

COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF PUBLIC UTILITIES

MILFORD WATER COMPANY

D.P.U. 16-192

JOINT MOTION FOR APPROVAL OF OFFER OF SETTLEMENT

Pursuant to 220 C.M.R. § 1.10(8), Milford Water Company (the "Company"), the Town of Milford (the "Town") and the Office of the Attorney General ("Attorney General") (collectively, the "Settling Parties") jointly request that the Department of Public Utilities (the "Department") approve on or before February 15, 2017, for effect February 15, 2017, the attached Offer of Settlement. The Department's expeditious approval will provide a result consistent with the public interest, avoid the expense of hearings, and facilitate the continued provision of reliable service to the Company's customers.

Respectfully submitted,

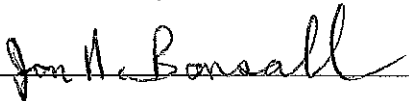
Respectfully submitted,

MILFORD WATER COMPANY

TOWN OF MILFORD

By Its Counsel,

By Its Counsel,



Jon N. Bonsall, Esq.  
Keegan Werlin LLP  
265 Franklin Street  
Boston, MA 02110  
Tel: (617) 951-1400

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Gerald M. Moody, Esq.  
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52 Main Street  
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Tel: (508) 634-2302

Respectfully submitted,

OFFICE OF THE ATTORNEY GENERAL

By its Counsel

\_\_\_\_\_  
John Geary  
Massachusetts Attorney General  
Office of Ratepayer Advocacy  
One Ashburton Place  
Boston, Massachusetts 02108  
Tel.: 617-727-2200, ext. 2226

Dated: December 5, 2016

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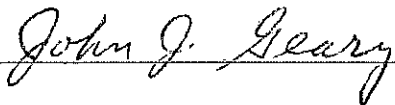
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# OFFER OF SETTLEMENT

COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF PUBLIC UTILITIES

MILFORD WATER COMPANY )  
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D.P.U. 16-192

OFFER OF SETTLEMENT

This Offer of Settlement (the “Settlement”) is jointly sponsored this 5th day of December, 2016 by Milford Water Company (the “Company”), the Town of Milford (the “Town”) and the Office of the Attorney General (the “Attorney General”) (collectively, the “Settling Parties”). The Settlement is filed with the Department of Public Utilities (the “Department”) in order to expedite and address issues related to the Company’s proposed program to offer to its customers the ability to replace those portions of their service connections between the curb valve and the customer’s premises which contain materials other than copper, steel or plastic (“Non-conforming Materials”).

ARTICLE I

BACKGROUND

1.1 The Company is a water utility corporation under the jurisdiction of the Department. The Company distributes water only to end-use customers within the borders of the Town.<sup>1</sup> The Company services approximately 8,855 customers in the Town.

1.2 The Town has a duly elected Board of Selectmen (the “Board”). The Board’s duties and responsibilities include:

- Establishing policies and practices for the Town.
- Appointing individuals to boards and committees under the Board’s jurisdiction.
- Serving as the local licensing authority.

<sup>1</sup> The Company also has emergency interconnection agreements with several surrounding communities.

- Representing the Town in all legal affairs.
- Serving as the liaison to all Town committees and departments.

1.3 Significant attention at the national and regional levels has been focused on the possible presence of Non-conforming Materials in a water system's delivery network. Historically, the Company has replaced such Non-conforming Materials within the portion of the system which the Company owns in conjunction with its normal program of routine maintenance and capital improvements. In addition, the Company has offered to replace such Non-conforming Materials within the service pipe from the curb valve to the customer's premises when, in the process of making a repair of the customer's service, Non-conforming Materials are discovered or when discovered during a home inspection by a realtor's office. In those instances, the Company's existing Rules and Regulations (i.e., Paragraph (c) of Section 4 – Service Connections, M.D.P.U. 20, effective September 1, 2013) require that the customer assume the cost associated with such replacement.

1.4 Currently, the Company uses chemical addition potassium hydroxide to raise the pH and polyphosphates (i.e., Zinc Ortho Phosphate) to provide a buffer between the water and the pipe material. Both help to lessen the corrosive effect of the water as it sits in the customer's piping. Based on past sample results showing the effectiveness of the Company's treatment process, the Company has been on a MassDEP approved reduced monitoring schedule for Lead and Copper Testing since 2009.

