been managing the UConn water system under contract since 2005. The NEWUS/Connecticut Water team has collaborated closely with UConn to ensure the University's water department serves students, faculty, public safety and non-university customers in a manner that honors UConn's commitment to the environment.

Our 90,000 strong customer base allows us to maintain the necessary level of staffing, make the investment in the pipeline, and to maintain and replace all critical infrastructure over time in order to fully sustain the system.

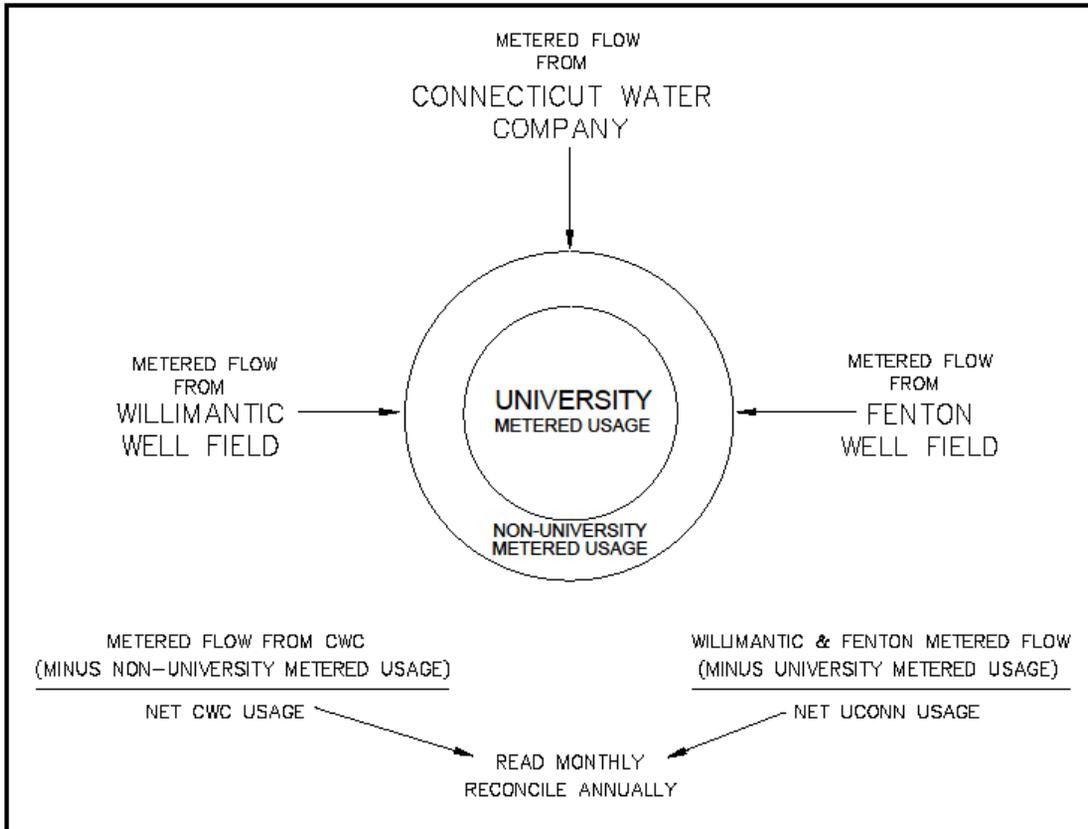
Under this approach, the University would maintain ownership and operation of the water system on campus and continue to provide for the University's water needs. Water would be transferred to the University system from Connecticut Water, as needed, to augment existing supplies, or otherwise be available to maintain an adequate margin of safety to satisfy Department of Public Health (DPH) requirements. CWC has more than enough supply capacity within our Western system without relying on an interconnection or purchase of water from the MDC or other utility. Our Shenipsit Lake Reservoir has a capacity of five billion gallons and more than two million gallons per day of approved safe yield in excess of Connecticut Water's own needs.

With the considerable investment made by CWC, the Company would expect to be allowed to transfer water through the University system to serve non-University customers without paying a 'wheeling fee'. At the same time, CWC would assume responsibility for the long-term maintenance and repair of the infrastructure fronting the non-University customers now served by University infrastructure. Once such infrastructure is fully depreciated, or upon its replacement by the Company, ownership would transfer to the Company, at which time CWC would begin paying property taxes on the plant.

We propose extending to the University the rate that is already in place for our Bradley International Airport customers, which is 60% of our approved basic service charge and commodity rate. This would be extended to the University, subject to approval of the Public Utilities Regulatory Authority (PURA), to reflect the University's investment, ownership, and retention of infrastructure and facilities on campus.

All existing non-University customers would become customers of the Company served at rates approved by PURA, as would any new non-University customers requesting water service. Water entering the system would be metered from the various inputs (the Fenton wells, Willimantic wells and CWC water main) and compared to metered consumption in order to net out the volume used by Connecticut Water or the University.

See Figure 2, water metering schematic.



Water Metering Schematic, Figure 2

The existing regulatory oversight of the Public Utilities Regulatory Authority (PURA) would protect the interests of all customers, including the University and those that would be served in the Mansfield area. Existing rates would be maintained for existing non-University customers, subject to PURA approval, to reflect the University and/or Town’s prior investment in infrastructure. The Company would adjust the existing non-University customers’ rates at any future Connecticut Water rate cases before PURA, by the same dollar amount as the Company’s overall rate increase.

This business approach assumes the University retains ownership and responsibility for its on-campus water delivery system, sources of supply, and storage, pumping and treatment facilities. It also permits the University to exit the retail water business and focus on its academic and research mission, which are its true strengths. In the event the University seeks full divestiture of the system or a lease or similar arrangement, CWC would adjust its approach, accordingly.

Table 1 summarizes the key elements of the proposed service delivery model.

	UCONN On Campus	Existing Off Campus	New Customers
Served By	UCONN	CWC	CWC
Responsible for Customer Service	UCONN	CWC	CWC
Proposed Rates (Subject to PURA Approval)	60% of CWC Rate	Maintain Current Rates	CWC Standard Rates
Engineering, Permitting, Construction & Payment of Development Costs for Pipeline to Serve Area	CWC	CWC	CWC
Ownership of Existing Facilities	UCONN	Town and/or University	NA
Approval of Rate Changes	PURA (Water Supplied by CWC)	PURA	PURA
Maintenance and Repair of Existing Facilities	UCONN	CWC	NA
Approval to serve new customers/facilities	UCONN	NA	Local P&Z as required
Supply Development	CWC	CWC	CWC

Service Delivery Model, Table 1

Business and Regulatory Information

Request 2: *What facilities do you propose to be built during what time frame?*

Response: The facilities to be built, approximate timeframes involved, and anticipated project costs follow. This information is also contained in tabular form in Table 2.

As a clear demonstration of CWC’s commitment to serve this area and honor our existing relationship and mutually beneficial contractual agreement with the Town of Tolland, we will assume the \$1.3 million cost for the Tolland Connection and complete the project independent of any University action. The Tolland Connection will provide the Tolland Water Commission with critical supply redundancy and enable CWC to flow water, through the Tolland system, to the Company’s existing Riversedge system in Willington.

Tolland Connection

- *Interconnect CWC’s existing system to the Town of Tolland system along Route 195 in Tolland. Facilities to include 4,100 feet of sixteen inch water main along Route 195 in Tolland, and a pressure regulating vault and meter at the intersection of Old Post Road and Route 195 in Tolland.*
- *Construction and in-service date: Construction Fall 2013; In-Service Spring 2014*

UConn & Mansfield Connection

- *Related facilities would include 15,000 feet of sixteen inch water main along Route 195 in Tolland, Coventry and Mansfield; 4,900 feet of sixteen inch water main along Baxter Road (Route 195 to Route 44) in Mansfield; 5,700 feet of sixteen inch water main along Route 44 to the Mansfield Four Corners; a pressure regulating vault in Route 195 between Walbridge Hill Road and Norwegian Woods Apartments in Tolland; and an interconnection metering vault at the tie-in to the UConn system. Additionally, the Tolland Booster Station would be upgraded to 1 MGD capacity.*
- *Design & Construction: Approximately 18 months following receipt of permits*
- *Estimated cost: \$6.2 million*

Completion of the connection would enable CWC to flow 1 MGD through the Tech Park to the University system, and meet the public health and redevelopment needs of the Mansfield Four Corners area. Alternatively, a connection could be made to the UConn system along Hunting Lodge Road.

Future Capacity Upgrade

- *2.5 million gallons per day capacity upgrade within CWC's Western System. Related facilities would include 6,500 feet of sixteen inch water main along Tolland Stage Road in Tolland; 3,000 feet of sixteen inch water main on Dunn Hill Road in Tolland; 2,000 feet of sixteen inch water main along Route 195 from Old Post Road to I-84 crossing. Additionally, a 3 MGD pump station would be constructed on CWC property in Tolland.*
- *Design & Construction: Approximately 24 months following receipt of permits*
- *Estimated cost: \$3.1 million*

Completion of the project would enable the transfer of up to 2.5 MGD supply to the University and greater Mansfield area. System improvements would be scheduled when projects are approved by the University or locally in Mansfield that would result in demands being realized that require additional capacity.

At the same time, source of supply improvements would be initiated within the Western System as overall demands necessitated the addition of available supply to maintain an adequate margin of safety. While such improvements would include groundwater, the primary focus would be an upgrade of our Rockville surface water treatment plant – the capacity of which would be increased by 3.0 MGD, or more, depending on projected need. The cost and timing of a 3.0 MGD upgrade and other groundwater supply improvements would be \$10 million and 30 months.

Surface water treatment plant and other supply enhancements are anticipated in the Company's water supply plan. While the timing of any supply improvements would be impacted by the demands of the University and Mansfield, such work will benefit all of our Western system customers. Connecticut Water has a proven track record of providing its customers with a reliable supply of high quality water and will continue to make all necessary supply improvements, at the appropriate time, to ensure all customers' needs are continually met.

	<i>Description</i>	<i>Related Facilities</i>	<i>Supply Provided</i>	<i>Timeline - Design & Construction</i>	<i>Estimated Cost</i>
UConn & Mansfield Connection	Extend Water Main from Tolland System to CWC's Rolling Hills System in Mansfield, past the Tech Park's Route 44 frontage to the Four Corners.	<ul style="list-style-type: none"> • 15,000 feet of sixteen inch water main along Route 195 in Tolland, Coventry and Mansfield; • 4,900 feet of sixteen inch water main along Baxter Road (Route 195 to Route 44) in Mansfield; • 5,700 feet of sixteen inch water main along Route 44 to the Mansfield Four Corners; • A pressure regulating vault in Route 195 between Walbridge Hill Road and Norwegian Woods Apartments in Tolland; • Interconnection metering vault at the tie-in to the UConn system; • Tolland Booster Station upgraded to 1 MGD capacity. 	<ul style="list-style-type: none"> • Flow 1 MGD through the Tech Park to the University system; • Meet public health and redevelopment needs of Mansfield Four Corners area. 	Approximately 18 months following receipt of permits.	\$ 6.2 million.
Future Capacity Upgrade	2.5 million gallons per day capacity upgrade within CWC's Western System.	<ul style="list-style-type: none"> • 6,500 feet of sixteen inch water main along Tolland Stage Road in Tolland; • 3,000 feet of sixteen inch water main on Dunn Hill Road in Tolland; • 2,000 feet of sixteen inch water main along Route 195 from Old Post Road to I-84 crossing; • 3 MGD pump station constructed on CWC property in Tolland. 	<ul style="list-style-type: none"> • Transfer of up to 2.5 MGD supply to University & greater Mansfield area; • System improvements scheduled when University or locally approved projects in Mansfield result in demands being realized that require additional capacity. 	Approximately 24 months following receipt of permits.	\$ 3.1 million.
Source of supply improvements within the Western System	Wellfield and surface water treatment plant enhancements anticipated in Company's water supply plan.	<ul style="list-style-type: none"> • Reestablish groundwater capacity; • Upgrade Rockville Water Treatment Plant; • WTP Capacity would be increased by 3.0 MGD, or more, depending on projected need. 	<ul style="list-style-type: none"> • The timing of any supply addition would be impacted by the demands of the University and Mansfield; • Improvements scheduled to maintain an adequate margin of safety. 	Approximately 30 months.	\$ 10.0 million.

