The Commonwealth of Massachusetts

Annual

# RETURN

OF

**Pinehills Water Company, Inc.**

**WATER COMPANY**

TO THE

**DEPARTMENT OF PUBLIC UTILITIES**

OF MASSACHUSETTS

**For the Year Ended December 31, 2019**

Name of Officer to whom correspondence should be addressed regarding this report: John J. Judge
Clerk

Office Address: 33 Summerhouse Drive, Plymouth, MA 02360

**PINEHILLS WATER COMPANY, INC.**
**Balance Sheet**
**December 31, 2019**

Updated 11/9/2020

| | | 2019 | 2018 | Inc (Dec) |
|---|---|---|---|---|
| | **Investments:** | | | |
| 101-113 | Plant Investment | 10,929,098.22 | 10,594,018.24 | $335,079.98 |
| | **Assets:** | | | |
| 204 | CASH | 337,805.44 | 295,417.13 | $42,388.31 |
| 205 | CASH-REPLACEMENT RESERVE | 598,465.68 | 433,137.34 | $165,328.34 |
| 207 | ACCOUNTS RECEIVABLE | 279,893.26 | 260,374.36 | $19,518.90 |
| 213 | PREPAID INSURANCE | 6,223.93 | 6,323.67 | ($99.74) |
| 215 | OTHER PREPAYMENTS | 2,887.77 | (2.80) | $2,890.57 |
| | **Total assets** | **$ 12,154,374.30** | **$ 11,589,267.94** | **$ 565,106.36** |
| | **Liabilibilities & Equity:** | | | |
| 307 | NOTES PAYABLE | 148,000.00 | 148,000.00 | $0.00 |
| 308 | ACCOUNTS PAYABLE | 457,072.51 | 421,923.40 | $35,149.11 |
| 312 | CURRENT LIABILITIES | 38,171.60 | 2,836.66 | $35,334.94 |
| 315 | OTHER ACCRUED LIABILITIES | - | - | $0.00 |
| 319 | DEPRECIATION RESERVE | 1,518,641.06 | 1,367,496.23 | $151,144.83 |
| 320 | REPLACEMENT RESERVE | 580,031.97 | 420,489.64 | $159,542.33 |
| 301 | COMMON STOCK | 2,000.00 | 2,000.00 | $0.00 |
| 323 | CONTRIBUTIONS FOR EXTENSIONS | 10,929,098.22 | $10,594,018.24 | $335,079.98 |
| 400 | PROFIT & LOSS | (1,518,641.06) | (1,367,496.23) | ($151,144.83) |
| | **Total Liabilibilities & Equity** | **$ 12,154,374.30** | **$ 11,589,267.94** | **$ 565,106.36** |
| | | $ (0.00) | $ 0.00 | $ (0.00) |

**PINEHILLS WATER COMPANY, INC.**
**Income Statement**
**December 31, 2019**

| | | | | | | |
|---|---|---|---|---|---|---|
| 501 | METERED SALES | 925,521.97 | 999,500.61 | ($73,978.64) | | |
| 502 | FLAT RATE SALES | 2,391.53 | 2,851.24 | ($459.71) | | |
| 504 | MUNICIPAL HYDRANTS | 30,245.92 | 25,118.41 | $5,127.51 | | |
| 507 | MISCELLANEOUS MUNICIPAL | 730,977.45 | 754,318.10 | ($23,340.65) | | |
| 550 | UNCOLLECTIBLE OPERATING REVENUES | - | - | $0.00 | | |
| 563 | INTEREST INCOME | 5,786.01 | 2,984.11 | $2,801.90 | | |
| | **Total Operating Revenues** | **1,694,922.88** | **1,784,772.47** | **($89,849.59)** | | |
| | **Source of Water Supply** | | | | | |
| 601-1 | MAINT OF WATER SUPPLY BLDGS | 189,420.00 | 180,893.47 | $8,526.53 | | |
| 601-3 | MAINT OF GROUND SOURCE OF WATER SUI | 37,750.00 | 31,063.75 | $6,686.25 | | |
| 602 | LEASE PAYMENT | - | 601,872.59 | ($601,872.59) ** | 227,170.00 | ($586,659.81) |
| | **Pumping Expenses** | | | | | |
| 603-1 | PUMPING LABOR | 124,275.50 | 115,928.63 | $8,346.87 | | |
| 603-2 | BOILER FUEL | 3,746.80 | 4,965.16 | ($1,218.36) | | |
| 603-4 | ELECTRIC POWER PURCHASE | 74,152.02 | 76,411.44 | ($2,259.42) | | |
| 603-5 | MISC PUMPING STATION | 11,811.49 | 7,861.82 | $3,949.67 | | |
| 604-1 | MAINT OF POWER PUMPING BLDGS & FIXTR | 6,624.15 | 4,815.74 | $1,808.41 | | |
| 604-2 | MAINT OF PUMPING EQUIPMENT | 17,656.08 | 25,686.94 | ($8,030.86) | | |
| 604-3 | MAINT OF MISC PUMPING EQUIPMENT | 5,783.70 | 7,945.98 | ($2,162.28) | 244,049.74 | $434.03 |
| | **Purification Expenses** | | | | | |
| 605-1 | PURIFICATION LABOR | 112,281.48 | 107,952.33 | $4,329.15 | | |
| 605-2 | PURIFICATION SUPPLIES & EXPENSES | 34,926.39 | 44,650.47 | ($9,724.08) | | |
| 606-1 | MAINT OF PURIFICATION BLDGS & FIXTURE! | - | - | $0.00 | | |
| 606-2 | MAINT OF PURIFICATION EQUIPMENT | 7,473.05 | 3,831.37 | $3,641.68 | 154,680.92 | ($1,753.25) |
| | **Transmission & Distributions Expenses** | | | | | |
| 607-0 | INSPECTING CUSTOMER'S INSTALLATIONS | 42,178.90 | 39,113.20 | $3,065.70 | | |
| 608-0 | MISC TRANS & DISTR SUPPLIES & EXPENSE | - | - | $0.00 | | |
| 609-1 | MAINT OF TRANS DISTR BLDGS | - | 768.80 | ($768.80) | | |
| 609-2 | MAINT OF TRANS DISTR MAINS | 39,702.64 | 58,279.79 | ($18,577.15) | | |
| 609-3 | MAINT OF STORAGE,RESERVOIRS,&TANKS | 13,303.69 | 29,573.97 | ($16,270.28) | | |
| 609-4 | MAINTENANCE OF SERVICES | 10,339.30 | 5,005.90 | $5,333.40 | | |
| 609-5 | MAINTENANCE OF METERS | 7,316.11 | 13,532.07 | ($6,215.96) | | |
| 609-6 | MAINTENANCE OF HYDRANTS | 29,004.87 | 20,296.68 | $8,708.19 | | |
| 609-7 | MAINT FOUNTAINS & TROUGHS | - | - | $0.00 | 141,845.51 | ($24,724.90) |
| | **General & Misc expenses** | | | | | |
| 610-1 | SALARIES OF GENERAL EXPENSES | 202,637.88 | 225,069.43 | ($22,431.55) | | |
| 610-2 | GENERAL OFFICE SUPPLIES & EXPENSES | 2,344.57 | 2,631.07 | ($286.50) | | |
| 610-3 | LAW EXPENSE - GENERAL | 95,878.27 | 33,839.32 | $62,038.95 | | |
| 610-4 | INSURANCE | 12,824.74 | 12,808.19 | $16.55 | | |
| 610-10 | DEPRECIATION | 151,144.83 | 146,841.79 | $4,303.04 | | |
| 610-11 | MISCELLANEOUS GENERAL EXPENSES | 147,443.50 | 100,915.74 | $46,527.76 | 612,273.79 | $90,168.25 |
| | **Total Operating Expenses** | **1,380,019.96** | **1,902,555.64** | (522,535.68) | | |
| | **Net Operating Revenue** | **314,902.92** | **(117,783.17)** | 432,686.09 | | |
| | MISCELLANEOUS RENT | 439,736.67 | - | $439,736.67 ** | | |
| | TAXES | 26,311.08 | 29,058.62 | ($2,747.54) | | |
| | **Income transferred to P&L** | **(151,144.83)** | **(146,841.79)** | **435,433.63** | | |

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**GENERAL INFORMATION**

**PRINCIPAL AND SALARIED OFFICERS***

| Titles | Names | Addresses | Annual Salaries |
|---|---|---|---|
| President | Stephen R. Karp | 3 Possum Road<br>Weston, MA 02193 | None |
| Treasurer | Steven S. Fischman | 60 Colbert Road<br>West Newton, MA 02465 | None |
| Clerk | John J. Judge | 19 Susan Carsley Way<br>Sandwich, MA 02563 | None |

**DIRECTORS***

| Names | Addresses | Fees Paid During Year |
|---|---|---|
| Stephen R. Karp | 3 Possum Road, Weston, MA 02193 | None |
| Steven S. Fischman | 60 Colbert Road, West Newton, MA 02465 | None |

* By G.L. c. 164 , § 83, each company must include on the Annual Return a "list of the names of all their salaried officers and the amount of the salary paid to each." In addition, by G.L. c. 164, § 77, the Department is required to include in its annual report "the names and addresses of the principal officers and the directors" of the companies subject to G.L. c. 164.

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General Information - Continued

1. Full corporate title company, Pinehills Water Co, Inc. Telephone No. 508-209-9000
2. Location of principal business office, 33 Summerhouse Drive, Plymouth, MA 02360
3. Date of organization, March 22, 2001 4. Date of incorporation, March 22, 2001
5. Whether incorporated under general or special law, General Law
6. If under special law, give chapter and year of act, N/A
7. Give chapter and year of any subsequent special legislation affecting the Company
N/A

8. Territory covered by charter rights, N/A

9. Capital stock authorized by charter $2,000 (200,000 shares @ $.01/share par value)
10. Captital stock issued prior to August 1, 1914 $ None
11. Capital stock issued with approval of Board of Gas and Electric Light Commissioners or the Department of Public Utilities since August 1, 1914, None
shares of par value of $ each $
12. If additional stock has been issued during the last fiscal period, give the date, amount, and price thereof, the date or dates on which the same was paid in, and the number of shares so sold and the amounts realized:
D.P.U. No. None

13. Management Fees and Expenses during the Year
List all individuals, associations, corporations or concerns with whom the company has any contract or agreement, covering management or supervision of its affairs such as accounting, financing, engineering, construction, purchasing, operation and show the total amount paid to each for the year.

| | | |
|---|---|---|
| 1) Sarian Co = | $ | 723,832.69 |
| 2) Horsley & Witten = | $ | 128,968.98 |
| 3) P.S. Water Services = | $ | 91,820.00 |
| 4) Pine Springs Realty = | $ | 439,736.67 |

14. Date when Company first began to distribute and sell water July 1, 2001
15. Total number of stockholders, 1
16. Number of stockholders resident in Massachusetts, 1
17. Amount of stock held in Massachusetts, number of shares 1,000
amount, $ 2,000 (1,000 shares @ $2/share)

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COMPARATIVE GENERAL BALANCE SHEET

The entries in this balance sheet should be consistent with those in the supporting schedules on the pages indicated.

| Line No. | Balance at Beginning of Year (a) | Assets (b) | Balance at Close of Year (c) | Net Change During Year (d) |
|---|---|---|---|---|
| 1 | | Investments | | |
| 2 | 10,594,018.24 | | 10,929,098.22 | (335,079.98) |
| 3 | - | 114 - 119 General Equipment (p 202) | - | - |
| 4 | - | 201 Unfinished Construction (p 202) | - | - |
| 5 | - | 202 Miscellaneous Physical Property (p 203) | - | - |
| 6 | - | 203 Other Investments (p 203) | - | - |
| 7 | 10,594,018.24 | Total Investments | 10,929,098.22 | (335,079.98) |
| 8 | | Current Assets | | |
| 9 | 295,417.13 | 204 Cash | 337,805.44 | (42,388.31) |
| 10 | 433,137.34 | 205 Special Deposits | 598,465.68 | (165,328.34) |
| 11 | - | 206 Notes Receivable | - | - |
| 12 | 260,374.36 | 207 Accounts Receivable | 279,893.26 | (19,518.90) |
| 13 | - | 208 Interest and Dividends Receivable | - | - |
| 14 | - | 209 Materials and Supplies | - | - |
| 15 | - | 210 Other Current Assets | - | - |
| 16 | 988,928.83 | Total Current Assets | 1,216,164.38 | (227,235.55) |
| 17 | | Reserve Funds | | |
| 18 | - | 211 Sinking Funds | - | - |
| 19 | - | 212 Insurance and Other Funds | - | - |
| 20 | - | Total Reserve Funds | - | - |
| 21 | | Prepaid Accounts | | |
| 22 | 6,323.67 | 213 Prepaid Insurance | 6,223.93 | 99.74 |
| 23 | - | 214 Prepaid Interest | - | - |
| 24 | (2.80) | 215 Other Prepayments | 2,887.77 | (2,890.57) |
| 25 | 6,320.87 | Total Prepaid Accounts | 9,111.70 | (2,790.83) |
| 26 | | Unadjusted Debits | | |
| 27 | - | 216 Unamortized Dept Discount Exp (p 203) | | - |
| 28 | - | 217 Property Abandoned | - | - |
| 29 | - | 218 Other Unadjusted Debits (p 203) | | - |
| 30 | - | Total Unadjusted Debits | - | - |
| 31 | | | | |
| 32 | 11,589,267.94 | Grand Total | 12,154,374.30 | (565,106.36) |

* At the end of 2018 the company had a $10,594,018 contributed plant balance, such contributions are made when relevant portions of the overall development has been completed, water services has been provided over the leased facilities and the contributed facilities. Final work on portions ("neighborhoods") of the Pinehills was completed in 2019. With that completion, certain additional contributions were made in 2019. Additional contributions will be forth coming as the Pinehills continues to build out.