1.5 Based on an examination of its records, the Company has determined that approximately 254 of its customers may have Non-conforming Materials within the service connection between the curb valve and the customer's premises. This represents approximately 3 percent of the Company's total number of customers (i.e., 8,855).

1.6 The Company is prepared to initiate a comprehensive program to provide the approximately 254 customers with the opportunity for the Company to replace the service connection between the curb valve and the customer's premises where Non-conforming Materials are present. The Company will also issue a Request for Proposals ("RFP") in order to

ensure that the associated costs with the replacements are reasonably minimized. Based on its initial research, the Company expects that the associated costs could average approximately \$3,000.00 (Three Thousand Dollars) per premise.

1.7 The Company plans to issue its RFP in the winter of 2017, with work anticipated to commence in the spring of 2017. The Company anticipates that the work can be completed in 2017, but the completion date is dependent upon such factors as the receipt of responses to the RFP and the timing of the Department's decision related to the Settlement.

1.8 In order to ensure full participation in this replacement program, the Company proposed to the Town and the Attorney General that the Company's current Rules and Regulations be amended to provide that the replacement by the Company of any portion of the service pipe which contains Non-conforming Materials shall be at the Company's expense for the first one hundred (100) feet from the curb valve to the customer's premises and thereby borne by the general body of Company ratepayers, with such rate recovery allowed in the Company's next rate case, using the Department's standard rate base treatment for such plant in service. In addition, the replacement program shall extend from January 1, 2017 through and including December 31, 2018, after which date any such replacement of Non-conforming Materials shall be the sole responsibility of the affected customer.

## ARTICLE II

### MATTERS AGREED UPON BY THE PARTIES

2.1 For purposes of this Settlement, the Settling Parties agree that the Company's current Rules and Regulations shall be amended as described above and reflected in Appendix A and that the Company shall recover the costs associated therewith in its next rate case, using the Department's standard rate base treatment for such plant in service.

2.2 The Company agrees to send two (2) notices to customers participating in the replacement program, one before the service is replaced and one after the service has been replaced. The notices shall inform each customer that: (1) under this replacement program, the

Company is only replacing the service between the curb valve and the customer's premises where Non-conforming Materials are present, not any plumbing or fixtures in the house; and (2) the customer is responsible for maintaining and replacing any of the plumbing and fixtures inside the home if they contain Non-Conforming Materials (i.e., lead).

### ARTICLE III EFFECTIVE DATE

3.1 This Settlement and the amended Rules and Regulations shall be effective February 15, 2017, upon the Department's approval of the Settlement by allowance of the Joint Motion in whole by that date. That date is necessary in order to enable the Company to contact its customers to explain the program and obtain authorization (i.e., sixty (60) day period); up to forty-five days to issue the RFP and review the responses; and up to an additional forty-five (45) days to award the contract and allow for the contractor to mobilize and begin work no later than mid-June. A mid-June start date is critical in order to afford the contractor sufficient time to complete the required work before the winter.

### ARTICLE IV CONDITIONS

4.1 The Department's approval of the appendix attached hereto shall not be accorded precedential weight in future Department proceedings except as specifically provided for herein.

4.2 This Settlement is the product of settlement negotiations. The Parties agree that those negotiations were conducted on the explicit understanding that all offers of settlement and discussions relating thereto are governed by Department precedent favoring broad-ranging discussions by the parties aimed at compromise and settlement of issues between them. Boston Gas Company, D.P.U. 88-67, at 23 (1988). The Parties further agree that all offers of settlement shall be without prejudice to the position of any party or participant presenting any such offer or participating in any such discussion and that they will not use the content of those negotiations in any manner in connection with these or other proceedings involving one or more of the Parties.



4.3 The provisions of this Settlement are not severable. This Settlement Agreement is conditioned on its approval in full by the Department for effect February 15, 2017.

4.4 If the Department does not approve the Settlement in its entirety by February 15, 2017, it shall be deemed to be withdrawn and shall not constitute a part of the record in any proceeding or used for any other purpose.