Facility Construction, Table 2

Business and Regulatory Information

Request 3. *What are the anticipated capital requirements and schedule for those facilities?*

Response: Please see response to Business and Regulatory Information Request 2, above.

Business and Regulatory Information

Request 4. *Please describe the anticipated business relationship between you and the Water Users?*

Response: CWC is open to discussing a variety of business structures based on the needs and desires of the Water Users. As we initially envision the structure, the Water Users would be retail customers of CWC. Connecticut Water, the University and Town of Mansfield will be partners in ensuring the region's current and future public water supply needs are met in an economical and environmentally sustainable manner. To that end, the Company and University would enter into a comprehensive agreement that would fully enable those activities described in Business and Regulatory Information Response 1, above. UConn would maintain responsibility for addressing its on-campus infrastructure and replacement needs.

The Company would work with the Town of Mansfield to facilitate the provision of water service to those areas identified and prioritized by the Town. In so doing and as requested, CWC would assist the Town with any grant or loan applications to further the installation of infrastructure to targeted areas. Finally, a formal governance structure would be established to include representatives from the University and the Town of Mansfield such that any issues related to water system operation, expansion or integration were collaboratively addressed.

The company has used a Customer Advisory Council model in our Maine operations as a very successful means of involving community representatives in matters regarding the water system in their communities. While the specifics of a Customer Advisory Council would need to be developed with the Water Users, one such model would include representatives from the University, area towns, and environmental organizations; establish a regular meeting frequency (e.g., quarterly); and provide for an annual report on its activities to the Water Planning Council, the University's Board of Trustees, and local municipal governance bodies, such as the Mansfield Town Council.

Business and Regulatory Information

Request 5. *What development responsibilities will you assume with respect to the following Project matters? Please describe the role you envision for the Water Users with respect to such matters. Please indicate how the role of the Water Users may vary depending on the relationships you consider to be potential options for this Project (See, Question 4, above).*

- a. Permitting**
- b. Payment of development costs**
- c. Advocacy**
- d. Engineering**
- e. Construction Contracting**
- f. Operation and Maintenance**
- g. None**
- h. All**

Response: Connecticut Water will undertake all related development responsibilities and assume all associated costs, e.g., permitting, advocacy, engineering and contracting and long-term operation and maintenance, related to its pipeline and the existing non-University customer infrastructure. Some activities integral to the Project, such as diversion permitting, would require joint application by the University. Connecticut Water would also encourage advocacy efforts on the part of the Water Users to facilitate the Project’s success (please see Table 3).

	CWC	Support from UCONN and/or Mansfield
Permitting	✓	Joint diversion permit application with the University, but CWC would assume responsibility and costs to prepare
Payment of development costs	✓	
Advocacy	✓	✓
Engineering	✓	
Construction Contracting	✓	
Operations & Maintenance	✓	

Development Responsibilities, Table 3

Business and Regulatory Information

Request 6. *Will the relationship between you and the Water Users be the same during development as compared to after the facilities are complete and water is flowing? If not, how will it change?*

Response: Connecticut Water does not foresee any change in the relationship between itself and the Water Users except to the extent that the Water Users will become water service customers of CWC after the in-service date of the interconnecting facilities.

Business and Regulatory Information

Request 7. *Where do you anticipate your responsibility and control ending - at the point of interconnection with the Water Users current systems, at the point at which your water system currently ends and to which the new transmission mains would be built, or some other arrangement?*

Response: The Company would assume responsibility for delivering water to the system to meet the anticipated demands of the University and non-University users. This would require that CWC assume responsibility for meeting all long term water supply needs of the area, bringing on additional supplies in advance of actual need by maintaining an appropriate Margin of Safety.

As noted previously, the Company would also be responsible for maintenance, repair and replacement of the non-University customer infrastructure. In addition, the Company would assume responsibility for extending water service to presently unserved areas of Mansfield in accordance with PURA approved main extension policies and with the guidance received from the Town of Mansfield.

Business and Regulatory Information

Request 8. *Do you intend to provide financing for the capital costs or do you expect the Water Users to obtain financing?*

Response: The Water Users would not be expected to obtain financing. Connecticut Water would fully fund the five mile pipeline to serve the area, provided the non-University customers were made customers of the Company and we were allowed to transmit water through the University's distribution system to serve growth around the perimeter of the campus at no cost pursuant to a long term contract. The capital costs would be part of the Company's annual capital expenditure program and funded through our normal capital budgeting process. There would be no need for any special authorizations or outside funding sources to proceed with this work.

a. Please indicate how you would propose to allocate specific capital costs between your organization and the Water Users.

Response: No costs for the pipeline project would be allocated to the Water Users. Capital funding for the pipeline would be provided by Connecticut Water. If and when the University upgraded its portion of the water system, CWC would consider providing cost sharing for any hydraulic capacity upgrades necessary to meet non-University needs. Future capital expenses made by the Town or any local developer would be treated similar to any other municipal or developer-funded system expansion project pursuant to standard PURA approved developer extension agreements and practices.

Business and Regulatory Information

Request 9. *What role in governance/participation/ownership/control of the new facilities and prices for water do you intend the Water Users to have in this Project?*

Response: CWC envisions creation of a robust governance structure that would enable the Company, Water Users, customers and key stakeholders to collaboratively address public water supply issues and/or plan for future system expansion and integration as the need arises. As noted previously in response to Business and Regulatory Information Request 4, participation in any such governance structure would include representatives of the University and the Town of Mansfield.

Ownership of water mains, equipment and plant would be wholly dependent upon the original financing of the asset and its schedule of depreciation. For example, water main installed by the Company, but funded by the Town under a STEAP grant would be owned by the Town, but operated and maintained by CWC. Upon its depreciation or replacement by the Company, ownership would transfer to the Company. This would not be unlike numerous other agreements Connecticut Water has with like municipalities.

Water rates will be established by PURA and fairly set to reflect the cost of providing water service to the users. We intend to extend to the University the rate that is already in place for our Bradley International Airport customers, which is 60% of our approved basic service charge and commodity rate. This would be extended to the University, subject to approval by PURA, to reflect the University's investment, ownership, and retention of infrastructure and facilities on campus.

For additional discussion on the price for water/water rates, please see response to Business and Regulatory Information Request 1 and various Financial Information responses.

Business and Regulatory Information

Request 10. *What laws and regulations particularly govern the manner in which you service Water Users and the price the Water Users are charged?*

Response: As a Section 16 public service company chartered in the State of Connecticut, Connecticut Water operates under a highly transparent series of laws and regulations, primarily codified under Chapters 277 and 283 of the Connecticut General Statutes. Such laws and regulations are administered by the Public Utilities Regulatory Authority, with significant oversight and participation by the Office of Consumer Counsel (OCC), an advocate for consumers.

Under Section 16, PURA has broad authority to adopt regulations “*with respect to rates and charges, services, accounting practices, safety and the conduct of operations generally of public service companies subject to its jurisdiction as it deems reasonable and necessary*” (see CGS Sec. 16-6b). In strict accordance with such regulations, the Company provides water service to 90,000 customers located in 56 municipalities, including four community water systems in the Town of Mansfield.

Our operating Rules and Regulations are required to be approved by PURA and remain on file with the Authority – and any proposed modification thereto requires the Authority’s explicit approval. Our schedule of rates is likewise approved by PURA, following an intensive adjudicatory proceeding that seeks to optimize the quality of water service provided by the Company, while keeping rates as low and equitable as possible. To that end, the OCC participates in any rate proceeding as a consumer advocate, maintaining the right to cross-examine witnesses or otherwise request information; file motions and briefs; and retain their own expert witnesses.

All rate proceedings are open to the public and the Company is required to notify all customers of the opportunity to attend hearings, where to obtain additional information, submit comment, etc. The Company similarly provides notice to all local officials who may intervene or become party to the proceedings. Public hearings held specifically in various service communities are designed primarily to solicit public and municipal input. Draft decisions are issued and there is an opportunity for the parties to respond to the draft before a final decision is rendered.

Business and Regulatory Information

Request 11. *Do you have any interest in acquiring/leasing the existing University water distribution system for servicing the Water Users or existing or future non-University water customers? If, so, do you have an interest in using the University's water system's transmission, storage, treatment or other assets for the purpose of servicing these customers?*

Response: Given the level of investment and long-term commitment anticipated by the Company, it is envisioned that we would have use of the University distribution system to deliver water to

new customers outside the perimeter of the University at no additional cost to the Company. Our willingness to invest in the pipeline is predicated on our ability to transfer water through the University system as a necessary means of providing water service to the non-University customers.

While Connecticut Water has discussed the possible acquisition and/or lease of the UConn water system with University officials in the past, it is currently understood the University wishes to divest itself of its non-University customers, yet retain responsibility for the University water system operation. We have structured our approach to the Project accordingly. However, we remain flexible and open to other alternatives the University might wish to explore.

Business and Regulatory Information

Request 12. *Do you intend to size the facilities to serve anyone other than the Water Users? If so, what role will the Water Users have in a decision to serve others?*

Response: Facilities will be sized to serve the maximum identified need indicated in the Environmental Impact Evaluation, i.e., 1.93 mgd, while also allowing for an adequate safety factor. CWC has more than enough supply to meet the needs from our Western system without relying on purchased water. Our Shenipsit Lake Reservoir has a capacity of five billion gallons and more than two million gallons per day of approved safe yield in excess of Connecticut Water's own needs.

As a public utility, we have an obligation to serve upon request and provide water service to those projects that have secured the required local approvals. In addition to those specific water supply needs identified in the EIE or that are later approved locally or by the University, we anticipate providing water to some of the smaller water systems along the route that choose to benefit from being part of a larger, viable water utility. In all cases, we would be responsible to secure any additional supplies, at our cost, to maintain an adequate margin of safety.

Decisions at the local level regarding zoning and local land use are responsibility of the community. CWC's obligation is to maintain a robust water supply to enable development consistent with the community's development plan. In this regard, Mansfield will play a critical role in the future provision of water service within municipal boundaries – as will other potentially affected towns such as Tolland and Coventry. For example, it is understood Mansfield is considering enacting one or more overlay zones to mitigate development pressure in conservation and similar rural areas. In addition, the governance structure proposed by the Company will provide a forum for Water Users' input into water service. For additional discussion on the role of the Water Users, please see response to Business and Regulatory Information Request 9.

Business and Regulatory Information

Request 13. *What procedures and approval requirements must be satisfied to authorize your organization to negotiate and execute agreements with the Water Users?*

Response: Depending on the nature of any agreement, Connecticut Water would obtain approval from its Board of Directors. We would seek regulatory approval from PURA for any unique terms and conditions, such as an extension of the reduced Bradley Airport water rate to the University.

Business and Regulatory Information

Request 14. *Would the Water Users be under any obligation or restriction prohibiting their use of existing or development of new potable water or reclaimed/graywater supplies to meet the Water Users' varied water demands, in the event that your organization was selected to serve the Project?*

Response: We expect the University will maintain and operate their existing sources consistent with past practice, unless adequate notice is provided CWC to allow for development of new supplies. We would not limit the University's ability to expand the use of reclaimed/graywater or develop new potable supplies, however, any such supply would be subject to compliance with state Department of Public Health and/or local health policies, practices, and/or regulation, especially with regard to provisions to protect against cross-connections.