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COMPARATIVE GENERAL BALANCE SHEET

The entries in this balance sheet should be consistent with those in the supporting schedules on the pages indicated.

| Line No. | Balance at Beginning of Year (a) | Assets (b) | Balance at Close of Year (c) | Net Change During Year (d) |
|---|---|---|---|---|
| 1 | | Capital Stock | | |
| 2 | | | | |
| 3 | 10.00 | 301 Common Stock (p 204) | 10.00 | - |
| 4 | | 302 Preferred Stock (p 204) | | - |
| 5 | | 303 Employees' Stock (p 204) | | - |
| 6 | 10.00 | Total Capital Stock | 10.00 | - |
| 7 | | | | |
| 8 | 1,990.00 | 304 Premium on Capital Stock | 1,990.00 | - |
| 9 | | | | |
| 10 | | Bonds, Coupon, and Long Term Notes | | |
| 11 | | | | |
| 12 | - | 305 Bonds (p 204) | | - |
| 13 | - | 306 Coupon and Long Term Notes (p 204) | | - |
| 14 | - | Total Bonds, Coupons, and Long Term Notes | - | - |
| 15 | | Current Liabilities | | |
| 16 | 148,000.00 | 307 Notes Payable (p 205) | 148,000.00 | - |
| 17 | 421,923.40 | 308 Accounts Payable | 457,072.51 | (35,149.11) |
| 18 | - | 309 Customers' Deposits | - | - |
| 19 | - | 310 Matured Interest Unpaid | - | - |
| 20 | - | 311 Dividends Declared | - | - |
| 21 | 2,836.66 | 312 Other Current Liabilities | 38,171.60 | (35,334.94) |
| 22 | 572,760.06 | Total Current Liabilities | 643,244.11 | (70,484.05) |
| 23 | | Accrued Liabilities | | |
| 24 | - | 313 Tax Liability | - | - |
| 25 | - | 314 Interest Accrued | - | - |
| 26 | - | 315 Other Accrued Liabilities | - | - |
| 27 | - | Total Accrued Liabilities | - | - |
| 28 | | Unadjusted Credits | | |
| 29 | - | 316 Premium on Bonds (p 205) | - | - |
| 30 | - | 317 Other Unadjusted Credits (p 205) | - | - |
| 31 | - | Total Unadjusted Debits | - | - |
| 32 | | Reserves | | |
| 33 | - | 318 Insurance and Casualty Reserves | - | - |
| 34 | 1,367,496.23 | 319 Depreciation Reserve (p 206) | 1,518,641.06 | (151,144.83) |
| 35 | 420,489.64 | 320 Other Reserves | 580,031.97 | (159,542.33) |
| 36 | 1,787,985.87 | Total Reserves | 2,098,673.03 | (310,687.16) |
| 37 | | Appropriated Surplus | | |
| 38 | - | 321 Sinking Fund Reserves | - | - |
| 39 | 10,594,018.24 | 323 Contributions for Extensions | 10,929,098.22 | (335,079.98) |
| 40 | - | 324 Surplus Invested in Plant | - | - |
| 41 | 10,594,018.24 | Total Appropriated Surplus | 10,929,098.22 | (335,079.98) |
| 42 | (1,367,496.23) | 400 Profit and Loss Balance (p 301) | (1,518,641.06) | 151,144.83 |
| 43 | 9,226,522.01 | Total Corporate Surplus | 9,410,457.16 | (183,935.15) |
| 44 | | | | |
| 45 | 11,589,267.94 | Grand Total | 12,154,374.30 | (565,106.36) |

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PLANT INVESTMENT ACCOUNTS

Show for all items of plant, classified in accordance with the prescribed Uniform System of Accounts, the particulars called for by the column headings.
Credits in column (d) for plant retired during the year should be fully explained in a footnote. Column (e), "Adjustments During Year" should be interpreted to mean modifications of entries made in prior accounting periods. When any adjusting entry is made in Column (e), the credit to the account should be shown in red; in case the amount is transferred to some other account in the same schedule, the debit amount should appear in the same column in black.
When the whole or any part of "Uninished Construction" is transfered to the Plant accounts, the amounts transferred should appear in Column (e) in red and the amounts should appear in Column (c) in black.

| Line No. | Name of Account (a) | Balance at Beginning of Year (b) | Additions During Year (c) | Plant Retired During Year (d) | Adjustments During Year (e) | Balance at Close of Year (f) |
|---|---|---|---|---|---|---|
| 1 | Intangible Property | | | | | |
| 2 | Organization | - | - | - | - | - |
| 3 | Misc Intangible Invest | - | - | - | - | - |
| 4 | Total Intangible Property | - | - | - | - | - |
| 5 | Tangible Property | | | | | |
| 6 | Land | - | - | - | - | - |
| 7 | Structures | - | - | - | - | - |
| 8 | Pumping Plant Equipment | - | - | - | - | - |
| 9 | Misc. Pumping Plant Equipment | - | - | - | - | - |
| 10 | Purification System | - | - | - | - | - |
| 11 | Transmission and Distribution Mains | 7,119,050.79 | 136,144.00 | - | - | 7,255,194.79 |
| 12 | Services | 2,019,888.74 | 132,692.00 | - | - | 2,152,580.74 |
| 13 | Consumers' Meters | 494,753.62 | 40,409.00 | - | - | 535,162.62 |
| 14 | Conumers' Meter Installation | - | | - | - | - |
| 15 | Hydrants | 960,325.09 | 25,835.00 | - | - | 986,160.09 |
| 16 | Fire Cisterns, Basins, Fountains | - | | - | - | - |
| 17 | Water Rights | - | - | - | - | - |
| 18 | Miscellaneous Expenditures | - | - | - | - | - |
| 19 | Total Plant Investment | 10,594,018.24 | 335,080.00 | - | - | 10,929,098.24 |
| 20 | General Equipment | | | | | |
| 21 | Office Equipment | - | - | - | - | - |
| 22 | Shop Equipment | - | - | - | - | - |
| 23 | Stores Equipment | - | - | - | - | - |
| 24 | Transportation Equipment | - | - | - | - | - |
| 25 | Laboratory Equipment | - | - | - | - | - |
| 26 | Miscellaneous Equipment | - | - | - | - | - |
| 27 | Total General Equip | - | - | - | - | - |
| 28 | Unfinished Construction | - | | | | - |
| 29 | Total Cost of All Property | 10,594,018.24 | 335,080.00 | - | - | 10,929,098.24 |
| 30 | Assessed Value of Real Estate | - | - | - | - | - |
| 31 | Assessed Value of Other Property | - | - | - | - | - |
| 32 | Total Assessed Value | - | - | - | - | - |

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MISCELLANEOUS PHYSICAL PROPERTY

Give particulars of all investments of the respondent in physical property not devoted to utility operation.

| Line No. | Description and Location of Miscellaneous Physical Property Held End of Year (a) | Book Value at End of Year (b) | Revenue for the Year (c) | Expense for the Year (d) | Net Revenue for the Year (e) |
|---|---|---|---|---|---|
| 1 | N/A | | | | |
| 2 | | | | | |
| 3 | | | | | |
| 4 | | | | | |
| 5 | Totals | $ - | $ - | $ - | $ - |

OTHER INVESTMENTS

Give particulars of investments in stocks, bonds, etc., held by the respondent at end of year.

| | Description of Security held by Respondent (a) | Amount (b) | | |
|---|---|---|---|---|
| 6 | N/A | $ | | |
| 7 | | | | |
| 8 | | | | |
| 9 | | TOTAL | | |

UNAMORTIZED DEBT DISCOUNT AND EXPENSE

Give an analysis of the respondent's accodiscount and/or expense on bonds, coupon, or short term notes.
If the account represents only the expense incurred in connection with the issue, the word "Discount" should be erased. Entires in Column (d) should be consistent with the returns made on page 301, Schedules of Income and Profit and Loss.

| Line No. | Name of Security (a) | Unextinguished Discount at Beginning of Year (b) | Discount on Bonds, etc. Issued During Year (c) | Discount Written Off During Year (d) | Unextinguished Discount at Close of Year (e) |
|---|---|---|---|---|---|
| 10 | N/A | | | | - |
| 11 | | | | | - |
| 12 | | | | | - |
| 13 | | | | | - |
| 14 | | | | | - |
| 15 | Totals | $ - | $ - | $ - | $ - |

OTHER UNADJUSTED DEBITS

Give an analysis of the above-entitled account as close of year, showing in detail each item or subaccount amounting to $500 or more. Items less than $500 may be combined in a single entry "Minor Items.....in number, each less than $500," giving the number of items thus combined.

| Line No. | Description and Character of Unadjusted Debits (a) | Balance at Beginning of Year (b) | Amount Added During Year (c) | Amount Written Off During Year (d) | Balance at Close of Year (e) |
|---|---|---|---|---|---|
| 16 | N/A | | | | - |
| 17 | | | | | - |
| 18 | | | | | - |
| 19 | | | | | - |
| 20 | | | | | - |
| 21 | | | | | - |
| | Totals | $ - | $ - | $ - | $ - |

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CAPITAL STOCK

Give particulars of the various issues of capital stock of the respondent, as called for in the following schedule.
In stating the amount of Capital Stock authorized in Column (d) show only the amount authorized by the regulatory body.

| Line No. | Description (a) | Number of Shares Authorized (b) | Par Value of One Share (c) | Amount of Capital Stock Authorized (d) | Amount Actually Outstanding at End of Year (e) | Total Premium at End of Year (f) |
|---|---|---|---|---|---|---|
| 1 | Capital Stock: Common, | 200,000 | $ 0.01 | $ 2,000 | $ 10.00 | $ 1,990 |
| 2 | Preferred, | | | | | |
| 3 | Premium, | | | | | |
| 4 | Treasury Stock | | | | | |
| 5 | TOTALS | | | $ 2,000 | | $ 1,990 |

AND LONG TERM NOTES.

