

Water Company Acquisition Study Committee

Minutes of Meeting on January 10, 2019

Committee Attendees:

Jonathan Asher, Chair
Joshua Krumholz, Secretary
Edward Siegfried
Robert Higgins

At approximately 7:00 p.m. on January 10, 2019, the Water Company Acquisition Study Committee (the “Committee”) attended a joint session with the Board of Selectmen, the Advisory Committee, and the Subcommittee of the Advisory Committee responsible for studying water company acquisition issues. The following items were discussed at that meeting:

- The Town Administrator, Tom Mayo, briefly described the process of retaining two financial experts to review the financial analyses performed by the town and Aquarion, and introduced the two experts
- A presentation was made by Julie Keim of BerryDunn. Ms. Keim presented:
 - Her credentials and qualifications
 - Her analysis of the following five assumptions made by the town in its analysis:
 - Operating revenue for Service Area A as of November 29, 2018 was \$13,047,168
 - Aquarion would seek a rate increase every three years
 - Aquarion would seek a 10% increase every three years
 - The town’s MRAM analysis is consistent with the structure outlined in DPU Order 17-90
 - How MRAM additions would factor into Aquarion’s next rate case
- A presentation was made by James Dondero of Andersen Tax. Mr. Dondero presented:
 - His credentials and qualifications
 - His analysis of the town’s and Aquarion’s financial analysis
 - His conclusions regarding reasonable assumptions for:
 - Operating cost inflation

- Capital expenditure cost and increases
- Interest rates for borrowing
- His analysis of the town's and Aquarion's assumptions regarding:
 - Operating costs
 - Debt service
 - Equity profit
 - CAPEX
 - Depreciation
 - Revenue requirement
- His conclusion, based on his analysis after equalizing key metrics between the town's and Aquarion's models, that savings resulting from town ownership over 30 years would be approximately \$50 million exclusive of MRAM surcharges
- His conclusion that, once the town's acquisition cost was paid off in 30 years, annual savings would increase by approximately \$7.4 million

The meeting was adjourned at approximately 9:09 p.m. upon motion and a unanimous vote.