To the extent we are assuming full responsibility for non-University customers and the associated investment in maintaining that system, we would not expect the Town or individual developers to develop new potable water or reclaimed/graywater supplies, except as might be authorized pursuant to a Certificate of Public Convenience and Necessity.

Business and Regulatory Information

Request 15. *Would you agree to a restriction set forth in agreements with the Water Users, and in related permits, that prohibited your providing water to others along the route of supply of water from your system to the Water Users? Please indicate and identify your specific obligations or intentions to supply certain users or locations along the Project water supply line route(s) applicable to your system being the source of supply to the Project?*

Response: Aside from an existing agreement with the Town of Tolland, Connecticut Water has no outstanding obligations to provide water service to any individuals along the proposed Project route, save the normal obligation the Company holds as a public service company (see response to Business and Regulatory Information Request 17, below). Accordingly, it is our intent to offer water service to individuals or other community water systems upon request, provided such service fully complies with all applicable rules and regulations and

does not compromise our ability to meet our obligations to the Water Users. At this time, the Company is not aware of any individuals or systems requesting water service along the proposed route. CWC does own four existing water systems in Mansfield and it is anticipated that one or more these systems may be supplied with water from the pipeline.

Connecticut Water is aware that Mansfield is considering the targeted restriction of water service, especially through the use of lateral connections, as a means of mitigating development pressure in conservation and similar rural areas. The Company would support such mitigation as an appropriate tool under the Connecticut Environmental Policy Act (CEPA), which controls the Environmental Impact Evaluation (EIE) process. In fact, Connecticut Water pioneered the use of such overlay zones in Middlebury, CT during a similar EIE process.

Business and Regulatory Information

Request 16. *Would you be willing to supply the Water Users if service connections in Mansfield or other towns along the water supply line route were prohibited or restricted by town ordinance or town regulations or by contract?*

Response: Please see response to Business and Regulatory Information Request 15, above.

Business and Regulatory Information

Request 17. *Please indicate whether you would be obligated by your organization's charter, corporate policies and standards, by contract or by applicable law to serve users along the Project water supply line route(s), other than the Water Users.*

Response: As a public service company chartered in the state of Connecticut, Connecticut Water is obligated to provide water service to individuals who request it. We are proud of our history of providing safe, ample water supplies to families and communities to meet their domestic, health, economic development and fire protection needs, subject to their compliance with our PURA-approved main extension policies. We also recognize and respect communities' right to enact land use or other restrictions that would limit service connections to any water line, consistent with environmental preservation and similar land use goals.

Business and Regulatory Information

Request 18. *Please specify the source of your legal authority to supply water to and service the Water Users. Please provide copies of relevant charter or corporate documents, resolutions, or regulatory decisions.*

Response: The Connecticut Water Company derives its rights and franchises to operate from special acts of the Connecticut General Assembly. In addition to the original charter rights and various amendments of the predecessor companies which comprise Connecticut Water, the Company may also obtain certain rights to provide water service through the acquisition of a water company, as such rights are assumed concurrent with an asset purchase. Our franchises are free from burdensome restrictions, are unlimited as to time, and authorize us to sell potable water in all the towns we now serve.

By virtue of the Company's authorized acquisitions of the former Jensens' Rolling Hills water system and Birmingham Utilities' Birchwood Heights, Crystal Springs and Pinewoods Lane water systems, CWC currently provides water service to over 250 customers within the Town of Mansfield. A copy of An Act Amending the Charter of The Connecticut Water Company, dated May 22, 1957, is attached as Exhibit B.

Business and Regulatory Information

Request 19. *Please provide a copy of the latest "Environmental Impact Report," (if available) as defined by the Connecticut Water Diversion Policy Act, CGS §22a-365 et seq., prepared on behalf of your organization for the donor basin that would be the source of supply for water provided to serve the Water Users.*

Response: The Commissioner of the Department of Energy and Environmental Protection may require an Environmental Impact Report for permits issued under the Connecticut Water Diversion Policy Act, CGS §22a-365 et seq., when such permits involve an interbasin transfer. No such report has been required of Connecticut Water for the proposed donor basin, which in this case is the Lake Shenipsit Reservoir and upper Hockanum River basin.

It is expected that an Environmental Impact Report will be prepared in accordance with any individual diversion permit required by this proposal. We are confident the report will show conclusively that donor basin impacts are minimal and, as concluded in the EIE, that "under the CWC interconnection alternative, Shenipsit Reservoir withdrawals would be mitigated, as they are today, through continued releases from the Shenipsit Reservoir to the Hockanum River, to be supplanted in the future with releases that are consistent with Connecticut's streamflow regulations."

Business and Regulatory Information

Request 20. *With respect to an authorization to sell "excess water," as provided by CGS §22a-358, please provide a copy of the latest information available, and most recent information submitted to CTDPH (if available), to demonstrate the availability of an "abundant supply" of water for your organization to serve customers in your service area.*

Response: Section 22a-358 of the Connecticut General Statutes establishes a process for the state to authorize the sale of water from one public water system to another such system. Under CWC's proposed business approach, the University would cease supplying water for general domestic use to any third parties. Arguably then, UConn would no longer be a "public water system", as defined under CGS §22a-358. Rather, the University would be a retail customer of the Company, not unlike Bradley International Airport, and an authorization to sell excess water would be unnecessary.

Connecticut Water maintains a sufficient supply of water to serve its customers and an active planning process for identifying when additional supplies might be needed, and what the right mix of those supplies should be. We have identified and have ready access to additional reserves for our Western system. We protect our customers' rates, in part, by delaying any supply development until such time as the investment is actually needed.

Connecticut Water's Northern water supply plan was approved by the Department of Public Health in January 2008. Since then, we have provided the Department with various addenda relative to current and projected demand, available supply, and our plan for increasing system supply capacity in response to projected increased demand. More recently, we provided the University with additional supply development detail for inclusion in the EIE. A copy of our September 17, 2012 letter to Mr. Coite is attached as Exhibit C.

Business and Regulatory Information

Request 21. *With reference to your water supply plan, drought response plan or similar plan or procedures, please indicate the customer category or classification that would apply to the University and the town of Mansfield under such plan or procedures, the terms of service for such category or classification under the various stages of water supply emergencies, and whether the University and/or the town of Mansfield would be subject to any special terms, restrictions or limitations regarding your service obligation to them during a water supply emergency.*

Response: Connecticut Water maintains an Emergency Contingency Plan that governs its response to water supply events, including droughts. To the extent the Town of Mansfield was a customer of the Company through a municipally owned building like the Town Hall or school, the Town would be considered a Public Authority customer. During non-emergency phases of the Company's emergency contingency plan, i.e., water supply advisory, watch or warning, the Town would be asked to limit water use in the same

manner that would apply to the rest of the system users. The same water use restrictions would likewise apply to the University, as a potential retail customer.

Certain customers, be they public authority, residential or commercial, may be identified as priority customers in the Company's Emergency Contingency Plan. In the event of severe water use restrictions that might occur during the latter stages of an historical drought, for example, priority customers may be afforded special status where scarce resources are allocated for their use.

If a Sale of Excess Water Permit was issued (see response to Business and Regulatory Information Request 20, above), CGS §22a-358 would require that the receiving party agree to restrict water usage when necessary in accordance with the emergency contingency provisions of the seller's water supply plan.

Business and Regulatory Information

Request 22. *Please indicate whether your organization is limited by charter, corporate policy or practice, or applicable law, with respect to the term, and renewal periods, of a contract to provide water to the Water Users. This question does not concern time restrictions related to CTDEEP water diversion permits or CTDPH sale of excess water approvals.*

Response: The Company is not aware of the existence of any such limitations.

Financial Information

Financial Information

Request 1. *How do you plan to calculate the price that you will assess for water?*

a. Do you propose an all-in rate that will include all costs, including debt service on financing arranged by you on any required new facilities?

b. Alternatively, do you propose a wholesale water rate to which would be added the new costs, such as operating and maintenance expenses, new debt service, etc. to determine rates?

c. Other (please describe).

Response: Water rates will be established by the Public Utilities Regulatory Authority and fairly set to reflect the cost of providing water service to the users. Our rates honor prior rate history and reflect only those operating costs PURA explicitly approves. In all cases, the regulatory oversight provided by PURA (as described in response to Business and Regulatory Information Request 10) protects the interests of all customers – regardless of customer type or geographic location. For the Water Users, we would propose application of the following rates:

- As noted earlier, Connecticut Water fully expects the rate for water service to the University will be reduced from standard CWC rates to reflect the University's investment, ownership, and maintenance responsibilities associated with its on-campus facilities and infrastructure. We propose extending to the University the rate that is already in place for our Bradley International Airport customers, which is 60% of our approved basic service charge and commodity rate.
- Existing non-University customers would have their rates maintained at current levels, subject to PURA approval, to similarly reflect the state and/or Town of Mansfield's prior investment. These existing non-University rates would be adjusted by the same amount as the Company's overall rate increase at the time of any future rate proceeding, which typically occurs every 3 to 5 years.

To the extent state policy and rate design promotes rate equalization within a public service company, we may be expected over time to equalize the non-University customer rates with other CWC customers. Any change would be done incrementally and only through PURA rate proceedings, where all customers would have adequate notice and an opportunity to participate in the process.

- Any new customers coming on the system would be subject to the same rates and charges as our other Western system customers.

Financial Information

Request 2. *What legal mechanism will govern future prices – long term wholesale contract, government regulation, other?*

Response: Future prices will be a function of any contract terms and the regulatory oversight provided by the Public Utilities Regulatory Authority.

Financial Information

Request 3. *What sort of price adjustment mechanisms do you anticipate?*

Response: The Company does not propose, nor have the ability to unilaterally implement, any special price adjustments, such as automatic inflation or escalation clauses, on the rates charged the Water Users. For any rate adjustment to occur, it would need to be tied to a general rate increase authorized by PURA, or through a PURA-approved rate mechanism.

Financial Information

Request 4. *If any of the new facilities may be used by others, do you, and if so how do you, intend to credit the Water Users for such usage and/or connections?*

Response: The Company does not propose crediting the Water Users because they will not be funding the cost of the pipeline.

Financial Information

Request 5. *The Water Users require capacity to be reserved for them to meet projected average and peak day demands of 1.23 and 1.93 million gallons per day respectively but will not use that much water immediately. How do you intend to accommodate that need? Will there be some sort of reservation fee for water reserved but not immediately consumed? How will this impact the price for water?*

Response: As a public service company we have an obligation to serve customers and maintain an adequate margin of safety. As a regulated water utility, we must demonstrate to PURA that our infrastructure investments are prudent and “used and useful” for the benefit of customers. It is sound practice to build additional capacity as demand increases and approaches the minimum required margin of safety. When additional supplies are developed consistent with projected needs, the capital costs would be paid by CWC and built into rates, with no special assessments or charges to the University or Mansfield.

Connecticut Water proposes to meet the future demands of the University and off campus customers as they materialize in a manner consistent with prudent utility planning and PURA regulation.

Financial Information

Request 6. *How do the projected demand requirements influence the facilities you anticipate to construct? Can those facilities construction be phased? How will that influence the approach to financing the improvements?*

Response: Connecticut Water has identified a phased approach toward construction of the facilities necessary to supply the Project. This approach would allow for the initial, cost-effective, and expedited installation of plant able to deliver 1.0 MGD to the Project. Additional upgrades within CWC’s distribution system would be phased-in in response to demand requirements and to meet the identified long-term resource needs of the Water Users. For additional detail, please see response to Business and Regulatory Information Request 2.