Give particulars of various issues of bonds, coupon, and long term notes as called for in the following schedule, giving the names of any underlying issues that may have been assumed by the respondent. The total of Col (b) should be consistent with return made on page 301, Income Schedule (line 20).

| Line No. | Name and Character of Obligation (a) | Date of Issue (b) | Date of Maturity (c) | Par Value Authorized (d) | Par Value Actually Outstanding at End of Year (e) | Interest Provisions Rate Per Cent. (f) | Interest Provisions Dates Due (g) | Interest Accrued During Year Charged to Income (h) | Interest Paid During Year (i) |
|---|---|---|---|---|---|---|---|---|---|
| 6 | Mortgage Bonds: | | | | | | | | |
| 7 | | | | | | | | | |
| 8 | N/A | | | | | | | | |
| 9 | | | | | | | | | |
| 10 | Total Bonds, | | | | | | | | |
| 11 | Coupon and Long Term Notes: | | | | | | | | |
| 12 | | | | | | | | | |
| 13 | | | | | | | | | |
| 14 | N/A | | | | | | | | |
| 15 | | | | | | | | | |
| 16 | | | | | | | | | |
| 17 | Total Coupon and Long Term Notes | | | - | | - | | | - |
| 18 | GRAND TOTAL | | | | | | | Totals | - |

-

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SUNDRY CURRENT LIABILITIES

NOTES PAYABLE

| Line No. | Name of Creditor (a) | Date of Issue (b) | Date of Maturity (c) | How Secured (d) | Rate of Interest (e) | Amount (f) |
|---|---|---|---|---|---|---|
| 1 | PS Water Services LLC | 2001 | Line of credit | | | $ 103,000.00 |
| 2 | PS Water Services LLC | 2002 | Line of credit | | | $ 45,000.00 |
| 3 | | | | | | |
| 4 | | | | | | |
| 5 | | | | | | |
| 6 | | | | | | |
| 7 | | | | | | |
| 8 | | | | TOTAL | | $ 148,000.00 |

PREMIUM ON BONDS

Give an analysis of the respondent's accounts covering premium on bonds or other evidences of indebtedness. Entries in Column (d) should be consistent with the returns made on page 301, Schedules of Income and Profit and Loss.

| | Name of Security (a) | Unextinguished Premium at Beginning of Year (b) | Premium on Bonds Issued During Year (c) | Premium Written Off During Year (d) | Unextinguished Premium at End of Year (e) |
|---|---|---|---|---|---|
| 9 | | $ | $ | $ | $ |
| 10 | N/A | | | | |
| 11 | | | | | |
| 12 | TOTALS | | | | |

OTHER UNADJUSTED CREDITS

Give the names in Column (a) and indicate the character, in Column (b) of the several subaccounts that appear as "Other Unadjusted Credits." For items less than $1,000, a single entry may be made under the caption "Minor accounts.....in number, each less than $1,000," stating the number.

| | Name of Subaccount (a) | Character of Subaccount (b) | Amount (c) |
|---|---|---|---|
| 13 | | | $ |
| 14 | | | |
| 15 | N/A | | |
| 16 | | | |
| 17 | | | |
| 18 | | TOTAL | |

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DEPRECIATION RESERVE

Show below the amount credited during the year to Depreciation Reserve, and the amount charged to Depreciation Reserve on account of property retired. Also the balance in the account at the close of the year.

| Line No. | (a) | | Amount (b) |
|---|---|---|---|
| 1 | Balance at beginning of year | | $ (1,367,496.23) |
| 2 | Credits to Depreciation Reserve during year: | | $ 151,144.83 |
| 3 | Acct. 610-10 Depreciation | | |
| 4 | Other Accounts | | |
| 5 | | | |
| 6 | | TOTAL CREDITS DURING YEAR | $ (1,518,641.06) |
| 7 | Net Charges for Plant Retired: | | |
| 8 | Book Cost of Plant Retired | | |
| 9 | Cost of Removal | | |
| 10 | Salvage (credit in red) | | |
| 11 | | | |
| 12 | | NET CHARGES DURING YEAR | $ - |
| 13 | | Balance December 31 | $ (1,518,641.06) |

BASES OF DEPRECIATION CHARGES

Give in detail the rule and rates by which the respondent determined the amount charged to operating expenses and other accounts, and credited to Depreciation Reserve. Report also the depreciation taken for the year for federal income tax purposes.

| | | |
|---|---|---|
| 14 | Transmission & Distribution Mains | 1.3% |
| 15 | Services | 2.0% |
| 16 | Hydrants | 2.0% |
| 17 | Meters | 2.0% |
| 18 | | |
| 19 | | |

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INCOME STATEMENT FOR THE YEAR

Give the Income Account of the respondent for the year ended December 31, in accordance with the Uniform System of Accounts for Water Companies

| Line No. | Account No. | Item (a) | Amount (b) | Comparison with Previous Year (c) |
|---|---|---|---|---|
| 1 | | Operating Income | | |
| 2 | 500 | Operating Revenues (p 302) | 1,689,136.87 | (92,651.49) |
| 3 | 600 | Operating Expenses (p 302-303) (** SEE ATTACHMENT IV **) | 1,380,019.96 | (522,535.68) |
| 4 | | Net Operating Revenues | 309,116.91 | (615,187.17) |
| 5 | 550 | Uncollectible Operating Revenues | - | - |
| 6 | 551 | Taxes (p 303) | 26,311.08 | (2,747.54) |
| 7 | | Net Operating Income | 282,805.83 | (612,439.63) |
| 8 | | Non-Operating Income | | |
| 9 | 560 | Merchandising and Jobbing Revenue* | - | - |
| 10 | 561 | Rent from Appliances | - | - |
| 11 | 562 | Miscellaneous Rent Income | - | - |
| 12 | 563 | Interest and Dividend Income | 5,786.01 | 2,801.90 |
| 13 | 564 | Inc. from Sink. And Other Res. Funds | - | - |
| 14 | 565 | Amortization of Premium on Bonds (p. 204) | - | - |
| 15 | 566 | Miscellaneous Non-operating Income | - | - |
| 16 | | Total Non-operating Income | 5,786.01 | 2,801.90 |
| 17 | | Total Gross Income | 5,786.01 | 5,603.80 |
| 18 | | Deductions From Gross Income | | - |
| 19 | 575 | Miscellaneous Rents (** SEE ATTCHMENT IV **) | 439,736.67 | 439,736.67 |
| 20 | 576 | Interest on Bonds and Coupon Notes | - | - |
| 21 | 577 | Miscellaneous Interest Deductions | - | - |
| 22 | 578 | Amortization of Discount (p 203) | - | - |
| 23 | 579 | Miscellaneous Deductions from Income | - | - |
| 24 | | Total Deductions from Gross Income | 439,736.67 | 439,736.67 |
| 25 | | Income Balance Transferred to Profit and Loss | (288,591.84) | (435,433.63) |

Profit and Loss Statement

Show hereunder the items of the Profit and Loss Account of the respondent, classified in accordance with the Uniform System of Accounts for Water Companies.

| | Account Number | Item | Debits | Credits |
|---|---|---|---|---|
| 26 | | Credits | | |
| 27 | 401 | Credit Balance at Beginning of Fiscal Period (p 201) | | (1,367,496.23) |
| 28 | 402 | Credit Balance transferred from Income Acct (p301) | | |
| 29 | 403 | Miscellaneous Credits (note) | | |
| 30 | | Debits | | |
| 31 | 411 | Debit Balance at Beginning of Fiscal Period (p 201) | 151,144.83 | |
| 32 | 412 | Debit Balance transferred from Income Acct (p 301) | | |
| 33 | 413 | Surplus applied to Sinking Fund and Other Reserves | | |
| 34 | 414 | Dividend Appropriations of Surplus (p 302) | | |
| 35 | 415 | Appropriations of Surplus for Depreciation (p 204) | | |
| 36 | 416 | Discn't on Bonds Extins'd through Surplus (p 203) | | |
| 37 | 417 | Other Deductions from Surplus (note) | | |
| 38 | 418 | Appropriations of Surplus for Construction | | |
| 39 | | Balance Carried Forward to Balance Sheet | | |
| 40 | | Totals | 151,144.83 | (1,367,496.23) |

41 (Note) Explain below amounts entered as Other Deductions form Surplus or Misecellaneous Credits:

42

43 N/A

44

45

*In case the Merchandising and Jobbing business shows a loss, the amount should appear in red.

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## OPERATING REVENUES

State the operating revenues of the respondent for the year ended December 31, classified in accordance with the Uniform System of Accounts.

| Line No. | Class of Water Operating Revenue (a) | Amount of Revenue For Year (b) | | Comparison with Revenue of Previous Year (c) | |
|---|---|---|---|---|---|
| 1 | REVENUES FROM SALE OF WATER | | | | |
| 2 | 501 Metered Sales to General Consumers | 925,522 | | (73,979) | |
| 3 | 502 Flat-rate Sales to General Consumers | 2,392 | | (459) | |
| 4 | 503 Sales to Other Water Companies | - | | - | |
| 5 | 504 Municipal Hydrants | 30,246 | | 5,128 | |
| 6 | 505 Miscellaneous Municipal Revenues | - | | - | |
| 7 | Total Revenues from Water Operations | 958,159 | - | (69,311) | |
| 8 | MISCELLANEOUS REVENUES | | | | |
| 9 | 506 Rent from Property Unused in Operation | - | | - | |
| 10 | 507 Miscellaneous Operating Revenues | 730,977 | | (23,341) | |
| 11 | Total Revenues from Miscellaneous Operation | 730,977 | - | (23,341) | |
| 12 | Total Operating Revenues | 1,689,137 | - | (92,651) | 0 |

## DIVIDENDS DECLARED DURING THE YEAR

Give particulars of dividends on each class of stock during the year, and charged to Profit and Loss. This schedule shall include only dividens that have been declared by the Board of Directors during the fiscal year.

| Line No. | Name of Security on which Dividend was Declared (a) | Rate Per Cent Regular (b) | Rate Per Cent Extra (c) | Amount of Capital Stock on which Dividend was Declared (d) | Amount of Dividend (e) | Date Declared (f) | Date Payable (g) |
|---|---|---|---|---|---|---|---|
| 13 | | | | | | | |
| 14 | | | | | | | |
| 15 | | | | | | | |
| 16 | | | | | | | |
| 17 | | | | | | | |
| 18 | N/A | | | | | | |
| 19 | | | | | | | |
| 20 | | | | | | | |
| 21 | | | | | | | |
| 22 | | | | | | | |
| 23 | | | | | | | |
| 24 | TOTALS | | | TOTAL | | | |

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OPERATING EXPENSES

(For companies having average operating revenues of more than $15,000.)

State the operating expenses of the respondent for the year ended December 31, classifying them in accordance with the Uniform System of Accounts.

| Line No. | Account No. | Name of Operating Expense Account (a) | Amount of Operating Expense For Year (b) | Comparison with Previous Year (c) |
|---|---|---|---|---|
| 1 | | Source of Water Supply Expenses | | |
| 2 | 601-1 | Maintenance of Water Supply Buildings and Fixtures | 227,170 | 15,213 |
| 3 | 601-2 | Maintenance of Surface Source of Supply Facilities | - | - |
| 4 | 601-3 | Maintenance of Ground Source of Water Supply | - | - |
| 5 | | Total Source of Water Supply Expenses | 227,170 | 15,213 |
| 6 | 602 | Water Purchased for Resale (** SEE ATTACHMENT IV **) | - | (601,873) |
| 7 | | Pumping Expenses | 227,170 | (586,660) |
| 8 | 603-1 | Pumping Labor | 124,276 | 8,347 |
| 9 | 603-2 | Boiler Fuel | 3,747 | (1,218) |
| 10 | 603-3 | Water for Steam | - | - |
| 11 | 603-4 | Electric Power Purchased | 74,152 | (2,259) |
| 12 | 603-5 | Miscellaneous Pumping Station Supplies and Expenses | 11,811 | 3,950 |
| 13 | 604-1 | Maintenance of Power Pumping Buildings and Fixtures | 6,624 | 1,808 |
| 14 | 604-2 | Maintenance of Pumping Equipment | 17,656 | (8,031) |
| 15 | 604-3 | Maintenance of Miscellaneous Pumping Plant Equipment | 5,784 | (2,162) |
| 16 | | Total Pumping Expenses | 244,050 | 434 |
| 17 | | Purification Expenses | | |
| 18 | 605-1 | Purification Labor | 112,281 | 4,329 |
| 19 | 605-2 | Purification Supplies and Expenses | 34,926 | (9,724) |
| 20 | 606-1 | Maintenance of Purification Buildings and Fixtures | - | - |
| 21 | 606-2 | Maintenance of Purification Equipment | 7,473 | 3,642 |
| 22 | | Total Purification Expenses | 154,681 | (1,753) |
| 23 | | Transmission and Distribution Expenses | | |
| 24 | 607 | Inspecting Customers' Installations | 42,179 | 3,066 |
| 25 | 608 | Miscellaneous Trans and Dist Supplies and Expenses | - | - |
| 26 | 609-1 | Maintenance of Trans and Dist Buildings and Expenses | - | (769) |
| 27 | 609-2 | Maintenance of Trans and Dist Mains | 39,703 | (18,577) |
| 28 | 609-3 | Maintenance of Storage, Reservoirs, Tanks, and Standpipes | 13,304 | (16,270) |
| 29 | 609-4 | Maintenance of Services | 10,339 | 5,333 |
| 30 | 609-5 | Maintenance of Meters | 7,316 | (6,216) |
| 31 | 609-6 | Maintenance of Hydrants | 29,005 | 8,708 |
| 32 | 609-7 | Maintenance of Fountains and Troughs | - | - |
| 33 | | Total Trans and Dist Expenses | 141,846 | (24,725) |
| 34 | | General and Miscellaneous Expenses | | |
| 35 | 610-1 | Salaries of General Officers and Clerks | 202,638 | (22,432) |
| 36 | 610-2 | General Office Supplies and Expenses | 2,345 | (287) |
| 37 | 610-3 | Law Expenses - General | 95,878 | 62,039 |
| 38 | 610-4 | Insurance | 12,825 | 17 |
| 39 | 610-5 | Accidents and Damages | - | - |
| 40 | 610-6 | Store Expenses | - | - |
| 41 | 610-7 | Transportation Expenses | - | - |
| 42 | 610-8 | Inventory Adjustments | - | - |
| 43 | 610-9 | Maintenance of General Structure | - | - |
| 44 | 610-10 | Depreciation | 151,145 | 4,303 |
| 45 | 610-11 | Miscellaneous General Expenses | 147,444 | 46,528 |
| 46 | | Total General and Miscellaneous Expenses | 612,274 | 90,168 |
| 47 | | Grand Total Operating Expenses | 1,380,020 | (522,536) |

