

Representative Policy Board
RPB Bylaws and Rules Review Committee
South Central Connecticut Regional Water District
Via Remote Access**

AGENDA

Special Meeting of Wednesday, November 4, 2020 at 5:00 p.m.

1. Safety Moment
2. Approve Minutes - October 7, 2020 meeting
3. Review Capital Project Process
4. Discuss Rate Application process
5. Next Steps
6. Schedule next meeting
7. Adjourn

**In accordance with the Governor Lamont's, Executive Order No. 7B for the Protection of Public Health and Safety during COVID-19 Pandemic and Response, the public hearing will be held remotely under the requirements of Paragraph 1 of Executive Order No. 7B - Suspension of In-Person Open Meeting Requirements. Members of the public may attend the meeting via conference call, videoconference or other technology. For information on attending the meeting via remote access, and to view meeting documents, please visit <https://www.rwater.com/about-us/our-boards/board-meetings-minutes?year=2020&category=1435&meettype=&page=>. For questions, contact the board office at 203-401-2515.

Topic: RPB Bylaws and Rules Review Committee

Time: Nov 4, 2020 05:00 PM Eastern Time (US and Canada)

Join Meeting *(via conference call)*

Dial by your location

+1 646 876 9923 US (New York)

+1 301 715 8592 US (Germantown)

+1 312 626 6799 US (Chicago)

+1 669 900 6833 US (San Jose)

+1 253 215 8782 US (Tacoma)

+1 346 248 7799 US (Houston)

+1 408 638 0968 US (San Jose)

Meeting ID: 829 0769 3065

Passcode: 668464

Find your local number: <https://us02web.zoom.us/j/kdsUgV9wv3>

SAFETY MOMENT

NOVEMBER – DROWSY DRIVING PREVENTION WEEK

Drowsy Driving Prevention Week, November 1st – 8th, 2020, is a good time to remember that drowsy driving is impaired driving.

According to the National Sleep Foundation, about half of U.S. adult drivers admit to consistently getting behind the wheel while feeling drowsy.

The following warning signs indicate that it's time to stop driving and find a safe place to pull over and address your condition:

- Difficulty focusing, frequent blinking and/or heavy eyelids
- Difficulty keeping reveries or daydreams at bay
- Trouble keeping your head up
- Drifting from your lane, swerving, tailgating and/or hitting rumble strips

What you can do to prevent a fall-asleep crash:

- Get a good night's sleep
- Don't be rushed to arrive at your destination
- Use the buddy system
- Take a break every 100 miles or 2 hours



**Tap Into
Safety**



Regional Water Authority

Service – Teamwork – Accountability – Respect – Safety

Safety is a core company value at the Regional Water Authority .
It is our goal to reduce workplace injuries to zero.

 Regional Water Authority

**Representative Policy Board
Bylaws and Rules Review Committee
South Central Connecticut Regional Water District
Via Remote Access**

MINUTES

Special Meeting of Wednesday, October 7, 2020 at 5:00 p.m.

**ATTENDEES: Committee Members: M. Ricozzi, D. Borowy, T. Clifford, C. Havrda,
S. Mongillo, T. Norris, and S. Sack**

RWA: H. Shah

OCA: J. Donofrio, Esq.

Staff: J. Slubowski

Chair Ricozzi called the meeting to order at 5:02 p.m.

He reviewed the Safety Moment distributed to members.

Chair Ricozzi stated that the committee's assignment is to discuss options to streamline the application process for capital projects. Currently, the application process takes approximately four months from beginning to end.

Mr. Norris, the RWA's Vice President of Asset Management, reviewed the process with members, which included:

- Month 1: Application to Authority for review with management;
- Month 2: If authorized by the Authority, the Application would go to the appropriate RPB Committee for review of completeness and recommendation to the RPB to schedule a public hearing;
The RPB meets to approve the application for a public hearing;
- Month 3: The public hearing takes place; and
- Month 4: The RPB votes on the final decision.

Discussion took place regarding the need for special meetings to expedite the process, causes of delay, exceptions, and emergency applications.

Mr. Norris discussed presenting projects as systems and the need to discover new methodologies for submission to the RPB.

It was the consensus of the committee that management prepares a chart that would include

Representative Policy Board
Bylaws and Rules Review Committee
October 7, 2020

UNAPPROVED DRAFT

various processes depending on the need of each project.

The OCA, Atty. Donofrio, stated that an expedited process would be necessary for urgent capital projects, at which time combination of ideas could be utilized on a case by case basis. He asked that the RWA take into consideration time for responses to interrogatories and other issues that may come up. Atty. Donofrio did not feel that there was a need for approval of an application to take four months.

The next meeting of the committee will be scheduled at a later date.

At 5:57 p.m., the meeting adjourned.

