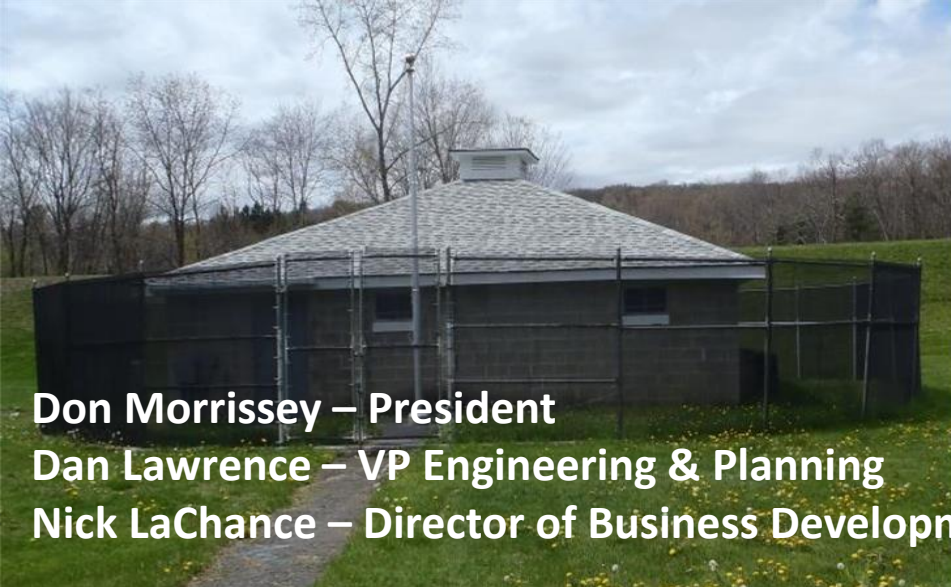


Ware Selectboard Meeting

Water and Wastewater System Purchase Proposal

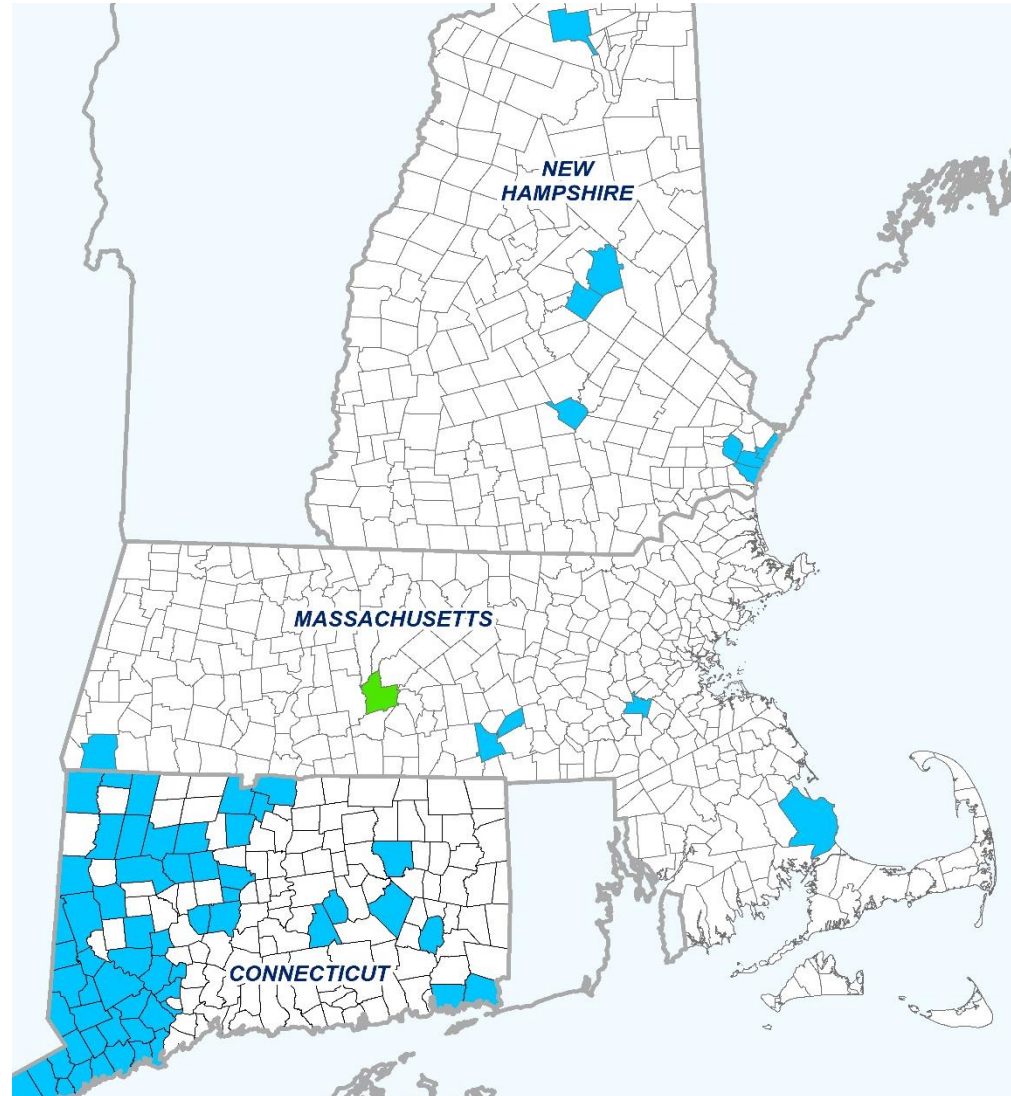


August 22, 2023

Don Morrissey – President
Dan Lawrence – VP Engineering & Planning
Nick LaChance – Director of Business Development

Overview of Aquarion

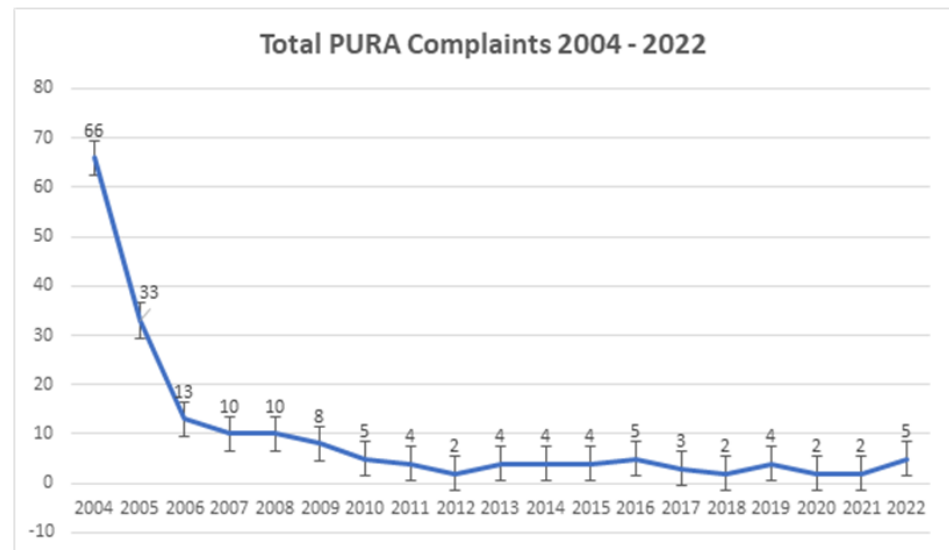
- Largest investor-owned water utility in New England
- Serves 240,000 customers (800,000 people) in 72 communities in CT, MA and NH
- Based in Bridgeport, Connecticut, we've been in the public water supply business since 1857
- Successfully acquired and integrated 87 water systems, adding over 34,000 customers since 2011



Industry Leading Customer Service

- Strong J.D. Power results
- 94% of Aquarion customers are satisfied or extremely satisfied with our service
- Most customer service issues will be addressed using Ware staff supported by Millbury/CT offices
- Utilize an enterprise-wide system (SAP) to manage all calls and to dispatch field staff as needed
- Low-income assistance available

J.D. POWER



Employee & Community Engagement

People



- Hearst Media – selected Aquarion as one of the top places to work in Connecticut (Six times)
- Over one-third of Aquarion employees volunteer in over 140 organizations