Additional Questions

Additional Questions

Request 1. *What costs are included in the "carrying cost" that must be supported by the Project customers to avoid a capital reimbursement requirement as noted in your EIE comment letter of January 24, 2013? Please provide a copy of the PURA-approved developer main extension agreement referenced in your comment letter.*

Response: CWC is prepared to step forward, engage with UCONN and the Town of Mansfield and resolve this long term water supply issue. We believe it is time and we are offering to do so without any capital contribution from the Water Users. Therefore, the Customers Refundable Partial Advance Payment Agreement is not applicable. To the extent the Agreement would potentially apply to any future extensions off the system, however, a copy is attached as Exhibit D.

Additional Questions

Request 2. *When do you anticipate receiving approval for a "wholesale rate" or other rate you would propose to apply to water sales to the Water Users other than your currently published rates?*

Response: Connecticut Water would apply to PURA for regulatory approval for any unique terms or special rates, such as the extension of the existing Bradley water rate to be used by the University. We would seek approval immediately following execution of a suitable agreement and would not expect a lengthy review process for an existing authorized rate.

Additional Questions

Request 3. *Would a rate specific to University campus users be subject to PURA approval? What is your experience in securing a similar user-specific rate?*

Response: Yes; CWC has obtained PURA approval for user-specific rates for our Bradley International Airport and Town of Middlebury customers.

Additional Questions

Request 4. *Does CWC currently have legal authority or necessary agreements to supply the Project through Tolland? If so, please provide copies of the pertinent agreements. Will the Project participants be required to negotiate a wheeling charge with Tolland, or will CWC compensate Tolland?*

Response: CWC has an executed agreement with the Town of Tolland Water Commission that allows for installation of a regional pipeline within the Town's municipal boundaries. No further action is required on the part of the Water Users, including negotiation of any rights or fees, with respect to the Town of Tolland. A copy of the agreement is attached as Exhibit E.

Additional Questions

Request 5. *Does CWC propose to service customers in Coventry? If so, what water supply volume is estimated to be needed for all such connections? Is the CWC agreement with Tolland conditioned upon securing authority to service Coventry customers, or providing a specific minimum supply volume to Coventry customers?*

Response: CWC may provide water service to customers in Coventry, upon request, provided such service fully complies with all applicable rules and regulations and does not compromise our ability to meet our obligations to the Water Users and other customers. We have no outstanding inquiries about such service.

Our agreement with Tolland allows for, but is not conditioned upon, the Company providing water service to customers in Coventry.

Additional Questions

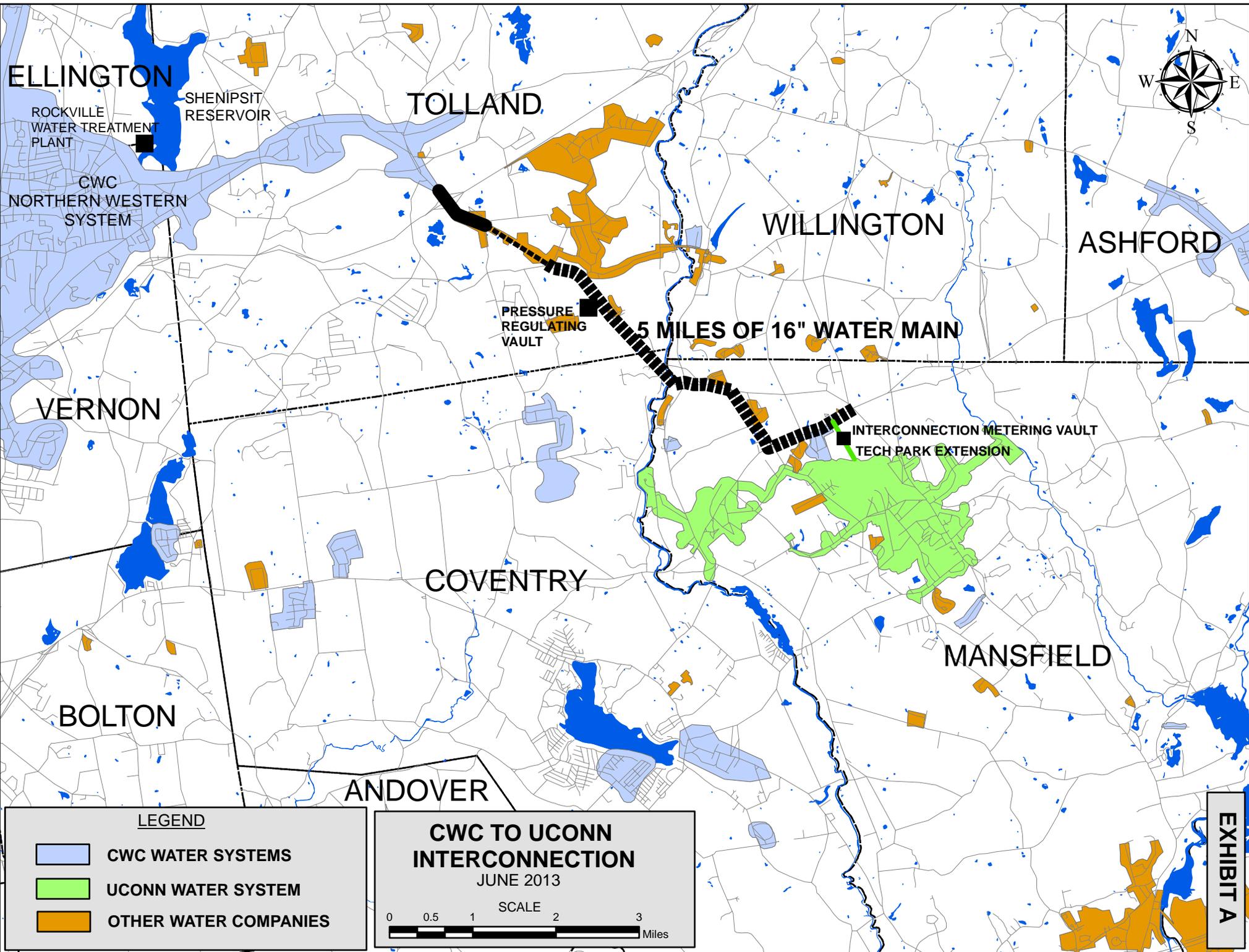
Request 6. *Would your interconnection "wheel" off the UConn water system and if so do you envision compensating UConn for the use of its assets?*

Response: Please refer to response to Request nos. 1 and 11 under the Business and Regulatory section.

Additional Questions

Request 7. *Would UConn and/or the town of Mansfield-either separately or together-be required to establish a new legal authority in order to enter into a development agreement or water purchase agreement with CWC?*

Response: We do not anticipate the need for the University or Town to establish a new legal authority for the purpose of entering into an agreement with the Company. Connecticut Water has the legal right to provide service to the area and the extensive regulatory oversight from PURA to protect the interests of UConn and Town of Mansfield.



ELLINGTON

ROCKVILLE
WATER TREATMENT
PLANT

SHENIPSIT
RESERVOIR

TOLLAND

WILLINGTON

ASHFORD

CWC
NORTHERN WESTERN
SYSTEM

PRESSURE
REGULATING
VAULT

5 MILES OF 16" WATER MAIN

VERNON

INTERCONNECTION METERING VAULT
TECH PARK EXTENSION

COVENTRY

MANSFIELD

BOLTON

ANDOVER

LEGEND

- CWC WATER SYSTEMS
- UCONN WATER SYSTEM
- OTHER WATER COMPANIES

**CWC TO UCONN
INTERCONNECTION**

JUNE 2013



EXHIBIT A

AN ACT AMENDING THE CHARTER OF THE CONNECTICUT WATER COMPANY.

SECTION 1. The second, third and fourth sentences of section 1 of number 342 of the special acts of 1945 are amended to read as follows: Said corporation is vested with power to acquire by lease, purchase or otherwise, upon such terms and conditions as may be agreed upon, and to hold, own, use, exercise, enjoy and dispose of the whole or any part of water properties, rights, securities and franchises of any private or municipal corporation authorized to sell, supply and distribute water in any town in the state of Connecticut and, upon the acquisition of such properties and franchises, is authorized to sell, supply and distribute water within the towns named in such franchises and to hold, own, use, extend, exercise, enjoy and dispose of the same to the same extent as though said rights, franchises and immunities had been originally granted to it. In the exercise of its corporate powers, said corporation shall have the right to enter upon and open the streets, avenues and highways within the towns named in such franchises, for the purpose of installing and maintaining conduits, pipes and all necessary or convenient fixtures and apparatus, all subject to any rules, regulations, by-laws or ordinances of such towns. Said corporation shall have power from time to time to assume or guarantee the contracts, bonds and other obligations and the payment of dividends upon the capital stock of any water company of this state.

SEC. 2. Section 11 of said act is amended to read as follows: Any private corporation authorized to engage in or carry on the business of selling or distributing water shall be authorized to consolidate or merge with this corporation; and any such consolidating or merging corporation, private or municipal, shall be authorized to sell, lease and convey to this corporation the whole or any part of its rights, privileges, franchises, property, securities and assets.

SEC. 3. In addition to and not in diminution of the rights, powers, franchises and privileges which it now possesses, said corporation is authorized to sell, supply and distribute water within the towns of East Windsor and South Windsor and to exercise all the rights, powers, franchises and privileges which it now possesses with reference to its corporate powers within said towns; provided, within the area in which any other corporation or municipality is engaged in the business of supplying and distributing water, this corporation shall not commence to supply or distribute water in competition with such other corporation or municipality unless it first obtains the consent of such other operating corporation or municipality or purchases, leases or otherwise acquires the water properties thereof.

SEC. 4. This act shall be valid as an amendment to the charter of The Connecticut Water Company if, within one year from its passage, it shall be accepted at a meeting of said company warned and held for that purpose, and an attested copy of said acceptance shall be filed in the office of the secretary of the state.

Approved May 22, 1957.

Connecticut Water Company
93 West Main Street
Clinton, CT 06413-1600

Office: 860.669.8636
Fax: 860.669.9326
Customer Service: 800.286.5700



September 17, 2012

Jason Coite
University of Connecticut – Office of Environmental Policy
31 LeDoyt Road, U-3055
Storrs, CT

**Re: Notice of Scoping for University of Connecticut Action
for Additional Water Supply Source(s)**

Dear Mr. Coite:

By letters dated July 7, 2011 and July 6, 2012, Connecticut Water provided comment on the University's published Notice of Scoping for an additional water supply source. This letter will clarify and affirm Connecticut Water's ability to meet the water supply needs of the University and greater Mansfield area, consistent with the amended Notice of Scoping.

Beginning in June 2011, the University, in partnership with the Town of Mansfield, initiated a process to identify and implement actions to secure a long-term water supply source. From the outset, an identified alternative was connecting with Connecticut Water Company's Western System via a pipeline along the Route 195 corridor. While the Company firmly believes it can adequately and safely meet the current water supply needs of the University and Town, we also recognize that supply will need to be added to the Western System over the fifty-year planning period. This is a normal part of the planning and growth processes for any dynamic water system.

To that end, Connecticut Water has identified a number of supply alternatives that are cost effective, completely under our control, and feasible to implement in a timely fashion. Our supply alternatives include a mix of wellfield reactivation and restoration of lost capacity, and treatment plant enhancements at our largest surface water source, Lake Shenipsit. No wholesale water transfers between CWC and neighboring water systems are necessary. Insofar as these alternatives or the timing associated with them may now differ from that contained in our last water supply plan update, the additional detail herewith provided supersedes any such prior information.