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OPERATING EXPENSES

(For companies having average operating revenues not exceeding $15,000)

State the operating expenses of the respondent for the year ended December 31, classified in accordance with the Uniform System of Accounts.

| Line No. | Account No. | Name of Operating Expense Account (a) | Amount of Operating Expenses for Year (b) | Comparison with Previous Year (c) |
|---|---|---|---|---|
| 25 | 601 | Maintenance of Water Supply | | - |
| 26 | 602 | Water Purchased for Resale | | - |
| 27 | 603 | Pumping Labor, Supplies, and Expenses | | |
| 28 | 604 | Maintenance of Pumping Plant | | |
| 29 | 605 | Purification Labor, Supplies, and Expenses | | |
| 30 | 606 | Maintenance of Purification Buildings and Equipment | - | - |
| 31 | 607 | Inspecting Customers' Installations | | |
| 32 | 608 | Miscellaneous Trans and Dist Supplies and Expenses | | |
| 33 | 609 | Maintenance of Trans and Dist System | | |
| 34 | 610-10 | Depreciation | | - |
| 35 | 610-11 | Miscellaneous General Expenses | - | - |
| 36 | | | - | - |
| 37 | | Total Operating Expenses | | |

TAXES

| Line No. | Kind of Tax | Federal | State | Municipal | Total |
|---|---|---|---|---|---|
| 48 | Real Estate Tax | | | 20,591 | 20,591 |
| 49 | MA State Income Tax | | 456 | | 456 |
| 50 | Town Of Plymouth Personal Property Tax | | | 5,264 | 5,264 |
| 51 | | | | | - |
| 52 | | | | | - |
| 53 | | | | | - |
| 54 | | | | | - |
| 55 | | | | | - |
| 56 | | | | | - |
| 57 | | - | 456 | 25,855 | 26,311 |

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REAL ESTATE INFORMATION

1. Land owned by the Company.

| | Location | Use |
|---|---|---|
| A. | N/A | |
| B. | | |
| C. | | |
| D. | | |
| E. | | |
| F. | | |
| G. | | |
| H. | | |
| I. | | |
| J. | | |

| | Area | When Bought | Cost |
|---|---|---|---|
| A. | N/A | | |
| B. | | | |
| C. | | | |
| D. | | | |
| E. | | | |
| F. | | | |
| G. | | | |
| H. | | | |
| I. | | | |
| J. | | | |

2. Buildings owned by Company.

| | Location | Use |
|---|---|---|
| A. | N/A | |
| B. | | |
| C. | | |
| D. | | |
| E. | | |
| F. | | |
| G. | | |
| H. | | |
| I. | | |
| J. | | |

| | Size | Material | When Built | Cost |
|---|---|---|---|---|
| A. | N/A | | | |
| B. | | | | |
| C. | | | | |
| D. | | | | |
| E. | | | | |
| F. | | | | |
| G. | | | | |
| H. | | | | |
| I. | | | | |
| J. | | | | |

Note: Cost means the original cost of installation, not book value.

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SUPPLY INFORMATION

1. Give a full and complete description of the source or sources from which water is obtained. State whether these sources are owned or leased by the company. If they are leased, quote the terms of the leases. Give the date of the latest opinion of the Department of Public Health regarding each of these sources of supply.

** See Attachment I **

2. Watersheds owned by the Company.

| Location | Area | When Bought | Cost |
|---|---|---|---|
| A. | | | |
| B. | | | |
| C. | | | |
| D. | | | |
| Total | | | |

Remarks:

3. Give a full and complete description of any water supply rights that are owned by the Company and state when they were bought and what was paid for them.

Cost means the original cost of installation, not the book value.

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SUPPLY INFORMATION - Continued

4. Wells

| Location | Inside Dimensions | Depth Below High Water | Covered or Uncovered | When Built | Cost |
|---|---|---|---|---|---|
| A. 431 Beaver Dam Rd | 18" | 32 feet below grade | Covered | 2001 | |
| B. 431 Beaver Dam Rd | 18" | 32 feet below grade | Covered | 2001 | $ 284,237.00 |
| C. 431 Beaver Dam Rd | 18" | 32 feet below grade | Covered | 2001 | |
| D. | | | | | |
| E. | | | | | |
| F. | | | | | |

5. Give a full and complete description of the wells:

** See Attachment I **

6. Reservoirs

| Location | Area at Surface When Full | Full Capacity In Gallons | When Built | Cost |
|---|---|---|---|---|
| A. 248 Old Sandwich Rd | 10,680 sq ft | 2 Million Gallons | 2006 | $ 945,000.00 |
| B. | | | | |
| C. | | | | |
| D. | | | | |
| E. | | | | |
| F. | | | | |

7. Describe the reservoirs, stating to what extent they are artificial; to what extent their bottoms were cleaned before being put into service; to what extent their slopes and bottoms are paved; what provisions have been made for raising the water level and increasing the capacity; and give the character of construction of any dams:

** See Attachment I **

Note: Cost means the original cost of installation, not the book value.

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PUMPING INFORMATION

1. Give a general description of the method employed for delivering the water to the consumers, stating whether gravity is utilized or not; whether the company owns a pumping station or not; and giving all other pertinent information:

** See Attachment II **

2. BOILERS [This Schedule is not presently used]
3. CHIMNEY [This Schedule is not presently used]
4. PUMPING ENGINES, STEAM-ACTUATED [This Schedule is not presently used]

5. PUMPS, DRIVEN BY CONNECTED POWER

| | Location | Type | Name of Builder | When Installed | Cost |
|---|---|---|---|---|---|
| A. | 431 Beaver Dam Road (A & B) | Vertical Turbine | Goulds | 4/15/2000 | $ 86,700.00 |
| B. | 431 Beaver Dam Road | Submersible | Goulds | 4/25/2000 | |
| C. | 248 Old Sanwich Road | In-Line | Goulds | 4/15/2000 | $ 49,537.00 |
| D. | 248 Old Sanwich Road | In-Line | Goulds | 9/25/2006 | |
| E. | 248 Old Sanwich Road | In-Line | Goulds | 9/25/2006 | $ 57,800.00 |
| F. | 248 Old Sanwich Road | In-Line | Goulds | 9/25/2006 | |
| G. | | | Goulds | 9/25/2006 | |
| H. | | | | | |
| I. | | | | | |
| J. | | | | | $ 194,037.00 |

| | Number of Cyls. | Single or Double Acting | Rated Strokes Per Minute | Length of Stroke | Diameter of Pistons or Plungers | How Driven | Displacement Per 24 Hours |
|---|---|---|---|---|---|---|---|
| A. | | | | | | | |
| B. | | | | | | | |
| C. | | | | | | | |
| D. | | | | | | | |
| E. | | | | | | | |
| F. | | | | | | | |
| G. | | | | | | | |
| H. | | | | | | | |
| I. | | | | | | | |
| J. | | | | | | | |

Note: Cost means the original cost of installation, not the book value.

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PUMPING INFORMATION - Continued

6. Gas producers **[This Schedule is not presently used]**

N/A

7. Internal combustion engines.

| | Location | Name of Builder | When Installed | Type of Drive | Cost |
|---|---|---|---|---|---|
| A. | | | | | |
| B. | | | | | |
| C. | | | | | |

| | For Gas, Gasoline, or Oil | Number of Cyls. | Single or Double Acting | Dimensions of Cylinders Diameter | Dimensions of Cylinders Stroke | 2 or 4 Stroke Cycle | Rated H.P. |
|---|---|---|---|---|---|---|---|
| A. | | | | | | | |
| B. | | | | | | | |
| C. | | | | | | | |

8. ELECTRIC MOTORS, INCLUDING COST OF WIRING SWITCHES, ETC.

| | Location | Name of Builder | When Installed | Cost |
|---|---|---|---|---|
| A. | | | | |
| B. | | | | |
| C. | | | | |
| D. | | | | |
| E. | | | | |
| F. | | | | |
| G. | | | | |
| H. | | | | |

| | A.C. or D.C.; If A.C., give Phase | Volts | Type of Drive | Rated H.P. |
|---|---|---|---|---|
| A. | | | | |
| B. | | | | |
| C. | | | | |
| D. | | | | |
| E. | | | | |
| F. | | | | |
| G. | | | | |
| H. | | | | |

Total Horsepower

Note: Cost means the original cost of installation, not the book value.

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PUMPING INFORMATION - Continued

9. WATER WHEELS AND TURBINES

| | Location | Name of Builder | When Installed | Cost |
|---|---|---|---|---|
| A.<br>B.<br>C.<br>D. | N/A | | | |

| | Type of Machine | Diameter of Runner | Working Head | Speed | Type of Drive | Rated H.P. |
|---|---|---|---|---|---|---|
| A.<br>B.<br>C.<br>D. | N/A | | | | | |

10. Give a full and complete description of any water power rights that are owned by the Company, and say when they were bought and what was paid for them:

N/A

Note: Cost means the original cost of installation, not the book value.