Community Involvement

- Aquarion and its employees are active in our communities
- Environmental stewardship shows customers there is more to us than infrastructure



- Over \$300K contributed to more than one hundred non-profit organizations in our service areas
- Multiple programs to provide assistance for low-income customers

Water – A Necessity of Life

- Only utility service physically ingested
- Must be “safe” regardless of cost
- Increasingly stringent quality standards
- Increasing threats to supply
- Service largely taken for granted
- Customers expect high level of reliability



Water Compared to Other Utilities

- Only utility that has not been “deregulated”
- Least expensive to consumers
- Fragmented – low economies of scale
- Heavy environmental regulation
- High capital needs; low rate of capital recovery
- There is no substitute
- Critical for fire protection
- Critical for economic stability & growth
- *Wide variation in the financial, managerial, and technical capabilities of providers*

Challenges Facing Water Industry

- Aging Infrastructure
- Water Quality Issues – Emerging Contaminants
 - PFAS – group of man-made chemicals
- Lead (Pb) and Copper Rule (new regulations)
 - Increased sampling
 - Lead service line replacements will be costly (tens of millions \$)
- Availability of Water Supply
- Increasingly stringent wastewater discharge permits
- Aging Workforce / Large number of retirements
- Rising Customer Expectations

Water Quantity & Demands

- Average Daily Demand: 0.53 MGD (Permit Limit: 1.39 MGD)
- Residential Gallons per Capita per Day: 43
- Unaccounted for water is 8.2%
- 5 wells feed WTP and a 6th well has its own treatment plant

Water Quality & Treatment

- Chemicals added for disinfection and corrosion control
- Historical presence of Manganese and Iron

Distribution System

- ~2,340 service connections
- 1 main pressure zone with a small high service area
- 2.5 MG of storage (2 Tanks)
- 42 miles of water main and 347 public fire hydrants



Wastewater Flows

- 1 MGD rated facility
- 0.582 avg. daily flow (Sept '21 – Aug '22)
- Septage receiving facility (monthly avg. received is 25,000 gallons)

Wastewater Treatment

- Conventional activated sludge system, energy inefficient
- New NPDES permit – will require treatment for Nitrogen, Al/Cu
- Seasonal phosphorous limit – treated with chemical injection
- No thickening or dewatering – decanting to 1.7% solids
- Chlorine gas disinfection

System

- ~1,740 service connections
- 25.5 miles of gravity sewer mains and 595 manholes
- 1 owned lift station and 1 privately owned lift station



Aquarion Offer

- \$9.688 Million for the water and wastewater assets
- Rate freeze for a minimum of 24 months
- Retention of all employees
- Transfer of all operational and compliance risks to Aquarion

Estimated Net Proceeds¹

In 000's

Purchase Price	\$9,688
Cash & Other Current Assets	<u>2,351</u>
Subtotal	12,039
Long-Term Debt	(695)
Pension, OPEB & Other Liabilities	<u>(1,351)</u>
Proceeds Available to Town:	<u><u>\$9,993</u></u>

¹ Based on June 30, 2022 audited financial statements

All Staff Retained

- All employees will be offered employment
- Equal or better compensation and benefits
- Motivated and engaged employees are critical to the operation
- Opportunity to join a growing company with upward mobility potential

Benefits of the Transaction

Financial Benefits Avoid Risk and Benefit Financially

- Ability to monetize water and wastewater assets: \$9.7 million proceeds
- Proceeds of the sale and current enterprise funds to be used to fund other Town priorities
- Town avoids raising capex/bonding to upgrade systems
- Water system becomes a taxpayer

Reduce Risk for the Town

- Reduces risk – financial and operational
- Divest non-core governmental service

New England Based

- Headquartered in Bridgeport, CT for more than 165 years
- Local MA operations: Dover, Millbury, Oxford, Plymouth & Sheffield