Mario Ricoszi, Chairman

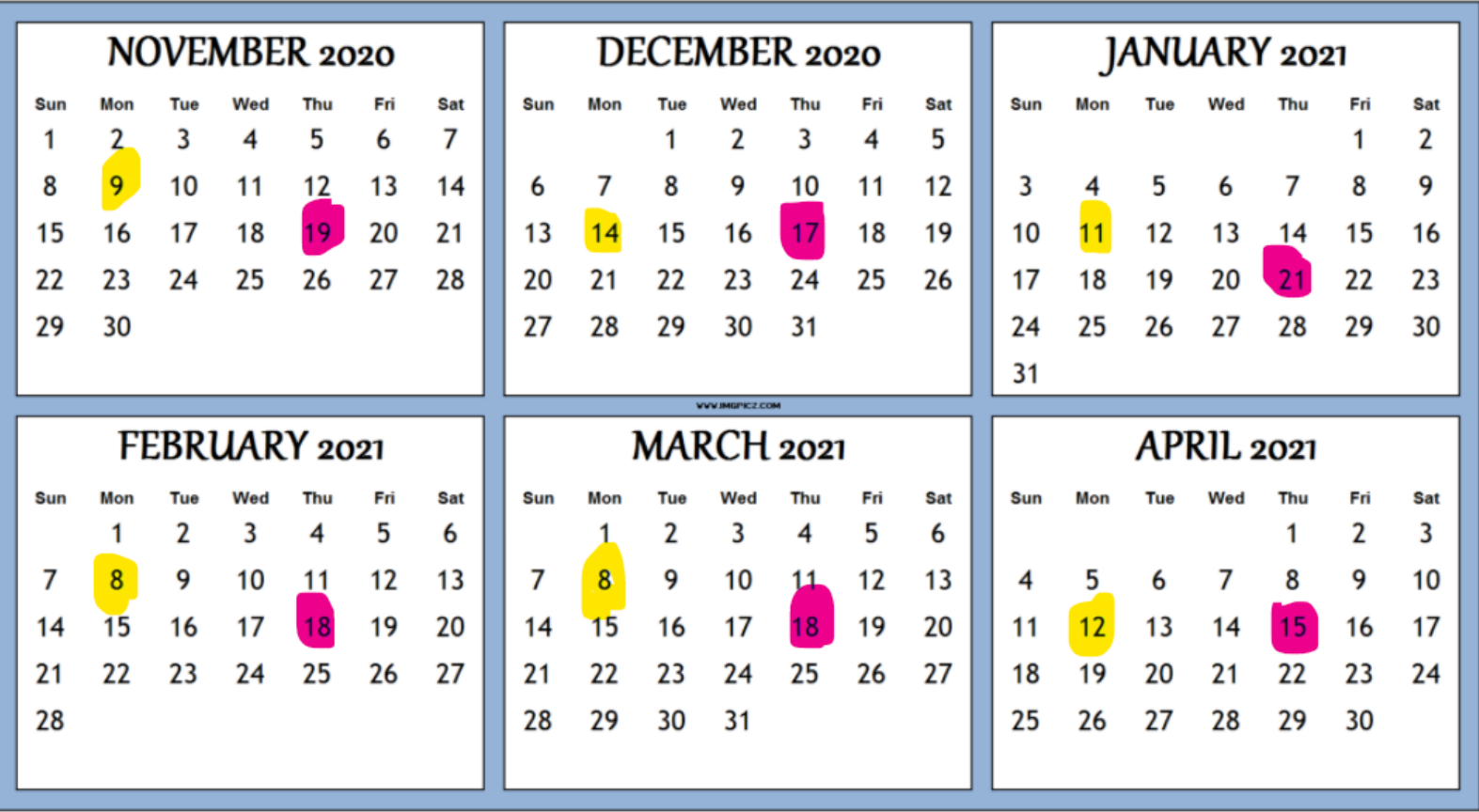
RPB Project Decision Process - Draft for Discussion