Groundwater Development

Current maximum available supply of the Western System totals some 16.69 million gallons per day (mgd). In order to increase supply capacity, we recently reactivated the Preston well, which was voluntarily marginalized following the interconnection of the Western and former Somers systems. Reactivation of the Preston well provides an additional 0.23 mgd supply. As the well is currently registered and connected to the system, the timing and expense associated with its reactivation is not material.

We have also initiated replacement of an underperforming well at the Powder Hollow wellfield in Enfield. This well – no. 2 – has experienced a gradual decline in capacity following its 1982 installation. Replacement well drilling is actively underway and will reestablish 0.28 mgd in lost capacity. The total cost of the well, appurtenances, etc., associated with its activation is \$350,000. We anticipated having the replacement well available for production purposes on or around September 1, 2013.

Finally, Leggette, Brashears & Graham identified additional supply capacity at the Hunt wellfield in East Windsor. As with Powder Hollow, the installation of one or more replacement Hunt wells will reestablish capacity that has been gradually lost over time. Aquifer analysis associated with Level A Mapping efforts suggests available supply can be increased by a minimum of 0.40 mgd, and as much as 1.25 mgd – up to the full registered capacity. The expected range of cost and timeframe for development is \$400,000 to \$1.2 million and 24 to 48 months, respectively, depending on the number of replacement wells pursued. These data will be refined following completion of a test boring program. The initiation of such a program and any subsequent well installation is dependent upon the timing of additional surface water development, as described below.

Surface Water Development

Lake Shenipsit reservoir is the Company's single largest water supply source, with a gross storage volume of 5 billion gallons and a safe yield of 9.8 mgd. Because current water treatment plant capacity is only 6.0 mgd, the Company has long planned for an expansion of the Rockville Water Treatment Plant. Any such treatment plant expansion would be timed and tailored to best suit the identified capacity development need of the system. Our consultant, AECOM, has identified the following capacity increments as feasible, on-site plant improvements and assigned cost and timing estimates to each based on their experience constructing similar units:

Type	Number of Units	Additional Supply (mgd)	Cost (in millions)	Timing (months)
Pre-engineered/pre-manufactured unit	2 x 0.5 mgd	1.0	\$3.0	24
Pre-engineered/pre-manufactured unit	3 x 1.0 mgd	3.0	\$6.5	30

In the event greater quantities of water are required, now or in the future, the Company would pursue the full replacement and expansion/upgrade of the Rockville WTP. Again, the expansion would be timed and sized appropriately to meet system needs:

Type	Nominal Capacity (mgd)	Peaking Capacity (mgd)	Cost (in millions)	Timing (months)
Conventional WTP	9	12	\$35	36 – 40
Conventional WTP	9.8	15	\$40	36 – 40

Clearly, Connecticut Water has the flexibility to implement the right mix of supply options to satisfy the region's actual need – be it 0.5 or 5.0 mgd – while maintaining an adequate margin of safety for the next fifty years. These alternatives are able to be phased in as system demands are actually realized. In this manner, we are best able to prudently make use of capital dollars and avoid needlessly burdening the state, the Town or our customers with underutilized infrastructure.

We take our service responsibility seriously and have a long and successful record of accomplishment of addressing water supply issues across the state. When and if additional supply is needed in the Western System, we will implement any or all of the above supply options at the appropriate time, or pursue some other viable alternative to ensure our continued ability to provide adequate service to all current and future customers.

Very truly yours,



David L. Radka
Director of Water Resources

Cc: D. Murphy, Milone & MacBroom

**Customers Refundable
Partial Advance Payment Agreement**

- 1.) Parties to the Agreement: The following are able and willing to agree:

Company: The Connecticut Water Co., 93 West Main St., Clinton, CT 06413

Applicant:

- 2.) Definition of Terms:

The word "CWC" or "COMPANY" is used to designate The Connecticut Water Company, whose place of business is at Clinton, Connecticut, or its duly authorized representatives for whom the work hereinafter described is to be performed

The word "Contractor" is used to designate the party or parties contracting or agreeing to perform work or his or their heirs, executors, administrators, successors or assigns.

The word "Inspector" or "Engineer" refers to the person appointed by CWC to inspect the work and shall extend to and include any assistant whom he may designate.

The word "Work" is used to designate the work, materials, and things required to be done, furnished or performed by the Contractor under the specifications.

Wherever the words "directed", "required", "performed" or word of the like import are used, it shall be understood that the direction, requirement or permission of CWC is intended, and similarly the words "approved", "acceptable", "satisfactory" or words of like import shall mean approved by or acceptable or satisfactory to CWC.

- 3.) Life of the Agreement: This Agreement shall continue in effect for the useful life of the utility plant installed hereunder, except that the provisions of Sections 9 and 10 will terminate 10 years from the date of execution hereof.
- 4.) Subject of Agreement: The Company shall acquire, install and provide with water the following described utility plant within a reasonable time after the execution of this Agreement:

Place of installation:

Town:

Street:

Description of plant to be installed:

Mains: Diameter, type and length:

Service Connections: Diameter, type and number:

Fire Hydrants: Bury Depth, type and number:

- 5.) Consideration for Agreement: In lieu of a full cash advance of the estimated cost of CWC installing the plant and equipment that is necessary to provide water service in response to a request for such service by the Applicant, the Applicant shall provide CWC in accordance with CWC specifications and the regulations and the Public Utility Regulatory Authority ("PURA") and the Department of Public Health regarding design, materials and installation, the complete installation of _____ feet of __ inch in diameter ductile iron pipe as

part of _____ and additional facilities, if applicable, at the agreed to estimated cost of construction of \$ _____ to the Applicant.

In additional consideration of this contract, the Applicant shall obtain a waiver and release of all liens or rights of lien that the contractors or subcontractors and material men may have or thereafter have under the laws of Connecticut for services rendered, work performed or materials furnished on the land and buildings of the Applicant or on which the work is performed in favor of the Company and the Applicant, from each contractor, subcontractor or material men hired by the Applicant or from whom the materials are obtained who is associated with the installation and construction of the main extension and, if applicable, additional facilities that are required by the Company in order to provide water service, as listed in Appendix N/A to this Agreement. The Applicant shall provide the Company with an original of the Waiver(s) no more than thirty days after the facilities are put into service. A Waiver and Release of Liens in the form of the Connecticut Title Association Form 1 if the property in which the plant and equipment will be located is not in the public right of way and title insurance is required by another entity; or a Waiver and Release of Liens Form that would otherwise be acceptable to a Connecticut title insurance company if such insurance were obtained, naming the Company as beneficiary, will be sufficient.

The Applicant shall also make a full cash advance in the amount of \$ _____ to cover the following estimated company costs:

Engineering, labor, and administrative costs	\$ _____
Inspection and or installation supervision costs	\$ _____
Contracted AutoCAD Services	\$ _____
Materials and or equipment costs	\$ _____
Standard service connection fees	\$ _____
Easement	\$ _____
Overheads	\$ _____
Contingency	\$ _____
Other (Describe):	\$ _____

Upon completion of the installation and determination, by the Company, of the actual Company costs the Applicant shall be responsible for payment of the total actual cost, less any prior payments, within 30 days after billing for such costs. Any amounts paid in excess of the actual cost will be refunded to the Applicant within 30 days after actual cost determination.

Both parties agree that this installation, upon satisfactory completion and acceptance by the Company, the submission to CWC of a properly executed Waiver and Release of Liens Form and, where applicable, the completed execution of an easement granting CWC access to any plant and equipment installed by the Applicant outside the public right of way shall become property of CWC in accordance with Section 11 of this Agreement. This installation will have a total value to CWC and cost to the Applicant of the previously identified estimated cost of construction plus the total actual Company costs. This total value shall be considered the total Advance paid by the Applicant and shall be used so by CWC in it's determinations under Section 9 and 10 of this Agreement.

Additional costs to be borne by the Applicant at no cost or value to the Company include all excavation and backfill required for service installations, and rock or unsuitable excavation costs.

The Applicant shall provide an easement in accordance with the Company's standard format for all/any Company owned facilities on private property.

Costs shall be determined in accordance with the general accounting practices of the Company.

Meter horn/pit costs included in this contract are as follows:

<u>Size</u>	<u>Quantity</u>	<u>Unit Cost</u>	<u>Amount</u>
n/a	0	\$0	\$0

Special cost factors: n/a

- 6.) Agreement as to Roadway: Applicant agrees to have all roadway graded to within 12 inches of finished grade and to have grade and line to street clearly marked prior to pipe installation. Roadways will be suitable for the passage of heavy vehicles and for stringing pipe where practicable.

If at any time prior to acceptance by the Town of the street in which the pipe shall be laid, grades of the roadway are changed, the Applicant shall reimburse the Company the full cost of any adjustments in elevation of the pipe or other plant which may be necessary because of such changes.

- 7.) Limited Service: If any property to be supplied by a main extension to be installed pursuant to this Agreement is at such an elevation that, in the opinion of the Company, adequate pressure cannot be furnished at all times, the Applicant may be obligated to execute a Limited Service Agreement to be recorded in the Land Records of the municipality in which such property is situated.

- 8.) Conformance to Company Rules and Regulations: This Agreement shall conform to the Rules and Regulations (including main extension regulations) of the Company now in force and on file with the Public Utility Regulatory Authority of the State of Connecticut, which are made a part hereof.

In addition, curb boxes will be locked until a satisfactory inspection of the service line is completed from curb to home and a meter horn is located in the home.

- 9.) Company Agreement as to Refunds: A refund of \$_____ will be made by the Company to the Applicant for each new metered service connected to the main extension installed pursuant to this Agreement within 10 years from the date of execution of this Agreement. The combined refunds will not exceed the amount of the total advance payments made by the Applicant.

Refunds will be determined yearly on the anniversary date of this Agreement based on the formula approved by the PURA. No refund shall be payable to the Applicant pursuant to this Section 9 for any new metered service connection for which a customer makes an equitable advance pursuant to the requirements of Section 10 hereof.

- 10.) Service to Parties other than the Original Applicant: For a period of 10 years from the date of execution of this Agreement, the Company will require any new customer seeking metered service through a service connection to the original main extension installed pursuant to this Agreement to advance his equitable share of the cost of such original main extension to the Company. That amount shall be reimbursed to the original Applicant who has advanced the cost of such original main extension within 180 days of the installation of such service connection. If there is more than one original applicant, said reimbursement shall be distributed equitably among said applicants.

- 11.) Ownership of Plant Installed: The main extension and related service connections and other plant installed pursuant to this Agreement, exclusive of the curb box, shall be the property of the Company. The curb box shall be the property of the Applicant and he/she shall be liable for its maintenance, its proper grade, and any legal or other actions stemming from or related to the curb box.

12.) Obligations of Parties: This Agreement shall bind and inure to the heirs, executors and administrators, successors and assigns of the parties hereto, but neither the sale nor transfer of his property by the Applicant, nor any other assignment hereunder shall relieve the Applicant of his obligation under this Agreement, unless the written consent of the Company is first obtained.

The Applicant agrees to pay fire protection charges for company facilities on private property at public fire rates until such time as the Town and/or Association agrees to pay them.

Any address or name changes made by the Applicant must be furnished to the Company in writing. The Company's inability to deliver refunds (per Paragraphs 9 and 10 of this Agreement) to the Applicant because of a changed address shall postpone all future refunds until an address change is received from the Applicant. Furthermore, no refunds will be issued or reissued after 10 years from the date of execution of this agreement.

13.) Special Conditions:

Meter Horns are not included in this agreement.

Executed and delivered at _____ in the town of _____
_____ Connecticut this _____ day of _____ 2013.

