

(det. Hagan)

This Agreement is entered into this 12 day of May, 1972 between the Town of Freeport, a Maine municipal corporation, ("the Town") and Freeport Water Company, a Maine corporation, ("the Company"). The Water Study Committee of the Town after extensive investigation recommended (a copy of which is attached hereto and made a part hereof as Exhibit A) to the Town that the fire protection needs of the Town require the construction of an additional standpipe and additional mains on Bow, Depot, South and Main Streets ("the Project"). As a result of that recommendation the Town, at a special Town Meeting held on April 17, 1972 adopted Articles (copies of which are attached hereto and made a part hereof as Exhibit B) authorizing the Town to enter into an agreement with the Company relating to the Project.

The Company is an affiliate of Consumers Water Company, a Maine corporation, ("Consumers") and in the performance of its functions under this agreement proposes to use certain services of Consumers. The Company and Consumers are desirous of entering into this agreement with the Town with respect to the Project.

In the consideration of the mutual promises hereinafter set forth, the Town, the Company and Consumers agree as follows:

1. Consumers will design and prepare engineering plans for the Project consisting of an 800,000 gallon standpipe to be located on land owned by the Company on

Torrey Hill in Freeport, Maine and approximately 4,000 feet of 16", 12" and 8" mains on Bow, Depot, South and Main Streets in Freeport, Maine, together with necessary appurtenances to the standpipe and mains. The plans for the Project shall be subject to the approval of the Board of Selectmen on behalf of the Town. The cost of the standpipe, including without limitation, design and engineering, site preparation, access road improvement, soil and ledge soundings, foundation construction, standpipe fabrication, erection and painting, installation of drains, controls and connections, shall be at the sole cost and expense of the Town; if however, such cost exceeds \$150,000, the Company shall bear any such excess. The Town shall own the standpipe. The cost of all other portions of the Project shall be borne by the Company and the Company shall own such other portions.

2. Consumers shall be paid for its engineering services with respect to the mains by the Company. Consumers shall be paid for its engineering services with respect to the standpipe by the Town on the same basis as Consumers charges the Company and its other subsidiaries for similar services, i.e. on an actual time basis based on the actual salary of the personnel doing the work plus overheads but excluding any item of profit. Notwithstanding the foregoing, such charges for engineering shall not exceed 5% of the actual constructed cost of the standpipe as indicated in paragraph (1) above.

3. Upon approval of the plans by the Board of Selectmen, the Company will forthwith proceed to install the mains and other portions of the Project that are to be constructed at its expense. The Company will use its best efforts to complete the main installations on Bow Street between Main Street and Dennison Avenue by July 1, 1972, as requested by the Town.

4. Consumers, acting on verbal authority from the Board, has already solicited and taken bids for the standpipe itself. Consumers, acting as consulting engineer for the Town, will solicit bids for the foundation, etc. The bids are to be subject to approval by the Board of Selectmen and upon approval, the Town shall enter into a contract with the successful bidders for the construction of the standpipe and foundation, etc.

5. The Company has received preliminary approval of the Maine Public Utilities Commission for the Project as required by the M.P.U.C. General Order No. 20 (a copy of M.P.U.C. letter dated May 5, 1972, which is attached hereto and made a part hereof as Exhibit C). Consumers will file with the M.P.U.C. a copy of this contract and plans and specifications as soon as ready.

6. The Town will arrange for financing of the cost of its share of the Project prior to the commencement of construction of the standpipe.

7. Upon completion of the Project, the Town will lease, and hereby does so lease, the standpipe to the Company for an annual rental of \$1,000 payable on July 1 of each year, '

for a term of years. During the term of the lease the Company shall at its own expense be responsible for all maintenance and operating expenses of the standpipe and will maintain and operate the standpipe in accordance with generally accepted water work standards.

8. During the term of the lease the Company will hold the Town harmless from any and all liability for damage to property or injury to third persons arising out of its maintenance and operation of the standpipe.

9. During the term of the lease the Company shall be responsible for all required repairs to and reconstruction of the standpipe. The Town hereby assigns to the Company all its right, title and interest in any manufacturers, suppliers or contractors warranties or agreements or claims against such persons, now existing or hereafter arising.

10. It was the intent of both the Water Study Committee and the Company, although the Town is not formally authorized to contract in this respect, that the ownership of the standpipe should be transferred for nominal consideration from the Town to the Company at the termination of the lease. In recognition of that intent the Town agrees to present a proposal for such authority to the then governing body of the Town at least two years before the termination of the lease.