Last Update 11/3/2020
By H.Shah


				Process A	Process B	Process C	Process D
Projects Submitted in November 2020	Projects Submitted in December 2020	Projects Submitted in January 2021		Current Project Approval Process	Emergency Project Approval Process (Per enabling legislation)	Expedited Project Approval Process (Proposed)	Expedited Project Approval Process (Proposed)
11/19/2020	12/17/2020	1/21/2021	Week 1	Authority meeting - Project submitted to Authority. Review and forward to Finance Committee.	Special Authority meeting - Project submitted to Authority. Review and forward to Finance Committee.		Authority meeting - Project submitted to Authority. Review and forward to Finance Committee.
			Week 2		Special Finance Meeting - Review the application for completeness and forward to RPB chair to set Public Hearing date (7 days notice - Newspaper or electronic)	Special Authority meeting - Project submitted to Authority. Review and forward to Finance Committee.	Special Finance Meeting - Review the application for completeness and forward to RPB chair to set Public Hearing date (Notice in the newspaper + 20 days)
			Week 3		Interrogatories		Interrogatories
12/14/2020	1/11/2021	2/8/2021	Week 4	Finance Meeting - Review the application for completeness and forward to RPB to set Public Hearing	Special RPB meeting Public Hearing and Decision same meeting	Finance Meeting to review the project. RPB chair sets public hearing date (Notice in the newspaper + 20 days)	Interrogatories
12/17/2020 (special month - both meetings in same week)	1/21/2021	2/18/2021	Week 5	RPB meeting -Sets Public Hearing Date 1 month out (Notice in the newspaper + 20 days)		RPB meeting -Public Hearing already set; Interrogatories	RPB Meeting - Public Hearing
			Week 6	Interrogatories		Interrogatories	
			Week 7	Interrogatories		Interrogatories	Special RPB Meeting - Continued Public Hearing (If Necessary)
			Week 8	Interrogatories		Special RPB meeting - Public Hearing	
Week of 1/18/2021	Week of 2/15/2021	Week of 3/15/2021	Week 9	Public Hearing		RPB Meeting - Decision	RPB Meeting - Decision
			Week 10				
			Week 11				
			Week 12				
	3/18/2021	4/15/2021	Week 13	RPB Meeting - Decision			
2/18/2021			Week 14				
			Project Approval Time	13-14 Weeks	4 Weeks	8 Weeks	9 Weeks

Notes:

- 1
- Finance Meeting - Second Monday of every month
- 2
- Authority / RPB Meeting - 3rd Thursday of the month



 Finance Meeting - Second Monday of every month

 Authority / RPB Meeting - 3rd Thursday of the month

SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY**PROPOSED SCHEDULE FOR AN ISSUANCE TEST RATE APPLICATION ASSOCIATED WITH ISSUANCE
OF THE AUTHORITY'S 34th SERIES BONDS TO FUND ITS PROGRAM OF CAPITAL IMPROVEMENTS**

PRELIMINARY WORK: BONDS AND RATE APPLICATION	34th Series Bonds	Rate Application	Days	NOTES
Discuss this schedule with the Authority	Thurs., Nov. 15th	Thurs., Nov. 15th		Done at regular meeting of Authority
<i>Holiday: Thanksgiving</i>	Thurs., Nov. 22nd	Thurs., Nov. 22nd		
Circulate first draft of general resolution for 34th series and rate application	Mon., Nov 26th	Mon., Nov 26th		Marie Phelan to working group
Mail rate application and resolutions for 34th Series Bonds to Authority	Thurs., Dec. 13th	Thurs., Dec. 13th		Discepolo/Kowalski
Authority reviews rate application and general resolutions for 34th Series	Thurs., Dec. 20th	Thurs., Dec. 20th		Discepolo/Kowalski ; regular meeting of the Authority
Authority takes action regarding rate application and 34th Series	Thurs., Dec. 20th	Thurs., Dec. 20th		Authority: regular meeting
<i>Authority: special meeting, if necessary, regarding rate application</i>	Fri. Dec. 21st	Fri. Dec. 21st		<i>Authority: possibly a special meeting</i>
	Mon. and Tues. , Dec 24th and Dec 25th	Mon. and Tues. , Dec 24th and Dec 25th		
<i>Holiday: Christmas Eve and Day</i>	Mon. and Tues., Dec 31st and Jan. 1st	Mon. and Tues., Dec 31st and Jan. 1st		
<i>Holiday: New Years Eve and Day</i>				
IF THE AUTHORITY APPROVES THE RATE APPLICATION				
Submit general resolution for 34th Series and rate application to RPB; request public hearing	Fri., Jan 4th	Fri., Jan 4th		Discepolo/Kowalski; file at least 15 days before RPB acts (Jan. 4th meets 15 day requirement for Jan. RPB meeting)
Circulate first draft of Preliminary Official Statement ("POS") and Notice of Sale ("NOS") for 34th Series	Fri., Jan 4th	Fri., Jan 4th		Marie Phelan to working group
<i>Holiday: Martin Luther King Day</i>	Mon., Jan 21st	Mon., Jan 21st		
Meet with Office of Consumer Affairs, if necessary	Thurs., Feb 7th	Thurs., Feb 7th		Discepolo/Kowalski
Meet with RPB's Finance Committee re: completeness of application	Mon., Feb 11th	Mon., Feb 11th		Discepolo/Kowalski; regular meeting of the committee
<i>Holiday: Presidents Day</i>	Mon., Feb 18th	Mon., Feb 18th		
RPB takes action in response to request for public hearing	Thurs., Feb 21st	Thurs., Feb 21st	48	RPB: regular meeting.
Publish notice of public hearing	Sat., Feb 23rd	Sat., Feb 23rd	1	Exec. Admin.: Must be at least 20 days before hearing.
Submit updates to POS to Bond Counsel	Mon., Feb 25th			Working group to Marie Phelan.
Forward rate application to wholesale customers		Wed., Feb 27th		R. Olejarczyk
Circulate legal documents (other than POS)	Wed., Mar 6th			Marie Phelan
Submit all updates to Legal Counsel				Working group to Marie Phelan.
Working session: POS; NOS and other legal documents	Mon., Mar 11th			Phelan; Acacia; others in working group--first meeting
Submit further updates to legal documents and POS to Phelan	Mon., Mar 18th			Working group to Phelan.

SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY**PROPOSED SCHEDULE FOR AN ISSUANCE TEST RATE APPLICATION ASSOCIATED WITH ISSUANCE
OF THE AUTHORITY'S 34th SERIES BONDS TO FUND ITS PROGRAM OF CAPITAL IMPROVEMENTS****IF ACCEPTED BY THE RPB AND IF THE HEARING DATE IS SET**

RPB holds public hearing		Thurs. March 21st	26	RPB: regular meeting
RPB takes action regarding rate application and general resolution for 34th Series Bonds	Thurs., April 18th	Thurs., April 18th		RPB: regular meeting
Holiday - Good Friday	Fri., April 19th	Fri., April 19th		
Holiday - Passover (begins evening of)	Fri., April 19th	Fri., April 19th		
Publish RPB's decision regarding rate application	Sat., April 20th	Sat., April 20th	1	Exec. Admin.: aggrieved parties must file w/in 45 days
<u>IF THE RPB APPROVES THE RATE APPLICATION AND 34th SERIES</u>				
Holiday - Easter Sunday	Sun., April 21st	Sun., April 21st		
Send Authority draft POS, bond terms, and supplemental resolution	Mon., May 6th			Phelan; Discepolo/Kowalski
Send bond documents to rating agencies.	Mon., May 6th			Acacia; Discepolo/Kowalski
Discussion with credit rating agencies (and insurers companies) re: 34th Series Bonds	Wk May 13th to 17th			Acacia; Bingaman, Discepolo, Norris, Kowalski, Nesteriak, Silvia- Aramendi
Authority takes action regarding POS and supplemental resolution	Thurs., May 16th			Authority: regular meeting
Receive credit ratings from rating agencies (Standard & Poor's; Moody's)	Fri., May 24th			Acacia; Discepolo/Kowalski/Norris
Holiday: Memorial Day	Mon., May 27th	Mon., May 27th		
45-day appeal period ends regarding the rate application		Wed., June 5th	45	Appeal period ends on the 5th (45th day from notice) - 6th is first day after appeal period
Distribute POS and NOS over internet to prospective purchasers	Mon., June 10th			Acacia
Mail POS to Authority and RPB	Mon., June 10th			Acacia; Discepolo/Kowalski
Pricing for the 34th Series Bonds which the Authority accepts or rejects (If the sale is negotiated, sign Bond Purchase Agreement)	Wed., 12th			DiSalvo; Bingaman; Phelan; Acacia; Discepolo, Kowalski
<u>IF THE AUTHORITY ACCEPTS THE PRICING FOR THE 34th SERIES</u>				
<u>BONDS</u>				
Bond Counsel circulates final draft of OS to reflect pricing	Mon. June 17th			Marie Phelan to working group
Bond Counsel receives final approval regarding OS	Tues. June 18th			Working group to Marie Phelan
Print and distribute final OS	Wed June 19th			Marie Phelan
Sign documents for closing	Thurs., June 20th			DiSalvo, Curseaden, Clifford, RPB Treasurer, Bingaman, Discepolo, Kowalski; Phelan
Close on 34th Series Bonds and implement rate increase	Mon., July 1st	Mon., July 1st		
Holiday - Independence Day	Thurs., July 4th	Thurs., July 4th		

shall be made available for cross examination as directed by the Presiding Member or the Hearing Officer.

Part 4

Public Hearings, Decision

Section 20. Filing of Proposed Findings of Fact, Conclusions of Law and Briefs.

At the conclusion of the presentation of evidence in any Public Hearing, the Board or the Hearing Officer may fix a time within which any Person may file proposed findings of fact, conclusions of law, and briefs.

Section 21. Final Decision.

(a) Procedure and Contents. All decisions of the Board respecting any application shall be in writing (which writing may be in the form of minutes reflecting such decision). The decision shall be supported by the findings of fact and conclusions of law relied upon by the Board in arriving at the decision, the findings of fact and conclusions of law to be separately stated.

(b) Notice of Decision. Copies of all decisions or orders of the Board shall be available for public inspection in the offices of the Board. Any decision of the Board on matters considered at a Public Hearing shall be published in a newspaper or newspapers having a general circulation in each city and town comprising the District within thirty days after each decision is made. In addition to the required newspaper publication, decisions may also be posted on the Authority's website.