Witness: (two for each signature)

CONNECTICUT WATER COMPANY
By: _____
The Connecticut Water Company
Its:
Address: 93 West Main St., Clinton, CT 06413

Name
By: _____
Print: _____
Address

WATER PIPELINE OPERATION AGREEMENT

This Agreement made this 16th day of May, 2011, by and between THE CONNECTICUT WATER COMPANY, having its principal office in the Town of Clinton, County of Middlesex and State of Connecticut (the "Company"), and the TOLLAND WATER COMMISSION, having its principal office in the Town of Tolland, County of Tolland and State of Connecticut ("TWC"). The Company and TWC are each sometimes referred to in this Agreement as a "Party" and together as "Parties".

WITNESSETH:

WHEREAS, the Company desires to operate and maintain facilities that will become part of a Regional Pipeline (as defined herein), in part for the purpose of providing water service to certain areas outside the present boundaries of the Company's Northern-Western System in the towns of Coventry and Mansfield; and

WHEREAS, TWC owns and operates, as a portion of TWC's overall water system existing utility plant consisting of approximately 4,200 feet of 12" ductile iron water main and 3 fire hydrants along Merrow Road (Route 195) in Tolland;

WHEREAS, TWC and the Company mutually desire to establish an agreement pursuant to which the Company would oversee the construction and operation of a pipeline, which, when interconnected to TWC's existing 4200' of water main described above, will traverse the Town of Tolland south of Interstate Route 84 along Connecticut Route 195 to provide water in the towns of Coventry and Mansfield and to provide for exchanges of water with TWC and incidental sales of water to TWC; and

WHEREAS, the Company has an existing connection and purchases water from TWC at an interconnection on the Willington and Tolland town line on South River Road (the "Existing Connection") pursuant to that certain agreement between TWC and the Company (as successor to Birmingham Utilities, Inc.), dated January 13, 2006 ("Water Purchase Agreement"); and

WHEREAS, the Company desires to install utility plant consisting of 12,800 feet and connect to the TWC's existing utility plant described above and as shown as the Regional Pipeline on Exhibit A;

NOW THEREFORE, it is mutually agreed between the parties hereto as follows:

1. Subject of Agreement:

The Regional Pipeline is described as follows:

(a) Existing Utility Plant Owned by the TWC:

Approximately 4,200 feet 12" Ductile Iron on Merrow Road, Route 195, pressure reducing valves, vaults and related appurtenances, identified as "Existing TWC Water Infrastructure, Central Portion of Regional Pipeline, 4,200 LF-12" Water Main" on Exhibit A ("TWC Portion of the Regional Pipeline");

(b) Proposed Utility Plant Owned by the Company:

Approximately 12,800 feet 12" Ductile Iron on Merrow Road, Route 195, made of two pieces identified as "Future CWC Water Infrastructure, Northern Portion of the Regional Pipeline, 4,100 LF-12" Water Main" ("Northern CWC Portion of the Regional Pipeline") and "Future CWC Water Infrastructure, Southern Portion of the Regional Pipeline, 8,700 LF-12" Water Main" ("Southern CWC Portion of the Regional Pipeline") on Exhibit A (collectively, "CWC Portion of the Regional Pipeline"); PRV vault located on Route 195.

2. (a) The Regional Pipeline is defined as the water transmission system located in the Town of Tolland, generally within the Route 195 (Merrow Road) street line which would perform the function of a transmission main permitting the Company to provide water service to certain areas outside of the TWC Exclusive Service Areas ("ESA") as well as providing water distribution to the TWC to enable TWC to serve TWC's current and potential customers located along Route 195 (Merrow Road). For purposes of this Agreement, the TWC ESA is located in the Town of Tolland between Interstate Route 84 and the southern and eastern boundaries of the Town of Tolland. Specifically excluded from the Regional Pipeline are any water mains, service

pipes or other appurtenances generally within the Route 195 (Marrow Road) street line whose primary function is to serve TWC customers exclusively. Such facilities are marked as "Existing TWC Water Main (Excluded From Regional Pipeline)" on Exhibit A attached hereto. For purposes of this Agreement, the dividing point of such mains shall be their branch valve which would allow them to be isolated from the Regional Pipeline. The Company will isolate the customers served directly or indirectly by the Regional Pipeline from the rest of TWC's water system upon completion of its portion of the Regional Pipeline and its interconnection with the TWC Portion of the Regional Pipeline. The usage for such customers shall be metered and provided by the Company in accordance with Section 7 hereof.

(b) All utility plant owned by the TWC as part of the Regional Pipeline shall remain the sole property of TWC. All utility plant installed by the Company as part of the Regional Pipeline shall remain the sole property of the Company.

3. (a) The Company hereby agrees to provide potable water, fire protection and related services to TWC, not to exceed 50,000 gallons per day, but only for resale by TWC solely to customers of TWC who are within the ESA of TWC. The water supplied by the Company under this Agreement shall meet all federal, state and other water quality requirements applicable to the Company. The water quality and pressure supplied by the Company to TWC customers under this Agreement shall be comparable to and provided with the same standard of care that TWC provided to its customers in the area served by the proposed Regional Pipeline. In the event TWC provides water to the Company under this Agreement or the Water Purchase Agreement, the water supplied by TWC shall meet all federal, state and other water quality requirements applicable to TWC. Each Party shall indemnify and hold harmless the other Party for any and all costs, fees, expenses, damages and loss of any type or nature incurred as a result of any failure of the Party supplying water to comply with the aforesaid water quality requirements.

(b) All existing and future customers within the ESA of TWC shall remain solely the customers of TWC.

(c) Once the Regional Pipeline facilities owned by TWC and the Company commence commercial operation, the Company shall have the obligation to provide the potable water needed by TWC to meet the needs of TWC's customers who will then be provided service off of Regional Pipeline facilities subject to TWC's right to provide water service to TWC customers using alternate facilities. Such alternate facilities (i) shall be new facilities constructed, owned

and operated by TWC and (ii) shall be constructed and operated so as to ensure that water from the Regional Pipeline is not commingled with water from such alternate facilities. TWC agrees to, and does hereby consent to, all operations of the Company contemplated by this Agreement. The Company agrees to provide TWC with reasonable notice of any work performed on the Regional Pipeline.

4. (a) The maximum amount of water which the Company shall be obligated to provide to TWC pursuant to this Agreement shall in no event exceed 50,000 gallons in any one day. The Company shall be under no obligation to supply amounts of water to TWC through the Regional Pipeline in excess of said 50,000 gallons per day, except for emergency use in the event of a fire or main break within that portion of the ESA of TWC serviced through the Regional Pipeline, and excluding water lost from the Regional Pipeline as a result of main breaks or flushing. The maximum amount of water which TWC shall be obligated to provide to the Company is governed by and set forth in Section 8 of the Water Purchase Agreement.

(b) It shall be the Company's obligation to obtain any and all such approvals as may be required to enable the parties to carry out this Agreement. TWC agrees to cooperate with the Company in pursuing any such approvals which may be needed. The Company shall undertake primary responsibility for obtaining any requisite diversion permits from the State of Connecticut Department of Environmental Protection (DEP), and TWC shall cooperate with respect thereto.

5. The Company agrees to make available an emergency connection at Route 195 and Anthony Road. Such connection can only be activated by the Company upon request from TWC and subject to any restrictions or usage requirements set by the Company.

6. (a) The Company shall be permitted to extend, enlarge and expand the Regional Pipeline beyond the Tolland town line and/or to interconnect with said Pipeline beyond the Tolland town line at any time and from time to time in such manner as the Company deems necessary or desirable in connection with its operations. TWC hereby grants the Company such approvals as may be necessary or desirable to enable the Company to affect such extensions, enlargements, expansions and interconnections within the ESA of TWC.

(b) TWC may construct or receive contributions of actual plant which may be interconnected to the Regional Pipeline to fulfill service obligations within its ESA in the

vicinity of the Regional Pipeline. Any plant constructed or received by TWC which interconnects with the Regional Pipeline shall be or have been constructed in accordance with customary engineering and water industry practices and shall comply with all applicable legal standards applicable to TWC.

7. The measurement of water delivered to TWC shall be the sum total of all metered usage for each customer within the TWC ESA for all customers served directly or indirectly from the Regional Pipeline. TWC shall make available quarterly meter readings for all their customers that are directly or indirectly served from the Regional Pipeline. Specifically excluded from such metered usage are those customers that continue to be served by TWC water system facilities isolated from the Regional Pipeline. Such facilities are located northeast of the "Future Emergency Interconnection (Normally Closed Valve)" located at the intersection of Anthony Road and Route 195.

8. (a) The Company agrees to provide and be responsible for providing water for public and private fire service along the Regional Pipeline through the use of direct connections to the Regional Pipeline, including the installation and maintenance of hydrants in the Town of Tolland. The Company will bill any such service within the TWC ESA to TWC as provided in subsection (c) hereof.

(b) The Company shall bill TWC quarterly for all water purchased and all other charges. All bills for services rendered or obligations payable hereunder shall be due and payable within thirty (30) days of the receipt of a bill therefore by TWC. TWC shall bill the Company quarterly for all water purchased and all other charges. All bills for services rendered or obligations payable hereunder shall be due and payable within thirty (30) days of receipt of a bill therefore by the Company.

(c) Each quarter, the Company and the TWC will compare the metered water usage from the Regional Pipeline to the metered water usage delivered by the TWC to the Company at the Existing Connection.

(i) In the event the Regional Pipeline metered usage delivered by the Company to TWC exceeds the metered usage delivered by TWC to the Company at the Existing Connection, the Company shall bill the TWC.

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- (ii) In the event the metered water usage delivered by the TWC to the Company at the Existing Connection exceeds the usage delivered by the Company to TWC at the Regional Pipeline, the TWC shall bill the Company.
- (iii) Subject to Section 8(c)(vi) hereof, the excess metered water usage by the Company or the TWC shall be billed as “Bulk Water Sales” as shown on Exhibit B, “Tolland Main System Water Rates and Miscellaneous Charges – Effective January 1, 2011” (“Bulk Water Sales”). The current rate for Bulk Water Sales is, as shown on Exhibit B. The TWC reserves its right to adjust the rates it charges for sales of water, including rates for Bulk Water Sales, from time to time as part of TWC’s review of rates for TWC customers. Such review shall comply with rate setting requirements applicable to municipal water systems.
- (iv) There will be no billing from the Company to TWC for any hydrant, linear foot or other charges relating to public fire protection services provided off of the Regional Pipeline.
- (v) Subject to Section 8(c)(vi) hereof, any private fire protection services provided off of the Southern CWC Portion of the Regional Pipeline will be billed to TWC by the Company as “Fire Protection Charges” as shown on Exhibit B attached hereto (“Fire Protection Charges”). The current Fire Protection Charges are as shown on Exhibit B. The TWC reserves its right to adjust the rates it charges for sales of water, including rates for Fire Protection Charges, from time to time as part of TWC’s review of rates for TWC customers. Such review shall comply with rate setting requirements applicable to municipal water systems.
- (vi) Notwithstanding any other provision of this Agreement, all rates charged by the Company are subject to the approval and modifications by the State of Connecticut Department of Public Utility Control (“DPUC”) or its successor. For the term of this Agreement, the parties shall use all reasonable efforts to advocate to the DPUC the rates treatment contemplated by this Agreement.

9. The Company shall make an annual payment of \$30,000 to TWC within thirty (30) days of the Effective Date of this Agreement and upon the anniversary date of this Agreement for each year thereafter.