11. It is understood that the Company's investment in the Project requires an increase in its rates for water service and that the Company proposes to file an application with the Maine Public Utilities Commission for such an increase

in rates. In this connection the Town agrees to support such an increase in rates as is sufficient to permit the Company to finance its share of the Project and to earn an adequate rate of return on its then total rate base in accordance with such guidelines as may be established by the Maine Public Utilities Commission.

WITNESS the due execution hereof the day and year first above written.

TOWN OF FREEPORT

By Vaughan Stearns
Selectmen

Philip E. Davenport
Selectmen

Joseph J. Thompson
Selectmen

Benjamin D. Etheridge, Jr.
Selectmen

Selectmen

FREEPORT WATER COMPANY

By [Signature]
President

CONSUMERS WATER COMPANY

By [Signature]
Vice President

REPORT TO THE SELECTMEN, TOWN OF FREEPORT, FROM THE
FREEPORT WATER STUDY COMMITTEE

February 1972

GENTLEMEN:

By direction of a special town meeting a committee was authorized to study the present and future water requirements for fire fighting and hydrants in the Town of Freeport. A report of the committee's findings was to be submitted to the Selectmen for the Town's consideration. The following is the report of this committee.

After reviewing the Grain Mill fire situation, the Study Committee suggested to the Selectmen that the Town's present fire protection condition be surveyed by the New England Insurance Rating Association. On Dec. 22 we received the results of the survey and their suggestions for improvements to the system.

"It is suggested that the basic fire flow requirements of 6000 gpm at a residual pressure of 20 psi for a 6 hour duration be utilized in addition to the systems maximum daily consumption demand as the systems design criteria . . . Improving the adequacy and reliability of the water system will eliminate deficiency points . . . a premium savings of approximately 15% would result for the fire portion of a homeowners policy." N.E.I.R.A. letter dated 12-21-71.

Computation of storage capacity to fulfill the proposed requirements indicated that the Town would need a reservoir somewhere around 2 million gallons in size. It is the unanimous opinion of the Committee that the upgrading of the system as outlined by design criteria from the Rating Assoc. would place a completely unreasonable financial burden on the Town.

The management of the Freeport Water Company put considerable time and effort into establishing a practical and feasible plan to provide Freeport with an improved system capable of dramatically improving fire flows and pressure particularly in the industrial section of the Town.

The proposal developed over the last few months does not meet the strict criteria established by the Rating Assoc. It is, however, a plan approved unanimously by the Study Committee, a plan that we feel will provide our Town with substantial and recognizable benefit, and one that the people can afford.

It is therefore recommended that the Freeport Water Company install an 800,000 gallon tank off Bow Street with 16", 12" and 8" water mains up to Main Street, and 12" water mains on Depot Street. It is further recommended that the Town enter into a contract with the Freeport Water Company to wit: that the Town will pay for the construction of the tank and will own such tank until the bonds required to pay for the tank are fully retired, at such time the Town will sell the tank to the Company. Once the tank is built, the operation and maintenance of the tank shall be the responsibility of the Company. The Company will purchase, install, and maintain all other materials necessary to implement the improvements to the system. It is recommended that the Company pay an annual lease to the Town for the use of the tank for as long as the Town shall own the tank.

It is recommended that the Selectmen and Townspeople support an across the board rate increase to supply revenues needed by the Company to make the suggested improvements to the water system.

The Study Committee suggests that the Selectmen review the present Freeport Water Company main extension policy to determine with the Company if the present extension policy adequately fulfills the needs of our community.

The foregoing is a brief summary of the deliberations of our Committee. Detailed records of the Committee will be made available to the Selectmen, and the members of the Committee stand ready to assist the Selectmen in their study of the matter.

It is respectfully suggested that the Selectmen call a special Town Meeting so that the Townspeople may have the opportunity of taking action on the proposals outlined above. An information meeting on these proposals will be held on 22 March 7:30 P. M. in the All Purpose Room.

Respectfully submitted:

Andrew Berry, Chairman
William Bullock, Secretary
David Thompson, Vice Chairman
Earl Silver
Dna Lord
Don Hoyt

FREEPORT WATER STUDY COMMITTEE

Proposed Project:

An 800,000 gallon tank on Torrey Hill and 4,000 feet of 16", 12" and 8" mains on Bow, Depot, South and Main Streets.