(c) Time Period to Make Decision. Failure of the Board to reject or deny any proposed action by the Authority within 150 days after the filing of an application shall be deemed to be an approval of such proposed action unless the Authority shall grant an extension or extensions of such time limits for up to the aggregate maximum of sixty days. In rate cases, a period of 110 days will apply unless the Authority shall grant an extension or extensions of such time limits for up to the aggregate maximum of sixty days; provided however, in the case of temporary rate surcharge cases filed pursuant to Section 31(c), a period of 60 days will apply unless the Authority shall grant an extension or extensions of such time limits for up to the aggregate maximum of 30 days.

Section 22. Reserved.

ARTICLE II

APPLICATIONS

Part 1

Applications, General Provisions

Section 23. General Rule.

Applications shall include all forms of proposals, requests, applications, petitions, and filings of whatever nature whatsoever that are placed before the Board pursuant to the Act.

Section 24. Form.

The form to be followed in the filing of applications hereunder will vary to the extent necessary to provide for the nature of the legal rights, duties or privileges involved therein. Nevertheless, all applications shall include the following components:

(a) Statement of Application. Each application shall incorporate a statement setting forth clearly and concisely the authorization sought. The statement shall cite by appropriate reference the statutory provision or other authority under which such authorization is to be granted by the Board. In addition to the specific requirements for particular types of applications that may hereinafter be stated, the statement of application shall further set forth:

(i) an explicit statement setting forth the need for the proposed action for approval;

(ii) an analysis of the alternatives to the proposed action considered by the Authority and the basis for selection of the proposed action and the rejection of the possible alternatives;

(iii) a statement of the cost (both capital and operating) to be incurred and/or saved from current expenditures as the case may be as a result of such proposed action and an analysis of the cost and/or savings to be realized from any rejected alternative, including the taking of no action;

(iv) a concise and explicit statement of the facts on which the Board is expected to rely in granting the authorization sought and;

(v) an explanation of any unusual circumstances involved in the application, to which the Board will be expected to direct its particular attention.

(b) Annexed Materials. There shall be attached to the application any exhibits, sworn written testimony, data, models, illustrations and all other materials that the applicant deems necessary or desirable to support the granting of the application. In addition, such annexed materials shall also include such exhibits, sworn testimony, and other data that any statute or these rules may require.

Section 25. Original Records.

The applicant shall furnish and make available for the use of the Board the original books, papers and documents from which any part of the application is derived. If so directed, certified or verified copies shall be furnished in lieu of such original records. Failure to furnish original records may be ground for rejection of any component and, if appropriate, for refusal of the application.

Section 26. Rejection of Application.

Failure of the Board or a committee thereof to reject and return to the Authority an application as incomplete within thirty days of filing shall be deemed acceptance of the application as complete under these rules.

Section 27. Incomplete Filings.

An application shall be considered complete if it complies with Section 24 as to form and with Sections 30 to 40 as to special provisions. When called to the attention of the Authority for lack of completeness, an application must be promptly corrected. If such is not the case, the application may be rejected and deemed denied for lack of proper submission.

Section 28. Reserved.

Section 29. Additional Evidence.

The enumeration of required items hereinafter set forth as the minimum evidentiary submission in the following sections shall not preclude the submission of additional evidence hereunder.

APPLICATIONS, SPECIAL PROVISIONS

Part 2

Rate Fixing

(Section 14 of the Act)

Section 30. General Rule.

These rules apply to all proceedings involving the fixing of the Authority's rates, including all proposed amendments to existing rates and proposed new rates, which shall be referred to as Rate Applications hereinafter. Such Rate Applications shall include all requests by the Authority pursuant to Section 14 of the Act to fix or change any rate or charge, or to alter any classification, contract, practice or rule which will result in a rate change. All such Rate Applications shall comply with the rules hereinabove set forth in Part 1 of this Article II.

Section 31. Special Components.

(a) Each Issuance Test Rate Application filed pursuant to Section 619A of the Authority's *Water System Revenue Bond Resolution General Bond Resolution* shall contain the following data either in the statement of application or as exhibits annexed thereto and accompanying the application:

(i) **Rate Application: Section I**

(A) A summary statement explaining the nature of the Rate Application and highlighting its key elements. Such statement shall cite by appropriate reference the statutory provision or other authority under which such authorization is to be granted by the Board and shall further set forth:

(1) a statement explaining the nature of an Issuance Test Rate Application, including a reference to Section 619A of the Authority's *Water System Revenue Bond*

Resolution General Bond Resolution under which the authorization of such an application is to be granted by the Board;

(2) a statement of the amount of debt proposed for issuance;

(3) a statement of the proposed revenue increase reflected in absolute dollars and percent above historic revenues;

(4) a statement explaining the role, if any, of the Rate Stabilization Fund in the Rate Application, including the Fund's role with respect to allocation or expenditure of funds; and

(5) an explanation of any unusual circumstances involved in the application, to which the Board will be expected to direct its particular attention.