10. The Company shall operate, maintain, service and repair the Regional Pipeline in accordance with customary water utility engineering practices. TWC shall operate and maintain that portion of its water system connected at any time to the Regional Pipeline in accordance with customary water utility engineering practices and with the guidelines set forth below:

(i) TWC shall use its best efforts, practicable, to minimize the wasteful use of water within that portion of its service area connected to the Regional Pipeline. Should the Company impose restrictions on water use on its customers (e.g., sprinkling bans) TWC shall likewise impose such restrictions on its customers within said area. The imposition of said restrictions shall be within the sole and exclusive discretion of the Company. Nothing in this Agreement shall prevent TWC from imposing its own restrictions above and beyond those imposed by the Company.

(ii) TWC shall ensure that all users connected to that portion of its water system connected to the Regional Pipeline who raise the water pressure install suitable backflow prevention devices as required by state or federal law. TWC shall ensure that all users connected to that portion of its water system connected to the Regional Pipeline which re-pump the water supplied by TWC do all such re-pumping on a schedule approved by TWC and in conformance with all existing cross connection regulations.

11. TWC shall, and to the extent necessary, cause those customers of TWC served directly or indirectly through the Regional Pipeline to comply in all respects with all of the rules and regulations of the Company which may from time to time be in effect and approved by the DPUC and applicable to all the matters contemplated by this Agreement. The Company shall provide TWC with a copy of its rules and regulations, as well as any amendments thereto, as approved by the DPUC. The Company shall also provide TWC with any customer notices issued under such rules and regulations that are applicable to TWC customers served directly or indirectly through the Regional Pipeline.

12. The TWC does hereby grant to the Company, to the extent of the rights of the TWC, the right to install, inspect, utilize, operate, maintain, manage, renew, replace, repair, extend, improve, expand, interconnect, enlarge and service or otherwise deal with each and every portion of the Regional Pipeline at any time and from time to time as the Company may consider necessary or desirable in furtherance of, or to carry out, its obligations and exercise its rights under this Agreement. The TWC represents, warrants and agrees that it shall not permit or grant the right to inspect, operate, maintain, manage, renew, repair, replace, extend, improve, enlarge and/or service the Regional Pipeline or any portion thereof, including all appurtenances thereto, to any person or entity other than the Company. The TWC agrees not to disturb or damage the Regional Pipeline and not to construct or permit to be constructed any structure that would obstruct, hinder or impair the Company's exercise of its rights under this section.

13. The Company, at its own cost and in its own name and not as agent of the TWC, shall, to the extent deemed necessary or desirable by the Company in performing its obligations or exercising its rights under this Agreement, use, repair, replace, maintain, extend, enlarge, expand, interconnect and service the Regional Pipeline: provided, however, that the TWC shall be responsible for any expenses incurred by the Company in the relocation of any portion of the Regional Pipeline owned by the TWC (the Company shall bear the cost of relocating that portion of the Regional Pipeline owned by the Company), unless such relocation is undertaken at the election of the Company, for its benefit.

14. The Company agrees that, except as specifically provided in this Agreement, it will indemnify and save TWC harmless from and against any and all loss, costs, liability or damage incurred directly or indirectly by TWC as a result of any negligence or misconduct on the part of the Company, its employees or agents, in connection with the Company's operation or use of the Regional Pipeline and the taking by the Company of any action contemplated by this Agreement. TWC agrees that, except as specifically provided in this Agreement, it will indemnify and save the Company harmless from and against any and all loss, cost, liability or damage incurred directly or indirectly by the Company as a result of any negligence or misconduct on the part of TWC, its employees or agents, in connection with the construction or use of any of the TWC interconnections with the Regional Pipeline and the taking by TWC of any action contemplated by this Agreement. The Company and the TWC shall each maintain adequate liability insurance

to protect against potential losses associated with their respective obligations under this Agreement and shall name the other Party as an additional insured or loss payee, as appropriate, on both general liability and auto liability insurance policies. The Company and TWC shall each provide the other Party with proof of insurance within ten (10) business days following (i) the Effective Date, as defined in Section 17 hereof and (ii) the renewal date of any such insurance policies.

15. The Company assumes no responsibility for operation and maintenance of any portion of the water systems constructed and owned by TWC which are not part of the Regional Pipeline as defined in Section 1 hereof.

16. The respective obligations of the parties hereto are subject to the following conditions precedent:

(i) The Company's determination, in its sole discretion, that it is likely to acquire an additional customer base or a request to serve from customer(s) beyond the Town of Tolland town line. The Company shall notify TWC in writing within thirty (30) days of the date it makes such determination. In the event the Company does not make such a determination within five (5) years of the date hereof, either party may elect to terminate this Agreement.

(ii) Such approval of this Agreement as may be required by the DPUC, DEP, and the State of Connecticut Department of Public Health (DPH).

(iii) Delivery to the Company of an opinion of counsel for TWC that TWC has authority to enter into this Agreement and carry out all of its obligations hereunder, and that this Agreement has been duly authorized, executed and delivered on behalf of TWC and is a legal, valid and binding agreement enforceable against TWC in accordance with its terms; and delivery to TWC of an opinion of counsel for the Company that the Company has the authority to enter into the Agreement and carry out all of its obligations hereunder, and that this Agreement has been duly authorized, executed and delivered on behalf of the Company and is a legal, valid and binding Agreement enforceable against the Company in accordance with its terms.

(iv) Approval by DPUC for the Company to bill TWC the Bulk Water Sales rates and Fire Protection Charges as specified in Section 8(c) hereof.

17. The Effective Date of this Agreement shall be the date that the Regional Pipeline is declared complete and placed in service by the Company, and all conditions set forth in Section 16 above are satisfied (or waived).

18. This Agreement shall inure to the benefit of and be binding upon the successors and assigns of each of the parties.

19. This Agreement will remain in effect for a minimum of twenty (20) years from the Effective Date. The term of the Agreement shall be automatically renewed for successive five (5) year periods until either the Company or TWC provides written notice to the other of its election to terminate this Agreement. Because of the necessity that water companies establish their supply positions on a long-term basis, any such notice of termination or election not to renew must be provided no less than five (5) years prior to the effective date of the termination or non-renewal. Upon termination or expiration of this Agreement by either Party, each Party shall pay the other Party any amounts owed under this Agreement as of the date of expiration or termination.

20. In the event of non-payment or default by either Party, the non-defaulting party shall have the right to pursue any and all available remedies at law or in equity.

21. The Company shall not be deemed to be in default of this Agreement if prevented from performing any obligation hereunder for any reason beyond its control, including but not limited to, acts of God, TWC's failure to perform its obligations hereunder, war, civil commotion, fire, flood or casualty, labor difficulties, shortages or inability to obtain labor, materials or equipment, governmental regulations or restrictions or unusually severe weather.

22. Any dispute between the Parties arising under or pertaining to this Agreement shall be referred to senior representatives of the Parties for informal dispute resolution discussions as soon as practicable. In the event that the designated representatives do not reach a mutually acceptable resolution of the dispute within thirty (30) days of such referral, then the Parties may agree to submit such dispute to mediation or other dispute resolution process as may be agreed to by the Parties. If the dispute is not resolved within ninety (90) days from the date of such submission, or if the Parties do not agree to said submission, either Party may seek resolution of the dispute by arbitration administered by the American Arbitration Association under its

Commercial Arbitration Rules, and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof.

23. This Agreement shall be governed and construed in accordance with the laws of the State of Connecticut, without regard to its conflicts of laws principles.

24. This Agreement constitutes the complete agreement of the Parties. No amendment of this Agreement shall be effective unless in writing and signed by each of the Parties hereto.

25. This Agreement is intended to be an integrated Agreement. As such, the terms contained herein are interdependent and not severable, and they shall not be binding upon, or deemed to be an admission or concession by any Party, or to represent the positions of the Parties, if the Agreement is not fully approved by every Authority possessing the right to approve this Agreement. If any Authority with the right to approve this Agreement does not approve this Agreement in its entirety, it shall be deemed withdrawn, it shall not constitute a part of the record in any proceeding, it shall not be admissible as evidence or be used for any purpose whatsoever, and each Party shall be free to advocate any position on any of the issues addressed by the Agreement in any proceeding other forum unless the Parties agree otherwise. Any change to any provision of this Agreement by the approving Authority shall render this Agreement null and void.

26. All communications under this Agreement shall be in writing and shall be mailed by first class mail, postage prepaid, to the addressee's respective address as shown below, marked for attention as there indicated, or at such other address as such addresses may have furnished in writing to the other party hereto:

The Connecticut Water Company
93 West Main Street
Clinton, CT 06413
ATTN: Vice President, Service Delivery

And

Tolland Water Commission

21 Tolland Green

Tolland, CT 06084

27. Two or more duplicate originals of this Agreement may be signed by the parties, each of which shall be an original but all of which together shall constitute one and the same instrument.

[Remainder of page intentionally left blank.]

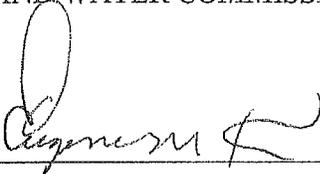
IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day
and year first above written.

THE CONNECTICUT WATER COMPANY

By: 

Its: Terrance P. O'Neill, Vice President-Service Delivery

TOLLAND WATER COMMISSION

By: 

Its: Eugene M. Koss, Chair

EXHIBIT B

TOLLAND MAIN SYSTEM

Water Rates and Miscellaneous Charges - EFFECTIVE JANUARY 1, 2011

Small Meter Users (5/8 or 3/4 inches)

Quarterly Meter Charge:	\$20.70	
Usage Charges:	<u>in 100s of cubic feet</u>	<u>Per 100 cubic feet</u>
	0 to 10	\$2.80
	11 to 20	\$3.75
	21 to 35	\$4.70
	36 to 50	\$5.70
	51 plus	\$6.00

Large Meter Users (4 inch)

Quarterly Meter Charge:	\$287.50	
Usage Charges:	<u>in 100s of cubic feet</u>	<u>Per 100 cubic feet</u>
	0 to 240	\$2.30
	241 to 560	\$2.85
	561 to 880	\$3.15
	881 to 1,200	\$3.45
	1,201 plus	\$3.55

Large Meter Users (1 inch)

Quarterly Meter Charge:	\$39.00	
Usage Charges:	<u>in 100s of cubic feet</u>	<u>Per 100 cubic feet</u>
	0 to 15	\$2.50
	16 to 35	\$3.15
	36 to 55	\$3.85
	56 to 75	\$4.50
	76 plus	\$4.80

Large Meter Users (6 inch)

Quarterly Meter Charge:	\$575.00	
Usage Charges:	<u>in 100s of cubic feet</u>	<u>Per 100 cubic feet</u>
	0 to 960	\$2.00
	961 to 2,240	\$2.60
	2,241 to 3,520	\$2.90
	3,521 to 4,800	\$3.15
	4,801 plus	\$3.25

Large Meter Users (2 inch)

Quarterly Meter Charge:	\$143.75	
Usage Charges:	<u>in 100s of cubic feet</u>	<u>Per 100 cubic feet</u>
	0 to 60	\$2.50
	61 to 140	\$3.15
	141 to 220	\$3.50
	221 to 300	\$3.90
	301 plus	\$4.00

Large Meter Users (8 inch)

Quarterly Meter Charge:	\$920.00	
Usage Charges:	<u>in 100s of cubic feet</u>	<u>Per 100 cubic feet</u>
	0 to 960	\$2.00
	961 to 2,240	\$2.60°
	2,241 to 3,520	\$2.90
	3,521 to 4,800	\$3.15
	4,801 plus	\$3.25

EXHIBIT D

TOWN OF WINDHAM WATER COMMISSION
Minutes of the Regular Meeting Wednesday April 10th, 2013
Windham Water Works, Conference Room

Members Present: Chairman J. Michael Callahan, Elizabeth Huebner, Maxine Smith, Dan Roth, Anna Hope & William Sayers

Also Present: Jim Hooper, Superintendent, Paul Deveny Assistant Superintendent

Members Excused: M. Smith left at 7:05PM

Chairman Callahan called the Meeting to order at 6:36 PM

Approval of Previous Minutes: E. Huebner motioned to approve the Minutes from the March 13, 2013 meeting; Seconded by D. Roth A Hope abstained, unanimously approved.