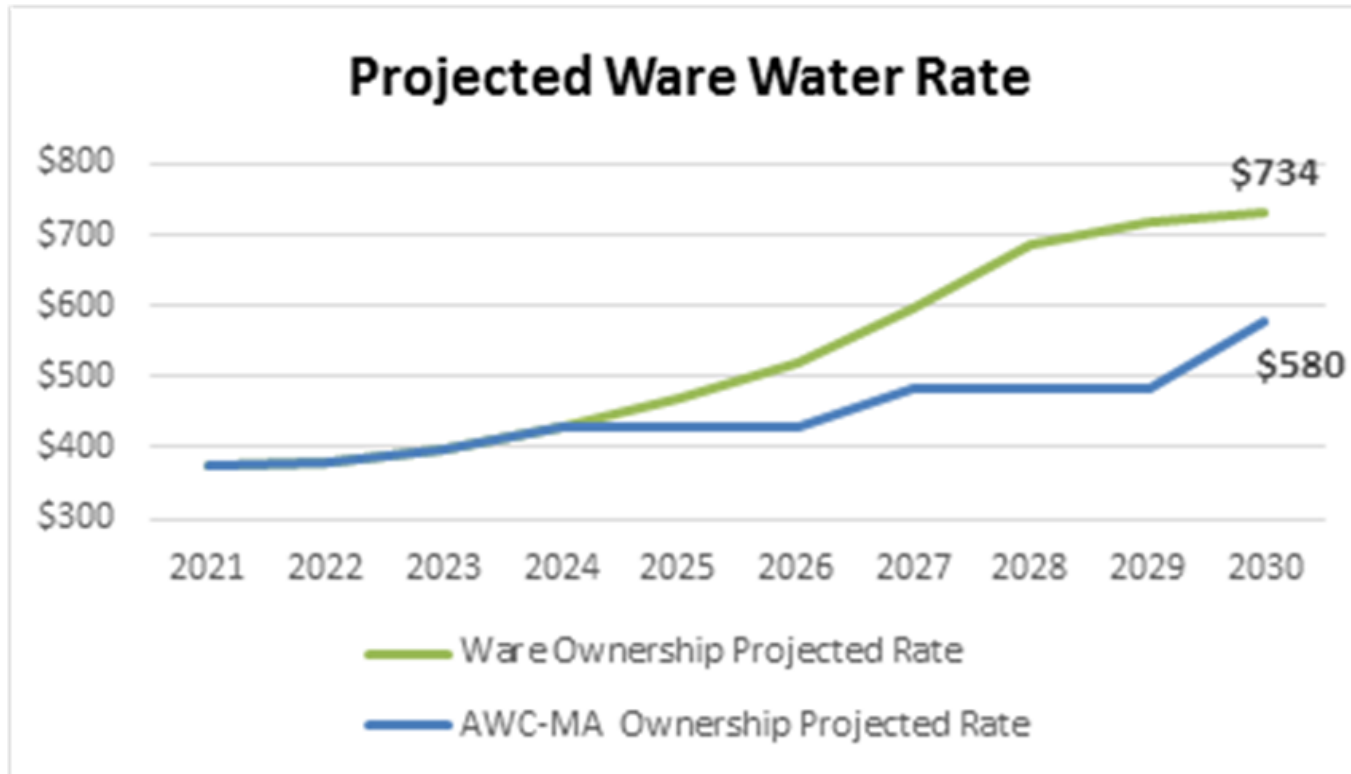
Customers benefit from seamless transition, great service

- Industry leading customer service
- Long-term rate stability -- DPU reviews and approves future rates
- Aquarion has transitioned over 22,000 customers in the last 21 months

Deep Technical Bench to Solve Engineering, Operational, and Regulatory Hurdles

- 365 employees
- Experts in water quality, engineering and treatment operations

Aquarion's Ability to Manage Rates



-21%

- Freeze rates for a minimum of 24 months post acquisition
- Any future rate increase must be approved by the MA DPU

Next Steps

- Selectboard Review and Recommendation
- Public Information Sessions
- Town Vote/Approval
- Approval of a Definitive Agreement by Board of Selectmen
- Approval by MA Department of Public Utilities

An aerial photograph of a large, winding river or lake system, likely the Quaker Run Reservoir in Maryland. The water is a deep blue, and the surrounding land is covered in dense, lush green forest. The river winds through the landscape, with several small islands and peninsulas. The sky is blue with scattered white clouds. The text "Thank you!" is overlaid in the center of the image in a large, white, sans-serif font.

Thank you!