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PUMPING INFORMATION - Continued

11. Station Log

| Year and Month | Kwhrs. Used | Pounds of Coal Burned | Gallons of Water Pumped | Hours of Pumping | Average Total Static Head | Average Total Dynamic Head |
|---|---|---|---|---|---|---|
| January | | | | | | |
| February | | | | | | |
| March | | | | | | |
| April | | | | | | |
| May | | | | | | |
| June | N/A | N/A | N/A | N/A | N/A | N/A |
| July | | | | | | |
| August | | | | | | |
| September | | | | | | |
| October | | | | | | |
| November | | | | | | |
| December | | | | | | |
| TOTALS | - | - | - | - | - | - |

12. Based upon the displacement of N/A gallons per revolution with N/A percent allownace for slip N/A

13. Average gallons pumped per day 438,774 gallons per day

14. Maximum gallons pumped in a day 1,044,573 gallons per day

15. Date of same July 15, 2019

16. Range of pressure in main 60 lbs. to 110 lbs.

17. Average pressure in mains 70 lbs. per sq. in

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PUMPING INFORMATION - Concluded

| | | |
|---|---|---|
| 18. Kind of coal | N/A | |
| 19. Average price per net ton, delivered | N/A | |
| 20. Average price of wood per cord, delivered | N/A | |
| 21. Average price of gas per thousand cubic feet | N/A | |
| 22. Average price of gasoline per gallon, delivered | N/A | |
| 23. Average price of fuel oil per gallon, delivered | N/A | |
| 24. Average price of electric power per Kwhr | $0.209 | per KWHr |
| 25. Wood consumed during the year | N/A | Cords |
| 26. Gas consumed during the year | N/A | M. Cubic Feet |
| 27. Gasoline consumed during the year | N/A | Gals |
| 28. Fuel oil consumed during the year | N/A | Gals |
| 29. Electric power used during the year | 315,384 | K.W. Hrs. |

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DISTRIBUTION INFORMATION

1. Mains.

| Nominal Diameter, Inches | Kind of Pipe* | Weight per Foot** | Lengths in Feet: In Use at Beginning of Year | Abandoned: Taken Up Since | Abandoned: But Not Taken Up | Abandoned: Laid Since | In Use at Close of Year |
|---|---|---|---|---|---|---|---|
| 2" | Polyethylene 3408 | 0.6 | 1,452 | 0 | 0 | - | 1,452 |
| 4" | Ductile Iron Class 52 | 13.1 | 2,102 | 0 | 0 | 0 | 2,102 |
| 6" | Ductile Iron Class 52 | 20.3 | 13,828 | 0 | 0 | 60 | 13,888 |
| 8" | Ductile Iron Class 52 | 28.7 | 121,096 | 0 | 0 | 2668 | 123,764 |
| 12" | Ductile Iron Class 52 | 47.2 | 60,143 | 0 | 0 | 0 | 60,143 |
| 16" | Ductile Iron Class 52 | 68.6 | 15,721 | 0 | 0 | 0 | 15,721 |
| | | Totals | 214,342 | - | - | 2,728 | 217,070 |

2. Cost of repairs per mile of pipe, including valves None
3. Number of leaks in mains, during the year 0
4. Number of leaks per mile 0 (No leaks were found and reported
5. Length of mains less than 4 inches in diameter 1452 ft

* if laid on surface of ground, mark $.
** if cast iron, give weight per lineal foot.

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DISTRIBUTION INFORMATION - Continued

6. Water towers or stand pipes

| | Location | Land | | |
|---|---|---|---|---|
| | | Area | When Bought | Cost |
| A. | N/A | | | |
| B. | | | | |
| C. | | | | |
| D. | | | | |

| | Inside Diameter | Capacity In Gallons | When Built | Cost |
|---|---|---|---|---|
| A. | N/A | | | |
| B. | | | | |
| C. | | | | |
| D. | | | | |

7. Services

| Nominal Diameter In Inches | Kind of Pipe | Number Installed and In Use at Beginning of Year | Taken Up Since | Laid Since | Installed and In Use at Close of Year |
|---|---|---|---|---|---|
| 1-inch | Polyethylene 3408 | 2,239 | 0 | 111 | 2,350 |
| 1 1/2 - inch | Polyethylene 3408 | 25 | 0 | 0 | 25 |
| 2-inch | Polyethylene 3408 | 20 | 0 | 0 | 20 |
| Totals | | 2,284 | - | 111 | 2,395 |

8. Average length of service pipe 20 feet

9. Average cost of service laid during the year, $ 0 Paid by deveopers under development agreement

10. Percentage of services that are metered, 100 %

11. Percentage in income that is metered, 100 %

12. Leaks in service during the year, 0

13. Are service pipes paid for by consumers, in whole or in part and to what extent?

Yes, consumers paid for service pipes in whole

Note: Cost means the original cost of construction, not the book value.

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DISTRIBUTION INFORMATION - Continued

14. Gates and valves

| Nominal Diameter, Inches | Kind of Valve | Number in Use at Beginning of Year | Removed Since | Installed Since | Number in Use at Close of Year |
|---|---|---|---|---|---|
| 16" | Buterfly Valve | 39 | - | - | 39 |
| 12" | Gate Valve | 219 | - | - | 219 |
| 8" | Gate Valve | 490 | - | 18 | 508 |
| 6" | Gate Valve | 464 | - | 8 | 472 |
| 4" | Gate Valve | 27 | - | - | 27 |
| 2" | Gate Valve | 6 | - | - | 6 |
| | TOTALS | 1,245 | - | 26 | 1,271 |

The above list should include all valves that are installed in the mains, whether they are gate valves, blow-offs, check valves or otherwise.

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DISTRIBUTION INFORMATION - Continued

14. Hydrants, Public

| Nominal Diameter, Inches | Hose Outlets | Number in Use at Beginning of Year | Removed Since | Installed Since | Number in Use at Close of Year |
|---|---|---|---|---|---|
| 6 Inch | 2.5 Inch | 429 | 0 | 8 | 437 |
| | Totals | 429 | 0 | 8 | 437 |

16. Were all of the above hydrants purchased and installed at the expense of the company?

No

17. If not, under what arrangements were they purchased and installed?

Hydrants located within neighborhoods are contributed to the Pinehills Water Co by builders. However, maintenance and replacement of hydrants are the Pinehills Water Company's responsibility

18. Hydrants, Private

| Nominal Diameter, Inches | Hose Outlets | Number in Use at Beginning of Year | Removed Since | Installed Since | Number in Use at Close of Year |
|---|---|---|---|---|---|
| | | N/A | | | |
| | Totals | | | | |

19. Were the above hydrants purchsaed and installed at the expense of the company? N/A

20. If not, under what arrangements were they purchased and installed? N/A

Page 413

DISTRIBUTION INFORMATION - Continued

21. Meters owned by company*

| Size, Inches | Number at Beginning of Year | | Bought Since | Condemned Since and Removed | Number at Close of Year | |
|---|---|---|---|---|---|---|
| | In Use | On Hand** | | | In Use | On Hand** |
| 3/4 | 2,194 | | 109 | - | 2,303 | - |
| 1 | 45 | - | 2 | - | 47 | - |
| 1 1/2 | 25 | - | - | - | 25 | - |
| 2 | 16 | - | - | - | 16 | - |
| 3 | 4 | - | - | - | 4 | - |
| Totals | 2,284 | - | 111 | - | 2,395 | - |

22. Has the plant been debited with the first cost of installing the meters in use at close of year, above stated?

Yes

23. If so, was the cost the actual cost or some assumed or average cost? Actual Cost

24. Are any of these meters paid for by consumers, and to what extent?

New meters are purchased by builders of residential and commercial properties for each water service and contributed to the water company when construction within the neighborhood or commercial building is completed.

Water meters are supplied and installed by Sarian Company, Inc.

Replacement of meters, not covered under manufacturers warranty, are replaced by the water company at the company's expense.

* This tabulation should include only those meters that are for use in measuring the supply to consumers.

** These meters should include those that are fit for use only.

Page 414

DISTRIBUTION INFORMATION - Concluded

25. Meters owned by company as of December 31, 2019 NONE

| Maker | Type | Size | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | 1/2 | 5/8 | 3/4 | 1 | 1 1/2 | 2 | 3 | 4 | 6 |
| | | | | | | | | | | |
| | Totals | | | | | | | | | |

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## CONSUMPTION INFORMATION

| | | |
|---|---|---|
| 1. Estimated total population of territory covered by franchise | 6,859 | (The population is estimated by using 2.55 persons per husehold as reported on the 2017 Public Water Supply Annual Statistical Report) |
| 2. Estimated population reached by the distributing system | 6,859 | |
| 3. Estimated population actually supplied | 6,859 | |
| 4. Total consumption during the year | 160,152,449 | gals. |
| 5. Average daily consumption | 438,774 | gals. per day |
| 6. Day on which the greatest amount was pumped | July 15, 2019 | |
| 7. Gallons pumped on above day | 1,044,573 | gals. |
| 8. Week during which greatest amount was pumped | July 29, 2019 to August 4, 2019 | |
| 9. Gallons pumped during above week | 6,303,384 | gals. |
| 10. Gallons per day per service | 183.2 | gals. |
| 11. Consumption metered | 160,152,449 | gals. |
| 12. Consumption metered, 100 percent of total consumption | 160,152,449 | gals. |

13. CUSTOMERS

| Number Being Supplied at Beginning of Year | Discontinued Since | Connected Since | Number Being Supplied at Close of Year |
|---|---|---|---|
| 2,284 | 0 | 111 | 2,395 |

| Name of City, Town, or District | Number of Customers as of December 31 |
|---|---|
| Plymouth, MA | 2,395 |

Page 416

CONSUMPTION INFORMATION - Concluded

Attach to the Return a printed copy of all schedules of rates and of the rules and regulations

14. Rates in Effect December 31, 2019

By meter

** See Attachment M.D.T.E NO. 2-A-Jan-Dec **

| | |
|---|---|
| Per faucet, per year | N/A |
| Per hose connection, per year | N/A |
| Per bath tub, per year | N/A |
| Per shower bath, per year | N/A |
| Per foot tub, per year | N/A |
| Per wash tub, per year | N/A |
| Per urinal, per year | N/A |
| Per water closet, per year | N/A |
| Per sink, per year | N/A |
| Per bowl, per year | N/A |
| Per private hydrant, per year | N/A |
| For sprinkler systems | N/A |
| For water motors | N/A |
| Per drinking fountain, per year | N/A |
| Per public hydrant, per year | ** See Attachement IV M.D.T.E NO. 2-A-Jan-Dec ** |
| For watering troughs | N/A |
| Minimum charge | ** See Attachement IV M.D.T.E NO. 2-A-Jan-Dec ** |

Give any contact rates that are in force and state what discounts are allowed for prompt payment and what fines are charged for delayed payment

None

Are payments required in advance?

None

When are meters read and bills rendered?

Meters are read monthly, at the end of each month. Bills are sent out on or about the 10th of each month following the read.

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THIS RETURN IS SIGNED UNDER THE PENALTIES OF PERJURY

Stephen R Karp *President*

Steve F. Fischer *Treasurer*

*Directors*

SIGNATURES OF ABOVE PARTIES AFFIXED OUTSIDE THE COMMONWEALTH OF MASSACHUSETTS MUST BE PROPERLY SWORN TO

SUFFOLK SS. November 13, 2020

Then personally appeared stephen karp and Steven Fischman

and severally made oath to the truth of the foregoing statement by them subscribed according to their best knowledge and belief.

Lisa Wright

*Notary Public or Justice of the Peace*

LISA WRIGHT
MY COMM. EXPIRES NOVEMBER 26, 2021
NOTARY PUBLIC
COMMONWEALTH OF MASSACHUSETTS

## ATTACHMENT I

**Supply Information (page 401)**

1. **Give a full and complete description of the source from which water is obtained. State whether these sources are owned or leased by the Company. If they are leased, quote the terms of the leases. Give the date of the latest opinion of the Department of Public Health regarding each of these sources of supply.**

The Pinehills Water Company leases the pumping facility and is approved for withdrawal by Massachusetts Department of Environmental Protection. The withdrawal permit number is #9P4-4-21-239.04. The pumping station consists of three gravel packed wells within a 50 feet radius. Two primary wells, 18-inch in diameter, are located within the pumping station and one jockey well, 8-inch in diameter, is located outside the pumping station.

The total coliform test is conducted monthly. The last sampling for organic contaminants is included in the 2017 Annual Consumer Confidence Report; a copy of which is attached for your reference.

5. **Give a full and complete description of the wells. (page 402)**

Two primary wells, 18-inch by 24-inch gravel packed wells, are located within the pumping station and one jockey well, 8-inch gravel packed well, is located outside of the pumping station. All three wells are 140 feet below grade including 30 feet of well screen. The water table is about 32 feet below grade.

7. **Describe the reservoirs, stating to what extent they are artificial: to what extent their bottoms were cleaned before being put into service; to what extent their slopes and bottoms are paved; what provisions have been made for raising the water level and increasing the capacity; and give the character of construction of any dams. (page 402)**

The reservoir, which became operational in 2006, is a 2 million gallon concrete water storage tank with 116 ft 7 in as the inside diameter and 25 feet high of side wall. Ten feet of the water storage tank is buried. The tank floor is concrete surface. Prior to conducting the disinfection test, the contractor power washed and vacuumed the floor, the engineer and contractor inspected the floor and accepted the cleaning of the floor. Then a disinfection test was conducted and passed.

There is no plan to increase the water level in the reservoir because the overflow elevation determines the tank capacity.

# ATTACHMENT II

## Pumping Information (page 403)

1. **Give a general description of the method employed for delivering the water to the consumers, stating whether gravity is utilized or not; whether the company owns a pumping station or not; and giving all other pertinent information.**

The Pinehills Water Company operates under lease one primary pumping station at 431 Beaver Dam Road, a booster pumping station and a 2-million gallon water storage tank at 248 Old Sandwich Road. The booster pumping station and the 2-million gallon water storage tank have been in service since October 4, 2006.