(ii) **Rate Application: Section II**

(A) A summary schedule of historical revenue increases, including the approved percentage increase in revenues and the effective date of each revenue increase.

(B) A statement explaining the current rate structure, referencing the latest cost of service study, and any proposed changes in the rate structure, supporting such proposal with such cost of service study and other data.

(C) A summary statement of required revenues by class of Consumer for the current Fiscal Year and the year following the Fiscal Year setting forth the funds required for operating and maintenance expenses, debt service requirements, payments in lieu of taxes, and amounts necessary to meet general bond resolution requirements.

(D) A statement identifying the historic twelve consecutive month period selected from the relevant eighteen month period upon which to base changes in rates, charges and rate structure and the rationale and basis for that selection. Such statement shall include a schedule setting forth the actual revenues raised during such twelve month period.

(E) A summary statement of revenues expected to be received, reflecting any shortfall or excess in such revenues, from existing rates in the current Fiscal Year and the year following the Fiscal Year if no rate action is taken, noting in particular any utilization of the Rate Stabilization Fund.

(F) A schedule comparing the capital expenditures budgeted for a particular Fiscal Year with those actually completed in that same year for each of the three most recently completed Fiscal Years. Such schedule shall also state the percentage of the current Fiscal Year's capital budget expended through the end of the month prior to the filing of the Rate Application and the projected expenditures through the end of the Fiscal Year.

(iii) **Rate Application: Section III**

(A) A detailed statement of required revenues for the Pro Forma Year setting forth the projected operating and maintenance expenses, by line item; debt service schedules

and projected debt, including projected debt service at interest rates in increments of 25 basis points that fall within the range of potential rates at the time of issue; and payments in lieu of taxes.

(B) A narrative of the Authority's rationale and methodology in determining revenue requirements and the sources of revenue expected to meet those requirements.

(C) A statement of assumptions used in calculating all data for the Pro Forma Year and the year following the Fiscal Year. Such statement shall include the assumed rate of growth of operating and maintenance expenditures along with any and all other relevant assumptions.

(D) A statement setting forth the Authority's most recent five-year plan of capital improvements adjusted for any carry over projects. Such statement shall also discuss the relationship of planned capital spending to the Corporate Planning Model and such plan's consistency with the Authority's Strategic Plan.

(iv) **Rate Application: Section IV**

(A) A summary statement of debt history.

(B) A detailed statement of the magnitude of the debt to be issued and the mode(s) and terms of such debt.

(v) **Rate Application: Section V**

(A) A detailed schedule comparing proposed rates and charges with existing rates and charges.

(B) In the event that a change in the rate structure is proposed in any Rate Application, a summary of any such proposed changes in the rate structure, referencing Section 31(a)(ii)(B) hereof.

(vi) **Rate Application: Section VI**

(A) A proposed Notice of Public Hearing and Filing of Rates and Other Charges for Water-related Services to be published by the Board prior to the Public Hearing on such matter in accordance with Sections 10 and 14 of the Act.

(B) A proposed set of Resolutions

(1) approving the proposed rates and charges; and

(2) authorizing the issuance of new debt.

(b) Each Maintenance Test Rate Application shall contain all the data set forth in Section 31(a) hereof with the following modifications:

(i) All data set forth in the following subsections of Section 31: (a)(i)(A)(1), (a)(i)(A)(2), (a)(iv)(B), and (a)(vi)(B)(2) shall be omitted.

(ii) The portions of Section 31, subsections (a)(iii)(A), (a)(iii)(C) and (a)(v)(A) that involve Pro Forma Year data shall be omitted.

(iii) The schedule setting forth the actual revenues required under Section 31(a)(ii)(D) hereof shall be replaced with a schedule setting forth the actual revenues raised during the year immediately preceding the Fiscal Year.

(c) Temporary Rate Surcharge Rate Applications shall be accompanied by a request to reopen the most recent Board proceeding approving a previous Rate Application and to take administrative notice of the record in such proceeding. Each Temporary Rate Surcharge Rate Application shall also include:

(i) an explanation of the change in circumstances, compared to the facts set forth in the most recent approved Rate Application proceeding, that require the temporary rate surcharge,

(ii) a statement of any material deviations in expenses and revenues from those approved in the most recent approved Rate Application proceeding,

(iii) a summary of the alternative measures considered or implemented prior to applying for the surcharge,

(iv) an explanation of the short and long term consequences of a failure to implement the surcharge,

(v) the amount and structure of the proposed temporary rate surcharge and the anticipated additional annual revenues expected to be generated by the surcharge following implementation,

(vi) evidence that the approval of the temporary rate surcharge will not cause the authority's financial condition to be any more favorable than was expected in the most recent approved Rate Application, and

(vii) the material required by subsection 31(a)(vi) except for item 31(a)(vi)(B)(2).