Citizens & Delegations: none

UCONN/ Mansfield Water: (1) W. Sayers motioned that the WWW Superintendent and/or WWC Chairman inform the Town Manager, Mayor, Windham Town Council, our State Representatives, the Town of Mansfield, UConn, DPH and DEEP that WWC/WWW does not consider Options 1,3,4 & 5 viable or acceptable and therefore will not agree to hold any discussions or negotiations regarding these options, 2nd by Dan Roth, unanimously approved.

(2) W. Sayers motioned that the WWW Superintendent and/or WWC Chairman inform the Town Manager, Mayor, Windham Town Council, our State Representatives, the Town of Mansfield, UConn, DPH, and DEEP that the WWC/WWW considers Option 2 viable and therefore will agree to further discussions within the WWC and with regional stakeholders regarding the practical, technical, economic merits regarding these options and appropriate forum(s) to development a better understanding of the process to evaluate the Options being considered, 2nd by A. Hope, unanimously approved.

(3) W. Sayers motioned that the WWC authorize the WWW Superintendent and WWC Chairman to request from UConn and Mansfield their immediate feedback regarding each option being considered by the WWC/WWW and keep all interested parties informed of these ongoing discussions, 2nd by A. Hope, unanimously approved.

(4) W. Sayers motioned that WWC's authorization of the WWW Superintendent and WWC Chairman to initiate preliminary discussions is limited to sharing information and fact-finding activities and is not an authorization to negotiate on behalf of the WWC and/or make binding commitments, 2nd by E. Huebner, unanimously approved.

(See attachment)

Cement Line Riverview Road Update: J. Hooper addressed the Commission.

Intake Structure Update: J. Hooper addressed the Commission.

2012 (CCR) Consumer Confidence Report: J. Hooper addressed the Commission.

Superintendent's Report: J. Hooper addressed the Commission. See attachments

Citizens & Delegations: No Comments

A. Hope motioned to adjourn at 8:30 PM, Seconded by D. Roth, unanimously approved.
Minutes taken by: E. Huebner
Submitted by: J. Hooper



University of Connecticut



**OFFICE OF ASSOCIATE VICE PRESIDENT OF
INFRASTRUCTURE PLANNING AND
STRATEGIC PROJECT MANAGEMENT**

**TOWN OF MANSFIELD
OFFICE OF THE TOWN MANAGER**

Thomas Q. Callahan, AVP
3 North Hillside Road Unit 6076
Storrs, CT 06269-6076
Phone: (860) 486-2927
Fax: (860) 486-5051

Matthew W. Hart, Town Manager
AUDREY P. BECK BUILDING
FOUR SOUTH EAGLEVILLE ROAD
MANSFIELD, CT 06268-2599
Phone: (860) 429-3336
Fax: (860) 429-6863

May 8, 2013

Mr. Michael Callahan, Chair
Windham Water Commission
174 Storrs Road
Mansfield Center, CT 06250

Dear Mr. Callahan:

Thank you for your correspondence of April 16, 2013 conveying the Windham Water Commission's willingness to explore a potential agreement to sell bulk water to the Town of Mansfield and the University of Connecticut. We are grateful for the Commission's willingness to give further consideration to this matter. We have reviewed the materials that you forwarded and offer the following reply.

Windham's, Mansfield's and UConn's common interests in area water supply matters begin with Fenton and Mount Hope rivers and collective watersheds that serve as important sources of water supply and recreation for our respective communities. Those physical bonds have provided the basis for cooperation on many fronts over several decades. Since the late 1940's, Windham Water Works has provided water supply to certain sections of southern Mansfield. Former WWC Commissioner Ed Pelletier represented WWC on the University of Connecticut's Water and Wastewater Policy Advisory Committee since it was established in 2006 and has recently been succeeded by Dan Roth. Mr. Pelletier also represented the WWC on a committee formed by the University to identify potential sites to relocate its main accumulation waste facility. Mansfield has worked with the Commission to limit the use of road sand and salt on town roads and with the regional health district to notify watershed residents of their responsibility to protect the reservoir from fertilizer and herbicide run-off. In addition, UConn has worked with Windham Water Works superintendent Jim Hooper and his team to perform Fenton River watershed inspections to protect water quality in the watershed. Our collaboration represents a solid record of positive achievement based on mutual cooperation and shared interests.

Background

UConn has continuously operated a water supply system for more than 100 years. Located in Storrs, without the benefit of either a private or municipal water utility, the University's sources of supply evolved from a single groundwater well in the center of the original campus, to a surface water supply shared with the then School for the Epileptics (ultimately to become the Mansfield Training School), to separate groundwater based systems located in stratified drift aquifers located along the Fenton and Willimantic rivers for UConn and MTS respectively. Over time, the two systems were further developed, interconnected and services extended to municipal, commercial and residential users in a limited area of Storrs.

As early as 1994, the Connecticut Department of Public Health began to encourage the University to identify additional sources of supply to meet anticipated future demands. In 2001, as a condition of its approval of a prior Tech Park environmental impact evaluation (EIE), the Connecticut Office of Policy & Management (OPM) directed UConn to study how its Fenton wellfield withdrawals influenced aquatic habitat in the area under the influence of its wellfields during seasonal periods of low streamflow. The three year study was completed in 2006 (shortly following the drying of the Fenton River). UConn adopted its core recommendation – reducing and ultimately eliminating Fenton wellfield withdrawals based on streamflow triggers. The Fenton wellfield registration of 844,000 gallons per day accounts for approximately 30 percent of UConn available supply. The unavailability of supply from the Fenton wellfield during extended periods of low streamflow and seasonal peak demand is an important factor contributing to our need to identify additional sources of supply.

With the encouragement of CTDPH, CTDEEP and the Connecticut Water Planning Council, UConn decided to first focus on water conservation and reuse before seeking additional sources of supply. Since then, UConn has:

- Metered buildings, replaced aging utility infrastructure, continuing constructing efficient new buildings and installed water efficient fixtures (largely with UConn 2000 and 21st Century UConn resources). Also, UConn encourages its students, faculty and staff to conserve water. Today, UConn uses on average 225,000 gallons less water daily (15 percent) than it did in 2005 even though enrollment, employment and facilities have increased significantly. Unaccounted for water is approximately 7 percent, about half the water industry benchmark.
- Constructed a \$25 million reclaimed water facility (to be commissioned this spring) capable of further reducing campus potable water demand by an additional 400,000 gallons daily (20 percent) during critical peak demand periods.

While UConn remains vigilant in identifying new water conservation opportunities, prudence dictates that it begin to identify new sources of supply to ensure adequate margins of safety and to anticipate new demands over a 50 year planning horizon, including the state funded UConn Tech Park, and, potentially NextGen Connecticut initiatives as well as private redevelopment and development initiatives in the Storrs area deemed consistent with the Town of Mansfield's conservation and development planning.

A Connecticut Environmental Impact Evaluation is now underway to evaluate potential sources of supply capable of providing up to 1.2 million gallons per day (average demand) to 1.9 million gallons per day (peak demand) over the 50 year planning period. UConn published a draft EIE in December and conducted two public hearings. The public comment period ended in late January. Our analysis of the comments is underway and our response to comments, and our other project development efforts, will benefit from further communication with each of the potential suppliers, including Windham. We will finalize and submit the Record of Decision to OPM for its review and approval. Once OPM approves the Record of Decision, implementation – subject to securing an agreement with the ultimate provider and the requisite permits and approvals – can begin. We anticipate the parties to any water supply and project development agreement will need time to iteratively drill down, dialogue and negotiate.

Response

We regret that some Commission members and staff are concerned that we have not effectively communicated the process for evaluating our options for securing additional water supply. We apologize for any misunderstanding but please note that the water supply EIE is driven by the state's regulatory process and procurement considerations, and the subject of considerable public interest. We trust that you and your colleagues recognize that these factors significantly influence both the substance and pace of deliberations. If helpful, we would be happy to meet with the Commission to review the EIE process in more detail.

The Commission's unanimous rejection of the "No Water" and "Decide-not-to-Decide" options is welcomed. We also believe we understand the Commission's position with respect to the "Abandon Mansfield" option though it would be helpful to confirm its essential elements in further detail. We are grateful that the Commission unanimously expressed its willingness to consider a Bulk Water Sale which is consistent with one essential objective of securing additional water supply for the Storrs area and UConn. Finally, we acknowledge that our respective communities are not at this time properly prepared to engage in substantive discussions of a Constructive Engagement alternative (Option 1). In short, while some may argue that Option 2 goes too far while others may consider it too timid, we believe Option 2 could provide the appropriate basis for further exploration.

You also asked for UConn and Mansfield staff's feedback and reaction to WWC's six Basic Planning Principles. We believe WWC, UConn and Mansfield's representatives would benefit from a thorough discussion of them to ensure a clear mutual understanding of both their content and intent prior to rendering an formal assessment. However, our preliminary reaction to a plain language reading suggests that they are aligned with core planning principles held by UConn and Mansfield so long as:

- Improvements required to improve WWC's physical plant and infrastructure to implement a bulk water sale that meaningfully benefit its existing customers (e.g., improved water quality; greater water quantity availability to meet demand in WWC's existing service areas; etc.) are properly accounted for.

- Improvements that may meaningfully reduce costs or provide future cost avoidance to WWW's existing service districts are not deemed inconsistent with WWC's Basic Planning Principle #2.
- UConn and Mansfield could exercise reasonable rights consistent with our role as a bulk water purchaser in the negotiation of rates for the Mansfield Services Area.
- UConn/Mansfield could enter into a development agreement with WWW to fund WWW costs to plan, design, permit, and install, the transmission line and related improvements or UConn/Mansfield could directly plan, design, permit and install according to WWW's specifications and supervision.

Similarly, UConn and Mansfield have identified the following core principles to center its consideration of its options:

- We are seeking an affordable solution capable of meeting our stated water supply objective – 1.2 to 1.9 million gallons per day over the 50 year planning period – that is environmentally sound and optimizes project and operational costs.
- Since state and local funding sources will finance any proposed interconnection, we are committed to fully exploring several options with multiple suppliers to fulfill our due diligence and fiduciary responsibilities.
- We are seeking a role in policy and governance commensurate with our position as funder, customer, intermediary and/or provider.

Conclusion

Once again, we are grateful to you, your Commission colleagues and WWW staff for their consideration and their efforts to date. Please note that any commitments ultimately made by the University or the Town of Mansfield will require the approval of our respective boards and legislative bodies. We will schedule a call to discuss this further with you.

Sincerely,



Thomas Q. Callahan
Associate Vice President



Matthew W. Hart
Town Manager

EXHIBIT E

CWC Option

WWW Option

Off-Campus Growth Management Implications?	Town authority under its zoning regulations is controlling	
Who pays the costs of new infrastructure required by the EIE?	CWC	The State, the Town and/or UConn (but <u>not</u> existing rate payers or WWW)
Will Mansfield incur debt for new local distribution system?	TBD	Likely
Who owns the infrastructure?	Infrastructure required by the EIE: CWC Existing infrastructure: transitions from Town to CWC	Infrastructure required by the EIE: MWA Existing infrastructure: TBD
Who operates and maintains the system?	CWC	Plant: WWW Distribution system: MWA
Who sets rates?	PURA	Bulk rates: WWW Retail rates: MWA
Where are public concerns and consumer complaints heard?	PURA CWC Advisory Committee	WWW MWA
Who regulates water quality?	DPH	