The primary pumping station consists of three gravel packed wells and two 12,000 gallon hydro-pneumatic tanks. Two of the three pumps are vertical turbine pumps capable of delivering 1,460 gallons per minute (gpm). The third pump, also called the jockey pump, is a submersible pump capable of delivering 400 gallons per minute (gpm). The delivery of water to consumers is by means of both electrical power and gravity feed to the distribution system.

Prior to using the new water storage tank on October 4, 2006, the pump operated and pressurized the hydro-pneumatic tanks with water until it reached the upper limit. Then the pump would shut off. The upper limit of the water level was the upper limit of the operating pressure (also known as the hydraulic grade line) for the distribution system. As the water level decreased to a lower limit, the pump would start to fill the hydro-pneumatic storage tank until the water level reached the upper limit. The hydro-pneumatic storage tanks were ready for the next cycle. If the jockey pump failed to meet the current water demand and water storage tank, a primary pump with a larger capacity would start to assist in meeting the water demands and fill the hydro-pneumatic storage tanks. The upper and lower limits were set points determined by the operator and they will vary throughout the season. The primary objective was to maintain a minimum system pressure of about 55 psi.

Since October 4, 2006, the control philosophy of the pumps has changed. The water level in the 2 million gallon water storage tank will control pump start and stop operations. The set points will be determined by the operator throughout the season. The primary objective is to fill the tank daily and to maintain a minimum system pressure of about 65 psi for homes in high service areas. The average system pressure is about 70 psi ranging from 60 psi to 110 psi. The pump will start when the water level reaches a lower set point and stop when the water reaches an upper level of the set point.

**Attachment III - 2019 Pumping Information**

| | KWhrs. Used | Avg cost per KWhrs used | Gallons pf water pumped | Hours of pumping | Average total dynamic head |
|---|---|---|---|---|---|
| January | 19,128 | $0.221 | 7,525,356 | 104.52 | 365 |
| February | 16,680 | $0.233 | 6,383,936 | 88.67 | 365 |
| March | 16,096 | $0.244 | 7,126,612 | 98.98 | 365 |
| April | 17,320 | $0.236 | 7,719,017 | 107.21 | 365 |
| May | 22,504 | $0.213 | 11,991,948 | 166.55 | 365 |
| June | 28,336 | $0.197 | 17,427,991 | 242.06 | 365 |
| July | 44,536 | $0.176 | 23,398,488 | 324.98 | 365 |
| August | 41,192 | $0.179 | 24,209,719 | 336.25 | 365 |
| September | 36,160 | $0.184 | 19,446,087 | 270.08 | 365 |
| October | 26,024 | $0.204 | 11,825,724 | 164.25 | 365 |
| November | 27,896 | $0.200 | 14,313,873 | 198.80 | 365 |
| December | 19,512 | $0.221 | 8,783,698 | 122.00 | 365 |
| Total | 315,384 | | 160,152,449 | 2,224.34 | |
| Average | | $0.209 | | | 365 |

**ATTACHMENT IV**

DPU 2019 Annual Return
OPERATING EXPENSES FOOT NOTE and MAXIMUM RENT SCHEDULE

Account No. 575 Miscellaneous Rent:

Operating Lease.
As set forth in the initial investigation and decision of the Department of Telecommunications and Energy (predecessor to the current Department of Public Utilities and hereinafter referred to as "DPU" or the "Department") D.T.E.01-42, the Department accepted the Pinehills Water Company (the "Company") proposal to "lease a substantial portion of its water distribution assets under lease with Pine Springs Realty LLC including the right to use a maximum of $11,256,000 present and planned water supply and distribution facilities" (D.T.E 01-42, page 8).
There were two components to the annual rent paid by the Company to Pine Springs Realty, basic rent which is a variable charge intended to cover the capital costs related of Pine Springs and additional rent which referred to any other charges imposed over and above the basic rent component, including repairs, late payment penalties and interest (D.T.E 01-42 page 9). If the Company lacks sufficient revenue in a billing period to pay its O&M expense, administrative and general expenses, and local taxes, the basic rent payment would be reduced to the Company's collected revenues less expenses (net revenue) with any unpaid basic rent payment amount resulting in a deferred rent charge (the difference between the contracted basic rent and the basic rent actually paid) with a carrying charge equal to the Department's approved rate of return (10.25%). (D.T.E 01-42 page 9) This deferred rent charge remains an obligation of the Company to be paid from future revenues.
The Department's decision further stated that the Company defined the lease as an operating lease for financial accounting purposes in that an operating lease is a contract that does not result in an asset or liability being incorporated on the lessee's balance sheets. With respect to the operating lease, the Department found that the lease provided a mechanism to ensure that customers who connected to the Company's system in the early years of build-out did not subsidize customers added in later years, was consistent with the Department's ratemaking practices and facilitated the tracking of the Company's costs separate from the owner's real estate interest there by reducing the risk of cross-subsidization by water ratepayers (D.T.E 01-42 Page 12).
The Department approved a rate of return of 10.25 % for the Company. As directed by the Department the operating lease (also referred to as the "Facilities Lease Agreement") was revised to provide that the return on investment under the operating lease is equal to the overall rate of return as approved by the Department. (D.T.E. – 01-42 Page 13).

Account No 575 Miscellaneous Rent.
Consistent with the Company's initial filing, for the first three operating years of the Company, 2001 through 2003, no basic rent payments were made under the operating lease by the Company to Pine Springs Realty. As expected, due to the early build-out phase, the Company did not generate sufficient net revenues to allow for any basic rent payments during these initial years. This resulted in a cumulative deferred rent charge of $1, 863,371 for this period.

Beginning in FY 2004, the Company's gross revenues were sufficient to both pay its O&M Expense and other expenses and pay a portion of the annual basic rent charge due, resulting in an additional deferred rent charge which was added to the prior years' deferred rent charge balance. The "net" basic rent paid was reported by the Company as an operating expense on Line 602 Water Purchased for Resale in the annual return. The Company has consistently reported annual "net" basic rent paid in this manner. We have determined that this should be reported under Account 575, Miscellaneous Rent. Beginning with this 2019 Annual Return we will now report the amount of basic rent paid under this account and will continue to do so going forward. In addition, in prior year returns, the Company has not reported the annual cumulative deferred rent charges which are due from the Company to Pine Springs Realty under the operating lease. In order to provide a complete financial picture of the Company, we believe this information should be included as part of the Annual Return Filing and will be doing so on a going forward basis, beginning with this 2019 Annual Return.

Attached is the Maximum Rent Schedule which includes the cumulative deferred rent charges through December 31, 2019. This schedule shows the calculation of the Maximum Rent due from the Company to Pine Springs Realty through 12/31/2019 based on Schedule D of the operating lease. Based on the terms of the operating lease, the attached Maximum Rate Schedule shows the calculation of the current annual basic rent charge ("Actual Capital Cost") for 2019 of $993,508 and the "Net Revenue" of $439,737 which is the miscellaneous rent operating expense reported under Account 575 Miscellaneous Rent. The Maximum Rent Schedule also shows the total deferred rent charge of $20,173,614 which is the cumulative deferred rent charges through December 31, 2019 including the allowed rate of return of 10.25%. This is the Maximum Rent due under the terms of the operating lease The Company has enclosed with this 2019 Annual Return **a copy of the operating lease**. Also enclosed with this 2019 Annual Return is the **Maximum Rent Schedule prepared for each year from 2004 forward through 2019** which sets forth the annual calculation of current basic rent and the then cumulative deferred rent charge with the balance being brought forward in each successive year.

PINEHILLS WATER COMPANY, INC.
PLYMOUTH, MASSACHUSETTS

M.D.T.E. NO. 2-A
Original Sheet 1

## RATES FOR METERED SERVICE

### AVAILABILITY

These rates are available to all customers located on the mains of the Company within The Pinehills community for all purposes except fire service, subject to the RULES AND REGULATIONS of the PINEHILLS WATER COMPANY.

### MONTHLY METER RATES

In addition to the Basic Service quarterly charges as specified below and other charges set forth herein or in the Company's Rules and Regulations, the meter rates for all water sold will be:

| | Per 1000 gallons |
|---|---|
| Volumetric Rate | $7.31 |

Quarterly Basic Service Charge Per Meter:

| Size of Meter (Inches) | Basic Service Charge Per Quarter |
|---|---|
| 5/8" or ¾" meters | $34.25 |
| 1" meters | 86.10 |
| 1-1/2" meters | 171.27 |
| 2" meters | 274.04 |
| 3" meters | 513.82 |
| 4" meters | 856.37 |
| 6" meters | 1,712.73 |
| 8" meters | 2,740.37 |

### CONTRACTORS RATE

Contractors requiring water service shall pay all costs of making a hydrant connection or other connections to the water system, including the cost of installing a water meter and will, in addition, pay for water at the established rates. The Company reserves the right to collect estimated connection costs and one month's Basic Service charge before turning on the water.

### TERMS OF PAYMENT

Bills should be rendered monthly or quarterly at the option of the Company. The above rates are net and are due and payable within thirty (30) days of date of bill.

ISSUED: July 5, 2018
ISSUED BY: Deborah Sedares, Counsel and
Regulatory Permit Manager

EFFECTIVE: July 1, 2018

PINEHILLS WATER COMPANY, INC.
PLYMOUTH, MASSACHUSETTS

M.D.T.E. NO. 2-A
Original Sheet 2

RATES FOR FIRE PROTECTION SERVICE

AVAILABILITY

The following rates shall be imposed quarterly on all customers of the Company, and in accordance with the RULES AND REGULATIONS of the PINEHILLS WATER COMPANY.

| RATES | Per Quarter |
|---|---|
| Quarterly charge to all customers of the Company for Fire Protection Service | $35.18 |

TERMS OF PAYMENT

Bills would be rendered quarterly and are due and payable within thirty (30) days of the date of the bill.

SPECIAL CHARGE

A charge of $100.00 will be made for each unauthorized use of a public fire hydrant.

ISSUED: July 5, 2018
ISSUED BY: Deborah Sedares, Counsel and
Regulatory Permit Manager

EFFECTIVE: July 1, 2018

PINEHILLS WATER COMPANY, INC.
PLYMOUTH, MASSACHUSETTS

M.D.T.E. NO. 2-A
Original Sheet 3

## PRIVATE FIRE SERVICE

### AVAILABILITY

These rates are available to customers located on the mains of the Company within The Pinehills community, for Private Fire Service (Sprinkler Service and Private Hydrant Service) subject to the RULES AND REGULATIONS of the PINEHILLS WATER COMPANY. The total cost of installing fire service connections shall be borne by the customer.

| RATES | Per Quarter |
|---|---|
| For each service connection 4" or less | $240.71 |
| For each 6" service connection | 546.22 |
| For each 8" service connection | 962.83 |
| For each 10" service connection | 1,509.05 |
| For each 12" service connection | 2,166.37 |
| For each private hydrant connected to the mains of the Water Company | 361.06 |

### TERMS OF PAYMENT

Bills shall be rendered quarterly. The above rates are net and due and payable within thirty (30) days of the date of the bill.

### SPECIAL PROVISIONS

(a) All water shall be used for fire protection purposes only.

(b) The Company reserves the right, if water is used in violation of (a) above, to install a meter on the connection at any time which will meet the requirements of the fire insurance companies. In the event a meter is installed, the established meter rates, including both water and minimum charges, will apply in addition to the above rates for Private Fire Protection.

c) A charge of $100.00 will be made for each unauthorized use of private fire facilities.

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ISSUED: July 5, 2018
ISSUED BY: Deborah Sedares, Counsel and
Regulatory Permit Manager

EFFECTIVE: July 1, 2018

PINEHILLS WATER COMPANY, INC.
PLYMOUTH, MASSACHUSETTS

M.D.T.E. NO. 1-A
Original Sheet 11

ATTACHMENT A

Schedule of Charges

1. New Connection Charge:

| | | |
|---|---|---|
| 5/8" meter | (20 gallons per minute) | $350.00 |
| 3/4" meter | (30 gallons per minute) | 350.00 |
| 1" meter | (50 gallons per minute) | 875.00 |
| 1 1/2" meter | (100 gallons per minute) | 1,750.00 |
| 2" meter | (160 gallons per minute) | 2,800.00* |
| 3" meter | (320 gallons per minute) | 5,250.00* |
| 4" meter | (500 gallons per minute) | 8,750.00* |
| 6" meter | (1,000 gallons per minute) | 17,500.00* |
| 8" meter | (1,600 gallons per minute) | 28,000.00* |

* Such charges may be paid over more than one billing period as may be agreed upon by the Customer and the Company.

