



## MILFORD BOARD OF SELECTMEN

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Michael K. Walsh, Chairman  
William D. Buckley  
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Town Administrator

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### Milford Water Company Purchase Update

May 7, 2018

#### Town Meeting Members:

The Board of Selectman writes to update Town Meeting Members regarding the status of the Town's historic purchase of the Milford Water Company (MWC) and to provide you with information in connection with a Warrant authorizing additional funding to complete the acquisition process.

In January of this year, the Board of Selectman announced that the Town and the Milford Water Company were not able to agree to terms that would have protected the Town in connection with a stock purchase of the Milford Water Company. Rather than agree to a transaction with a high level of risk as insisted by the MWC, and based on the Town's overwhelming support for the purchase this past fall, the Board announced its intention to acquire the water company through a regulatory process available to us by state statute through the Massachusetts Department of Public Utilities (DPU). This regulatory process will allow the Town to acquire the assets of the MWC, without the MWC's debt and liabilities, for a price determined by the DPU.

The statute states that the DPU will determine the "compensation to be paid." In order to make this determination, the DPU will conduct a quasi-judicial investigation where each party will be required to present evidence through witnesses and documents as well as legal arguments on a number of factors that will go into determining the compensation. The DPU will request testimony, hold evidentiary hearings, and require the filing of legal briefs. At the end of the DPU process, the decision will be filed with the Massachusetts Supreme Judicial Court before becoming final. Although there is no set timeline for this proceeding, the Board expects that the proceeding will take an estimated minimum of 9 months to complete.

It is important to note that, through legislation passed in 2015, the Town will have the ability either to accept the determination of price or to walk away if the price is unacceptable. The MWC, however, is bound by the decision of the DPU and Court. Town Meeting will again have to authorize the transaction.

To this end, the Town has filed a petition to begin this process, developed a litigation plan and budget, and engaged the necessary consultants (subject to appropriation). These include Brown Rudnick, outside counsel with public utility litigation experience; Woodard and Curran, an engineering firm, to assess the current status of the MWC infrastructure; and Concentric Advisors, utility financial experts to provide testimony on depreciation, utility accounting, and valuation. We are fortunate to have assembled an experienced team to assist with the regulatory process.

At the May 14, 2018 Town Meeting, an Article will be presented authorizing \$300,000.00 to fund the DPU proceeding, including the legal and expert expenses based on a budget approved by the Board (subject to appropriation) that includes \$235,000 for legal expenses and \$200,000 for the engineering and financial experts. The total budget of \$435,000 for the DPU proceeding is partly offset by the funding that was approved for the acquisition at the September 2017 Town Meeting. The Board fully supports this expenditure and urges that Town Meeting approve the Warrant.

Thank you for your continuing support for the acquisition of the Milford Water Company, which we continue to believe is in the best long-term interest of the Town.

Sincerely,

Michael K. Walsh, Chairman, William D. Buckley and William E. Kingkade, Jr., Milford Board of Selectmen