(d) All other Rate Applications shall comply with the requirements set forth in Section 31(a) hereof, except that other Rate Applications shall include statements, schedules or calculations involving Pro Forma Year data to the extent the Pro Forma Year and the year following the Fiscal Year are different twelve month periods.

(e) Each Rate Application shall be accompanied by such additional information and exhibits as the Board or the Hearing Officer may request or as the Authority determines may be helpful in explaining any of the proposed changes or any of the underlying economic data or assumptions.

(f) The Presiding Member or Hearing Officer, shall, at the conclusion of the Public Hearing regarding a Rate Application, establish a schedule for the filing of briefs unless the applicant, the Office of Consumer Affairs, and any parties having intervenor status waive their respective rights to prepare and file a brief with the Board following the Public Hearing.

Part 3

Acquisitions and Improvements

(Section 19 of the Act)

Section 32. General Rule.

These rules apply to all proceedings for the approval by the Board of any proposal of the Authority to acquire any existing water supply system or parts thereof, any existing waste water system or parts thereof, commence any project costing more than two million dollars to repair, improve, construct, reconstruct, enlarge or extend any of its properties or systems or acquire or make an investment in a non-core business in an amount exceeding \$1 million. For system improvement projects over two million dollars, the Authority shall be authorized to expend the Authorized Expenditure. The expenditure of any funds in excess of Authorized Expenditure shall require approval of the Board.

Section 33-A. Special Components.

In addition to the requirements stated in Part 1 of this Article II, each application for the approval of any such proposal shall contain the following data, either in the statement of application or as exhibits annexed thereto and accompanying the application:

(a) A statement of financial condition of the Authority and of any company which the Authority proposes to acquire. Such statement will reflect the financial condition of the Authority before and after the transaction for which approval is sought.

(b) A copy of any agreement to acquire.

(c) The amount of bonds or other obligations the Authority intends to issue, and to the extent available, the terms and rate of interest thereof and the amount and description of any indebtedness the Authority desires to assume.

(d) A copy, if available, of any documents intended to secure or define the terms of the proposed bonds or other obligations.

(e) A statement of the purpose for which bonds or other obligations are to be issued, including but not limited to the following facts:

(i) If for property acquisition, a detailed description thereof, the consideration to be paid therefor, and the method of arriving at the amount.

(ii) If for repair, improvement, construction, enlargement or extension of facilities, a description thereof in reasonable detail, the cost or estimated cost thereof, and the reason or necessity for the expenditures.

(iii) If for improvement of service, a statement of the character of the improvements proposed, or if for maintenance of service, a statement of the reasons why service

should be maintained from capital.

(f) A description of any property involved in the transaction, including any franchises, permits, or operative rights; and, if the transaction is a sale, lease, assignment, merger or consolidation, a statement of the book cost and the original cost, if known, of the property involved.

(g) Any application for repair, improvement, construction, enlargement or extension of facilities may include a cost index adjustment to account for the passage of time between the date on which the estimate of project cost was determined and the completion date of the project. A cost index adjustment may be included in the application, if, and only if, the projected primary contract execution date will be more than twelve months after the date of cost estimate, and the projected completion date is more than two years from the date of approval. The initial cost estimate shall be based upon the projected project cost as of the date of estimation irrespective of, and without adjustment for, the projected time to complete the project. Such cost index adjustment shall be based upon the Handy Whitman Index or other industry standard index appropriate for the item of cost to be adjusted. Any application requesting approval of a cost index adjustment shall include (i) the date or dates as of which the cost estimate for the project has been determined; (ii) the date or dates projected for the entering of the contract for the construction of the component or components of the cost, which are to be subject to the adjustment by the cost index and the rationale or basis for the projected dates; (iii) the projected completion date of the project and the basis and rationale for that date; and (iv) the cost index or indices to be utilized for each component of cost and the rationale for choosing each index.

(h) Any application for repair, improvement, construction, enlargement or extension of facilities which includes a contingency as a component of cost shall include the basis and rationale for such contingency.

Section 33-B. Additional Procedures for Projects Costing More than Two Million Dollars.

In addition to the requirements of Section 33-A, the process for obtaining Board approval of projects costing more than two million dollars or where the original estimate was less than two million dollars but where subsequent estimates exceed two million dollars shall be for the Authority or the Authority's management to make a presentation first to the Finance Committee of the Board and subsequently to the Board.

Section 33-C. Additional Procedures for Project Costs Exceeding Authorized Expenditures.

In addition to the requirements of Section 33-A, in all instances when project costs are estimated to exceed Authorized Expenditure, approval of the revised project cost by the Board shall be required. The process to be followed in such instances is as follows:

(i) The Authority shall simultaneously notify in writing the Chairperson of the Board and the Chairperson of the Finance Committee of the Board of the fact that the project is estimated to cost more than Authorized Expenditure.