2. Service Termination or Restoration Charge:

| | |
|---|---|
| Between 9 AM and 4 PM | $25.00 |
| Between 4 PM and 9 AM | 165.00 |
| or actual cost | |

3. Drought Conditions – Termination or Restoration Charge:

| | |
|---|---|
| Between 9 AM and 4 PM | $25.00 |
| Between 4 PM and 9 AM | 165.00 |
| or actual cost | |

4. Meter Testing:

The fee for testing such meter will be fifty dollars for meters one inch and smaller and seventy-five dollars for larger ones, payable in advance of the test. In the event that the meter so tested is found to have an error to the detriment of the customer in excess of two percent at any rate of flow within normal test flow limits, the fee advanced for testing will be refunded, and the current bill rendered based on the last reading of such meter shall be corrected accordingly.

ISSUED: December 10, 2001
ISSUED BY: Deborah Sedares, Counsel and Regulatory Permit Manager

EFFECTIVE: November 29, 2001
for service rendered on or after January 1, 2002

PINEHILLS WATER COMPANY, INC.
PLYMOUTH, MASSACHUSETTS

M.D.T.E. NO. 1-A
Original Sheet 12

Schedule of Charges, Cont'd

| | | |
|---|---|---|
| 5. | Frozen Meters | Actual cost |
| 6. | Return Check Fee | $25.00 |
| 7. | After Hours Call Out | $165.00 |
| 8. | Cross Connection-one device testing | $75.00<br>$35.00 |

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RESTATED
FACILITIES LEASE AGREEMENT

THIS FACILITIES LEASE AGREEMENT is dated as of the 8th day of December, 2004, by and between Pine Springs Realty LLC, a Delaware limited liability company (the "Lessor") and Pinehills Water Company, Inc., a Massachusetts corporation (the "Lessee").

WITNESSETH:

WHEREAS, the Lessor has title to certain facilities for the supply, distribution and storage of water described on Schedule A attached hereto (whether already in existence or hereafter constructed or obtained, referred to collectively as the "Facilities"); and

WHEREAS, the Lessee has need of such Facilities for the development and maintenance of its business as a Massachusetts water utility; and

WHEREAS, the Lessor and the Lessee desire that the Lessor complete the construction of the Facilities and lease the same to the Lessee pursuant to the terms of this Agreement.

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration and of the mutual benefits, covenants, and agreements herein expressed, the Lessor and the Lessee hereby agree as follows:

## ARTICLE I

## DEFINITIONS

*"Additional Rent"* shall have the meaning set forth in Section 4.3(b) of this Agreement.

*"Agreement"* means this Agreement as it may be amended or supplemented from time to time in accordance with the terms hereof.

*"Rent"* shall have the meaning set forth in Section 4.3(a) of this Agreement.

*"Rent Payment Date"* shall mean (A) the 25th day of each month following the Commencement Month and (B) if the Commencement Date occurs prior to the 25th day of the Commencement Month, the 25th day of the Commencement Month; provided that if the 25th day of any month referred to in (A) or (B) of this definition is not a Business Day, the Rent Payment Date shall be the next succeeding Business Day.

*"Rent Payments"* shall have the meaning set forth in Section 4.3(a) of this Agreement.

*"Business Day"* means any day other than (i) a Saturday or Sunday or (ii) a day on which banks in the Commonwealth of Massachusetts are authorized or required to be closed.

*"Casualty"* shall mean loss or damage to the Facilities by fire or other casualty.

*"Closing Date"* means the date of the execution of this Agreement.

*"Commencement Date"* means the Closing Date.

*"Commencement Month"* shall mean the month in which the Commencement Date shall occur.

*"Commonwealth"* means The Commonwealth of Massachusetts.

*"CPI"* or *"CPI Index"* means the Consumer Price Index for the Boston, Massachusetts, Standard Metropolitan Statistical Area, All-Items for all Urban Consumers, 1982-1984 Base, published by the United States Department of Labor, or, if such index is no longer published or its method of computation is substantially modified, a substitute index published by the United States Government or by a reputable publisher of financial or economic statistics that will fairly and reasonably reflect the same or substantially the same information as the discontinued or modified index selected by the Lessee.

*"Default"* means any event which would constitute an "Event of Default" as such term is defined in Section 7.1 of this Agreement.

*"Environmental Law"* means any Law relating to pollution or the environment, including laws relating to noise or to emissions, discharges, releases or threatened releases of Hazardous Materials into the workplace or the environment, or otherwise relating to the presence of Hazardous Materials.

*"Event of Default"* means any occurrence or event specified in and defined by Section 7.1 hereof.

*"Facilities"* shall mean the land, buildings and any other real or personal property set forth on Schedule A.

*"Facilities Cap"* is defined in Section 4.1 hereof.

*"Facilities Modification"* shall have the meaning set forth in Section 8.1 of this Agreement.

*"Facilities Modification Notice"* shall have the meaning set forth in Section 8.1 of this Agreement.

*"Federal Bankruptcy Code"* means Title 11 of the United States Code or any other federal bankruptcy code hereafter in effect.

*"Final MDTE Rate Order"* shall have the meaning set forth in Section 5.2 of this Agreement.

*"Fiscal Quarter"* means any calendar quarter.

*"Fiscal Year"* means the period beginning January 1 and ending December 31 of the same year.

*"Good Faith Contest"* means the contest of an item if: (i) the item is diligently contested in good faith by appropriate proceedings timely instituted and (A) adequate reserves are established in accordance with accounting rules generally applicable to regulated water utility companies in the

Commonwealth with respect to the contested item and held by or for the benefit of the Lessee in cash or investments and (B) during the period of such contest, the enforcement of any contested item is effectively stayed, or (ii) the failure to pay or comply with the contested item during the period of such Good Faith Contest could not reasonably be expected to result in a Material Adverse Effect.

*"Governmental Approvals"* means any authorization, consent, approval, license, franchise, lease, ruling, permit, tariff, rate, certification, exemption, filing or registration by or with any Governmental Authority (including, without limitation, zoning variances, special exceptions and non-conforming uses) relating to the construction, ownership, operation or maintenance of the Facilities or to the execution, delivery or performance of this Agreement.

*"Governmental Authority"* means the federal government, any state or other political subdivision thereof, and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government and any other governmental entity with authority over any aspect of construction or operation of the Facilities.

*"Hazardous Materials"* means any toxic or hazardous pollutant, emissions, contaminants, chemicals, materials, wastes or substances, as any of those terms are defined from time to time in or for the purposes of any relevant Environmental Law, specifically including, but not limited to, asbestos, polychlorinated biphenyls, and any petroleum or hydrocarbon-based products or derivatives.

*"Interest Charges"* for any Period shall mean all interest and all amortization of debt discount and expense on any particular Debt for which such calculations are being made. Computations of Interest Charges on a pro forma basis for Debt having a variable interest rate shall be calculated at the rate in effect on the date of any determination.

*"Law"* means any statute, law, rule, regulation, ordinance, order, code, policy or rule of common law, now or hereafter in effect, and any judicial or administrative interpretation thereof having precedential value by a Governmental Authority or otherwise, including any judicial or administrative order, consent decree or judgment.

*"Lease Term"* is defined in Section 4.2 hereof.

*"Lessee"* means Pinehills Water Company, Inc., a Massachusetts corporation, and its successors and assigns.

*"Lessee Facilities"* means any and all facilities owned by Lessee, including without limitation, any and all facilities constructed by Lessee or contributed to Lessee by third parties, used by Lessee in its water distribution operations as a Massachusetts water utility.

*"Lessor"* means Pine Springs Realty LLC, a Delaware limited liability company, and its successors and assigns.

*"Lien"* means any mortgage, pledge, security interest, hypothecation, collateral assignment, lien (statutory or other), or preference, priority or other security agreement, preferential arrangement or encumbrance which has the practical effect of constituting a security interest (including,

without limitation, any conditional sale or other title retention agreement, any financing lease having substantially the same economic effect as any of the foregoing, and the filing of any financing statement under the Uniform Commercial Code or comparable law of any jurisdiction).

*"Material Adverse Effect"* means a materially adverse effect on (i) the Facilities (including the acquisition, construction, timely completion, operation or maintenance of the Facilities as contemplated by this Agreement), (ii) the operations, results of operations or property of the Lessee or Lessor, as applicable, (iii) the ability of the Lessee or the Lessor, as applicable, to perform its respective obligations under this Agreement, or the ability of the Lessee or the Lessor, as applicable, to obtain performance under this Agreement in accordance with the terms hereof, (iv) the availability of any material Governmental Approval as shall now or hereafter be necessary to be obtained in connection with the acquisition, construction, completion, operation or maintenance of the Facilities, (v) compliance by the Lessee or the Lessor, as applicable, with any material Governmental Approval in whole or in part, or (vi) the financial condition of the Lessee or the Lessor, as applicable.

*"MDTE"* shall have the meaning set forth in Section 5.2 of this Agreement.

*"Officer's Certificate"* means a certificate executed by a duly authorized officer of the Lessor or Lessee, whichever the case may be.

*"Period"* means, as the context requires, a calendar year or specified portion thereof, a Fiscal Year, fiscal quarter or specified number of fiscal quarters of the Lessee.

*"Permitted Encumbrances"* means, as of any particular time, with respect to the Facilities (i) liens thereon for taxes, assessments and governmental charges which are either not yet due, are due but payable without penalty or are the subject of a Good Faith Contest, (ii) such minor defects, irregularities, encumbrances, utility, access and other easements and rights of way, mineral rights, restrictions and exceptions, statutory liens and clouds on title as normally exist with respect to properties similar in character to the Facilities that will not in the aggregate materially interfere with or impair the operations being conducted at the Facilities (or, if no operations are being conducted thereat, the operations for which the Facilities was designed or last modified) or that will not in the aggregate result in a Material Adverse Effect, or which are under contract to be removed or altered in the normal course of constructing the Facilities, (iii) this Agreement, (iv) any mechanic's, laborer's, materialmen's, suppliers, vendors, construction or other like liens or rights arising in the ordinary course of business or incident to the construction or improvement of any property in respect of obligations which are not yet past due or which are the subject of a Good Faith Contest, (v) all deposits or pledges to secure statutory obligations or appeals; releases of attachments, stays of execution or injunctions, performance of bids, tenders, contracts (other than for the repayment of borrowed money), permits or leases; or for purposes of like general nature in the ordinary course of business, (vi) liens in connection with workers' compensation, unemployment insurance or other social security or pension obligations, and (vii) legal or equitable encumbrances deemed to exist by reason of the existence of any litigation or other legal proceeding if the same is the subject of a Good Faith Contest (excluding any attachment prior to judgment, judgment lien or attachment in aid of execution on a judgment).

*"Person"* means any individual, sole proprietorship, corporation, partnership, joint venture, limited liability company, trust, unincorporated association, institution, Governmental Authority or any other entity.

*"Prudent Engineering and Operating Practices"* means the practices, methods and acts generally engaged in or adopted by the water utility industry that at a particular time for other Facilities of similar design and construction as the Facilities, in the exercise of reasonable judgment in light of the facts known or that reasonably should have been known at the time a decision was made, would have been expected to accomplish the desired result in a manner consistent with law, regulation, reliability, safety, environmental protection, economy and expedition.

*"Requirement of Law"* means, as to any Person, any Law applicable to or binding upon such Person or any of its properties or to which such Person or any of its properties is subject, and, as to the Lessor, the Lessee or the Facilities, any Law applicable to or binding on the Facilities or any of its properties or to which the Facilities or any of its properties is subject, including, without limitation, relevant Environmental Laws, restrictive land use covenants and zoning, use and building codes, laws, regulations and ordinances.

*"Uniform Commercial Code"* shall mean the Uniform Commercial Code as in effect from time to time in the Commonwealth.