4.5 The Department shall have continuing jurisdiction to enforce the terms of this Settlement.

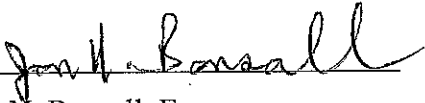
ARTICLE V  
CONCLUSION

5.1 The Settling Parties agreed to petition jointly the Department to approve this Offer of Settlement by submitting a Joint Motion for Approval of Offer of Settlement in accordance with 220 C.M.R. § 1.10(8).

5.2 Each of the persons signing this Agreement represents and warrants that they are duly authorized to sign this Agreement. This Agreement may be executed in multiple counterparts with the same effect as if all signing Parties had signed the same document. All counterparts shall be construed together and constitute the same instrument.

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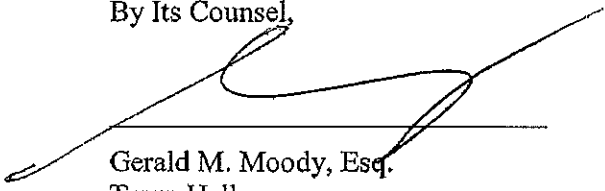
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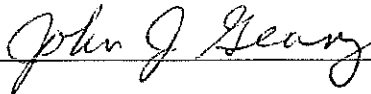
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Dated: December 5, 2016

APPENDIX A

MILFORD WATER COMPANY

M.D.P.U. No. 20

MILFORD, MASSACHUSETTS

Original Sheet 1

**4. SERVICE CONNECTIONS**

(a) Original service pipe and connections from the main to the curb valve, or from the curb valve to the customer's premises will be installed by the Company or under its direction and all materials for said installation shall be supplied by the Company (note: materials may be purchased by others if prior approval is given by the Company), at the expense of the customer. All service pipes shall have a minimum cover of five feet and a minimum inside diameter of one inch. To the extent not prescribed by State and Municipal regulations, materials and methods of construction shall be approved by the Company, and if the service has not been installed in accordance with Company's reasonable requirements, water will not be turned on until all defects have been remedied.

(b) As used herein, the service connection means the service pipe from the main to the property line of the premises to be serviced, including the corporation stop, curb stop and curb box, and shall be laid at a right angle to the water main; and shall not cross intervening properties, and will be furnished and installed by, and shall remain the property of the Company and under its sole control and jurisdiction.

(c) The portion of service pipe from the main to the curb valve shall be maintained or replaced as necessary by the Company at Company expense. Service pipe from the curb valve to the customer's premises will be maintained by the customer at his expense and in a manner satisfactory to the Company; provided, that if such service pipe is installed by the Company it will be guaranteed by the Company for one year; and provided further, that for the period of January 1, 2017 through and including December 31, 2018, the replacement by the Company of any portion of the service pipe which contains materials other than copper, steel or plastic shall be at Company expense for the first one hundred (100) feet from the curb valve.

(d) Curb valves will not be used by the customer or his agent for turning on or shutting off the water supply. The customer's control of water supply shall be by means of a separate valve, located usually just inside the building wall. Curb valves are for the exclusive use of the Company.

(e) No service pipe shall be laid in the same trench with gas pipe, sewer pipe, electric or telephone wires or any other facility of a public service company and when possible have a minimum of five feet of separation, nor within ten feet of any open excavation, tank, cesspool or vault.

(f) The Company shall furnish, install, own, and maintain all new service connections, meters, and meter installations, provided the costs of excavation, backfill, and removal, and replacement of paving, walks, curbs, etc., including the hiring of traffic control personnel, and obtaining the street opening permits, necessarily incurred in respect to new services, shall be borne by the customer or

ISSUED: October 12, 2012

EFFECTIVE: September 1, 2013

APPENDIX A

MILFORD WATER COMPANY

M.D.P.U. No. 20

MILFORD, MASSACHUSETTS

Original Sheet 2

other applicant for service. For replacement of services from the main to the curb, the Company shall bear all costs.

(g) On future installations or reinstallations of service lines, only one premise will be supplied through one pipe.

ISSUED: October 12, 2012

EFFECTIVE: September 1, 2013