(ii) If no action is taken by the Board within forty-five days after receipt of notification that the estimated cost is likely to exceed Authorized Expenditure, the revised project

cost shall be deemed approved unless the Authority shall grant an extension or extensions of such time limit for up to an aggregate maximum of sixty days.

(iii) The revised project cost or any subsequent revised project cost approved by the Board shall not be exceeded without further approval of the Board.

(iv) In the event the Board shall disapprove a proposed revised project cost, the Authority shall not expend an amount in excess of the greater of (a) Authorized Expenditure or (b) any subsequently approved revised project cost.

Section 33-D. Components of a Section 19 Application to Acquire or Make an Investment in a Non-core Business in Excess of \$1 million. References in these Rules to “purchase” or “acquisition” of a non-core business shall be deemed to include an investment in such a business.

1. General Background: A description of the company or enterprise to be purchased including:

- type of business;
- product(s) or service(s) offered;
- location(s);
- description of real estate owned, leased or in possession of;
- annual revenues for the past three years;
- number of employees;
- form of organization, e.g. a sole proprietorship, partnership, corporation (C, S or non-stock), limited liability company (LLC);
- any subsidiary or affiliated companies.

2. History of the company: Provide the date the business was founded, key individuals in the organization and how it expanded over time. Include a description of any recent sales of the company or changes in ownership. List any prior sales or changes in ownership. Include an explanation of why the business was sold and why it is now for sale.

3. Management/Employees: Provide an overview of the management of the company including management or key employees and whether they will stay with the business after the sale. Describe existing non-compete and non-solicitation agreements in effect and whether they have been reviewed for enforceability. Identify any union/ labor issues including any planned integration with the Authority’s present labor force. Describe employee benefits including pension and health benefits, including whether pension plan is underfunded and the amount necessary to fully fund the pension plan. Provide any planned changes in management, number of employees or benefits after the acquisition. Identify the Authority employee who will be primarily responsible for managing the new business together with a description of that individual’s qualifications and experience.

4. Financial Records: Include financial records (audited by a CPA if available) for the past three to five years and any separate federal and state tax returns together with the credentials of the return preparer. Describe any significant contracts, vendor contracts or leases that will be part of the purchase of the business. Explain whether any will be assumed or terms renegotiated.

5. Regulatory, Environmental & Legal Issues: Describe any regulatory or environmental issues affecting the business including any current or threatened litigation. List disclosed liabilities.

Describe efforts to identify undisclosed liabilities. List and describe contractual obligations.

6. Sales & Marketing: Explain how the current sales and marketing of the products or services is accomplished. Describe sales staff compensation (commissions or salary) and the extent to which the current owner is responsible for selling or bidding the work. If so, state whether that function will be assumed by another person in the firm or whether someone will need to be hired. Provide a plan of how the Authority will facilitate the transition of the customers to the new ownership. Describe whether and how the sales of the firm's products or services will be expanded in the next three to five years. Explain how the business set its prices for its products and services. Provide the market size and this company's share of it. Explain how the Authority owning the organization will result in growth of sales and market share.

7. Customer Diversification. List any customers who comprise 10% or more of the sales. State whether sales for the company are heavily concentrated in a small number of customers or a broad diversified customer base. Describe the type of customer by location and product or service line.

8. Competition: Describe the competition and whether it is direct competition or indirect through substitute products or services. State whether the competition is well-established and well-funded. Provide the company's market share and outline any barriers to market entry by new participants.

9. Industry Trends: Provide an overview of where the industry is going and whether it is consolidating or expanding. Identify any new innovation in the industry that will require significant changes in how business is conducted. Explain the industry trends and whether there is new innovation on the horizon.

10. Transaction document(s). Provide a copy of the stock or asset purchase agreement or other acquisition document.

11. Five-year forecast. Provide a five-year forecast of revenues, expenses and anticipated capital expenditures. Identify the key metrics that the Authority will use to measure the future performance of the business.

12. Conflicts of interest. Describe any potential conflicts of interest concerning Authority employees, Authority members, Board members, company employees and company board members. Describe any potential conflicts of interest or financial impacts regarding the Authority's existing operations.

13. Valuation. Identify the firm, analyst and/or Authority employee that determined the company's value. Provide a copy of any written analysis or valuation opinions.

14. Risks. Identify all material risks (including legal, regulatory, environmental and financial) associated with the new business and its integration with the Authority's existing operations. Describe any steps to be taken to insulate the Authority's water customers from these risks.

15. Conclusion: Are there any other factors that the Board should take into consideration in reviewing the application for acquisition of this business?

Part 4

Land Use Standards and Disposition Policies for the Real Property of the Water Supply System

(Section 18(b) of the Act)