Estimated Costs:

Tank and appurtenances (by Town).....	\$150,000
Water mains and other (by Freeport Water Co.).....	66,000
Total Estimated Cost	<u>\$216,000</u>

Proposed Method of Financing:

- (a) Town of Freeport-For tank, etc. - 20 year serial bonds (est. interest rate 5-1/4%) amortized by declining annual payments. First year payment would be \$15,400 (to cover principal payment of \$7,500 and first year interest payment of \$7,900) less proposed \$1,000 annual lease payment on tank by Water Company.
- (b) Freeport Water Company - For mains, etc. - estimated 26% across the board increase in water rates to all users to support estimated additional annual carrying costs for the water mains and other expenses.

Effect on Town Budget:

First year principal and interest payment on tank.....	\$15,400
26% increase in Town's public fire protection charge.....	4,500
Less lease payment by Water Company.....	<u>(1,000)</u>
Estimated additional taxes required first year	<u>\$18,900</u>
Estimated increase in tax rate first year 7/10 mills	.7 mills
(Est. 10th year interest, \$4,350 - tax rate .58 mills; 15th year interest, \$2,350 - tax rate .50 mills)	

Effect on Town Resident:

Based on house of \$10,000 valuation within 500' of hydrant and minimum water bill:

- (a) Property tax incr.(deductible for income taxes)..... \$7.00
- (b) Water bill increase - on minimum bill..... 12.50
- (c) Estimated fire insurance decrease..... (6.00)

Net est. first year annual cost to resident on
Freeport Water system

\$13.50 or
\$1.15+/Mont

Note: Above figures are estimates based on best current information. Actual increase in water rates would be subject to approval by the Maine Public Utilities Commission based on actual construction costs and expenses. Ultimate cost to each resident would vary, dependent on the amount of Town's increased property valuation (and thus the resulting tax rate), their home valuation, actual interest rate on Town bonds, and the amount of water each actually consumes.

March 22, 1972

Town of Freeport

Page 1 of 2



*Birthplace of the
State of Maine*

May 24, 1972

Chicago Bridge & Iron Company
55 Court Street
Boston, Mass. 02108

Gentlemen:

The following article was passed at a special town meeting on April 17, 1972.

" 7. To see if the Town will vote to authorize the construction of an 800,000 gallon water tank and appurtenances thereto for the purposes of providing for fire protection and a supply of water; to appropriate a sum not to exceed \$150,000.00 for the construction of said water tank and appurtenances; and to determine how said appropriation shall be raised, whether from taxes, transfer of available funds, borrowing or otherwise, and if by borrowing, to authorize the issuance of general obligation securities of the Town pursuant to Title 30 § 5152 of the Maine Revised Statutes, as Amended, or any other enabling authority, and to take any action incidental to or connected with the foregoing matters or any of them.

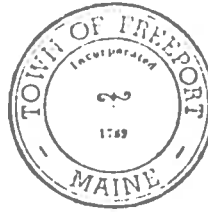
The above would make funds available by the Town.

Yours truly,

Vaughn Stairs

Vaughn Stairs, Chairman
Board of Selectmen

Town of Freeport



*Birthplace of the
State of Maine*

May 25, 1972

The following article was passed at a special town meeting on April 17, 1972.

8. To see if the Town will authorize the municipal officers to contract with the Freeport Water Company for the use, operation and maintenance of said water tank to be constructed upon such terms and conditions as the municipal officers, at their discretion, shall deem just and in the best interest of the Inhabitants of the Town of Freeport.

Philip E. Davenport
Silent men
Philip E. Davenport

JOHN G. FEEHAN
CHAIRMAN

LESLIE H. STANLEY
PETER A. BRADFORD

HOWARD M. CUNNINGHAM
SECRETARY



STATE OF MAINE
Public Utilities Commission

AUGUSTA
04330

May 5, 1972

Mr. Peter E. Johnson, Vice President
Freeport Water Company
95 Exchange Street
Portland, Maine 04032

Dear Mr. Johnson:

On behalf of the Commission I wish to acknowledge receipt of your letter of May 2, 1972 and attached sketch pertaining to proposed construction of the Freeport Water Company.

Please be advised that from review of the information submitted pursuant to the Commission's General Order No. 20, it appears that the proposed projects will be adequate for the purposes of the Company. Furthermore, it is understood that plans and specifications will be filed in the near future.

As you know, the Commission has been kept advised relative to the proposed construction and negotiations with the town. The lease agreement when executed should be filed with the Commission, and I expect could be approved by letter.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Richard F. Mason".

Richard F. Mason
Director
Water Division

RFM/cw

MAINE
MAY 10 1972
OFFICE OF THE
SECRETARY
STATE OF MAINE
AUGUSTA