## ARTICLE II

## REPRESENTATIONS AND WARRANTIES OF THE LESSOR

The Lessor represents and warrants as follows:

(a) *Organization and Authority of the Lessor.* The Lessor (1) is a limited liability company duly organized and validly existing under the laws of its jurisdiction of formation, (2) is a single purpose entity organized for the purposes set forth in its certificate of organization, (3) has all the requisite power and authority and all necessary licenses and permits to own the Facilities and to carry on its business as now conducted and as presently proposed to be conducted, (4) has full power and authority to enter into the transactions contemplated by this Agreement and to carry out its obligations under this Agreement, (5) is not in violation of any provisions of any Laws or any agreement or instrument to which the Lessor is a party or by which it is bound that could reasonably be expected to result in a Material Adverse Effect and (6) by proper action has duly authorized the execution and delivery of this Agreement.

(b) *No Conflicts; Laws and Contracts; No Default.* Neither the execution, delivery and performance by the Lessor of this Agreement nor the consummation of any of the transactions contemplated hereby nor performance of or compliance with the terms and conditions hereof by the Lessor (i) contravenes any Requirement of Law applicable to the Lessor which contravention could reasonably be expected to result in a Material Adverse Effect or (ii) conflicts with or constitutes a default under or results in the violation of the provisions of the certificate of organization of the Lessor or any other agreement to which the Lessor is a party that could reasonably be expected to result in a Material Adverse Effect.

(c) *Authorization; Execution and Delivery; Enforceability.* This Agreement has been duly authorized, executed and delivered by the Lessor and constitutes the legal, valid and binding obligation of the Lessor enforceable against the Lessor in accordance with its terms, except as such enforceability (A) may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the enforcement of creditors' rights and remedies generally and (B) is subject to general principles of equity (regardless of whether enforceability is considered in a proceeding in equity or at law).

(d) *Litigation.* Except as disclosed in Schedule B attached hereto, there is no litigation or proceeding pending, or to the knowledge of the Lessor threatened, against the Lessor, or to the knowledge of the Lessor affecting it, which would adversely affect the validity or enforceability of this Agreement, or the ability of the Lessor to comply with its obligations under this Agreement, or the transactions contemplated hereby.

(e) *Government Approvals.* To the knowledge of the Lessor, upon the performance of reasonable diligence in connection therewith, all material Governmental Approvals which are required to be obtained in the name of the Lessor in connection with the (i) construction and leasing of the Facilities to the Lessee and (ii) the execution, delivery and performance by the Lessor of this Agreement are set forth in Schedule C attached hereto. To the knowledge of the Lessor, upon the performance of reasonable diligence in connection therewith, each of such Governmental Approvals set forth in Part A of Schedule C has been obtained or made, was validly issued on the basis of an application and submission in respect thereof which was complete an accurate in all material respects, and is in full force and effect.

None of the Governmental Approvals set forth in Part B of Schedule C hereto relating to the Lessor are required to be obtained prior to the date hereof and the Lessor does not have any reason to believe it will be unable to obtain such Governmental Approvals in the ordinary course of business and at such time or times as may be necessary to avoid any substantial delay in, or material impairment to, the consummation and performance of the transactions contemplated by this Agreement.

(f) *Taxes.* The Lessor has filed, or caused to be filed, all tax and information returns that are required to be filed by it in any jurisdiction, and has paid all taxes shown to be due and payable on such returns and all other taxes and assessments payable by it, to the extent the same have become due and payable.

(g) *Title to Facilities.* The Lessor has good and clear record title to the Facilities, subject only to Permitted Encumbrances.

## ARTICLE III

## REPRESENTATIONS AND WARRANTIES OF THE LESSEE

The Lessee represents and warrants as follows:

(a) *Organization, Power and Status of the Lessee.* The Lessee (i) is a corporation duly organized, validly existing and in good standing under the laws of the Commonwealth and (ii) is duly authorized to do business in the Commonwealth and, to the extent necessary, in each

other jurisdiction where the character of its properties or the nature of its activities makes such qualification necessary. The Lessee is a water utility which is subject to regulations under the laws of the Commonwealth as a public service corporation. The Lessee has all requisite power and authority to lease and operate the property it purports to lease and to carry on its business as now being conducted and as proposed to be conducted in respect of the Facilities.

(b) *Authorization; Enforceability; Execution and Delivery.*

(i) The Lessee has all necessary power and authority to execute, deliver and perform under this Agreement.

(ii) All action on the part of the Lessee that is required for the authorization, execution and delivery of this Agreement has been duly and effectively taken;

(iii) This Agreement constitutes the legal, valid and binding obligation of the Lessee enforceable against it in accordance with the terms hereof, except as such enforceability (A) may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the enforcement of creditors' rights and remedies generally and (B) is subject to general principles of equity (regardless of whether enforceability is considered in a proceeding in equity or at law).

(c) *No Conflicts; Laws and Contracts; No Default.*

(i) Neither the execution, delivery and performance by the Lessee of this Agreement nor the consummation of any of the transactions contemplated hereby nor performance of or compliance with the terms and conditions hereof by the Lessee (A) contravenes any Requirement of Law applicable to the Lessee or the Facilities which contravention could reasonably be expected to result in a Material Adverse Effect, (B) constitutes a default under or results in the violation of the provisions of the articles of incorporation of the Lessee that could reasonably be expected to result in a Material Adverse Effect.

(ii) The Lessee is in compliance with and not in default under any and all Requirements of Law applicable to the Lessee, the operation and maintenance of the Facilities and all terms and provisions of this Agreement, unless such noncompliance or such default could not reasonably be expected to result in a Material Adverse Effect.

(d) *Governmental Approvals.* To the knowledge of the Lessee, upon the performance of reasonable diligence in connection therewith, all material Governmental Approvals which are required to be obtained in the name of the Lessee in connection with (i) the operation and maintenance of the Facilities and (ii) the execution, delivery and performance by the Lessee of this Agreement are set forth in Schedule C hereto, except for those Governmental Approvals the failure of which to obtain could not reasonably be expected to have a Material Adverse Effect.

To the knowledge of the Lessee, upon the performance of reasonable diligence in connection therewith, each of the Governmental Approvals set forth in Part A of Schedule C, has been duly obtained or made, was validly issued on the basis of an application and submission in

respect thereof which was complete and accurate in all material respects, and is in full force and effect.

None of the Governmental Approvals set forth in Part B of Schedule C hereto are required to be obtained prior to the date hereof. The Lessee does not have any reason to believe that it will be unable to obtain the Governmental Approvals set forth in Part B of Schedule C hereto in the ordinary course of business and at such time or times as may be necessary to avoid any substantial delay in, or material impairment to, the consummation and performance of the transactions as contemplated by this Agreement.

(e) *Litigation.* Other than as described in Schedule B, there are no actions, suits or proceedings at law or in equity or by or before any Governmental Authority now pending against the Lessee or to the best of the Lessee's knowledge, threatened against the Lessee or pending or threatened against any property or other assets or rights of the Lessee with respect to this Agreement or the Facilities that could reasonably be expected to result in a Material Adverse Effect.

(f) *Taxes.* The Lessee has filed, or caused to be filed, all tax and information returns that are required to have been filed by it in any jurisdiction, and has paid all taxes shown to be due and payable on such returns and all other taxes and assessments payable by it, to the extent the same have become due and payable, except to the extent there is a Good Faith Contest thereof by the Lessee.

## ARTICLE IV

## LEASE OF THE FACILITIES AND RENTAL PROVISIONS

*Section 4.1. Lease of the Facilities; Commencement Date.* The Lessor will lease to the Lessee and the Lessee will lease from the Lessor the Facilities for and during the Lease Term provided and on and subject to the terms and conditions set forth in this Agreement. The Lessor shall acquire, construct, and install the Facilities as specified in Section 6.3 hereof and the Lessee agrees during the term of this Agreement beginning with the Commencement Date to use and occupy the Facilities in accordance with this Agreement. Any Facilities acquired or constructed by the Lessor after the Commencement Date (the "New Facilities") shall be added to the description of the Facilities found on Schedule A and shall be subject to the terms and conditions of this Agreement as if they had been owned or constructed by the Lessor at the Commencement Date. It is expressly agreed by the parties hereto that the total aggregate cost of construction and acquisition of the Facilities to the Lessor may not exceed $11,256,000 (the "Facilities Cap"). Any and all costs associated with the Facilities which exceed the Facilities Cap shall be contributed to the Lessor by the Lessee.

*Section 4.2. Duration of Term.* The term of this Agreement shall commence as of the Closing Date (the "Commencement Date"), and unless terminated as provided in this Agreement, shall expire five (5) years after the Commencement Date (the "Lease Term").

The Lessor agrees to permit the Lessee to have and remain in sole and exclusive possession of the Facilities immediately on the Commencement Date. Except as otherwise expressly provided in this Agreement, neither the Lessor nor any person claiming through or

under it shall enter on the premises demised hereby for any purpose without the prior written consent of the Lessee. The Lessor covenants and represents that it has full right and lawful authority to enter into this Agreement for its full term, including any extension of the term. As long as the Lessee shall duly perform all its obligations under this Agreement, the Lessee shall have the right to have, hold, and enjoy peaceful, quiet and undisputed possession of the Facilities during the Lease Term, subject only to the matters specifically herein excepted, and the Lessor shall take all appropriate action requested by the Lessee to enforce such possession.

*Section 4.3. Rental Provisions.*

(a) *Rent.* The Lessee covenants to pay to the Lessor as rent ("Rent") the amounts calculated under the provisions set forth on Schedule D attached hereto on each Rent Payment Date. All such payments of Rent are sometimes referred to as " Rent Payments".

(b) *Additional Rent.* All amounts and liabilities which the Lessee is required to pay under this Agreement other than Rent pursuant to Section 4.3(a), together with any penalty, interest and cost which may be added for nonpayment or late payment thereof shall constitute additional rent hereunder ("Additional Rent"). If the Lessee shall fail to pay such Additional Rent when the same shall become due, the Lessor shall have all the rights, powers and remedies with respect thereto as are provided herein or by law in the case of nonpayment of Rent and shall, except as provided herein, have the right to pay the same on behalf of the Lessee.

(c) *Lease.* This Agreement is a lease commencing on the Commencement Date and, any present or future Law to the contrary notwithstanding, shall not terminate except as otherwise specifically provided herein. Nor shall the Lessee be entitled to any abatement or reduction, set-off, counterclaim, defense or deduction with respect to any Rent or Additional Rent. Nor shall the obligations of the Lessee hereunder be affected except as otherwise expressly provided herein. The Lessee shall remain obligated under this Agreement in accordance with its terms and shall not take any action to terminate, rescind or avoid this Agreement, notwithstanding any bankruptcy, insolvency, reorganization, liquidation, dissolution or other proceeding affecting the Lessor, or any action with respect to this Agreement which may be taken by any trustee, receiver or liquidator or by any court.

*Section 4.4. Casualty.*

(a) If, prior to the end of the Lease Term, there shall be a loss or damage to the Facilities or the Lessee Facilities by reason of the occurrence of a Casualty, the Lessee shall be obligated to continue to make the payments required to be made by the Lessee under this Agreement.

(b) The proceeds of any insurance received by reason of a Casualty shall be paid to the Lessee. Such insurance shall be maintained by Lessee as provided in Section 5.5.

(c) Immediately after the occurrence of a Casualty, the Lessee shall notify the Lessor in writing of such event.

(d) Lessee shall be obligated to repair and restore the Facilities (including any Facilities Modifications under Section 8.1) and the Lessee Facilities, in a diligent and

workmanlike manner in accordance with all material applicable Requirements of Law and in accordance with Prudent Engineering and Operating Practice. If the proceeds of insurance received by Lessee under section 4.4(b) are insufficient to cover the complete cost of repair and restoration, Lessee shall be obligated to fund any such deficiency. Lessee shall commence any repair or restoration under this Section 4.4(d) reasonably promptly after the Lessee's receipt of the insurance proceeds and shall proceed with such repair or restoration in a diligent and workmanlike manner.

## ARTICLE V

## LESSEE COVENANTS AND AGREEMENTS

The Lessee hereby covenants and agrees:

*Section 5.1.* *Reporting Requirements.* The Lessee shall furnish to the Lessor:

(a) as soon as practicable and in any event within 120 days after the end of each Fiscal Year (commencing with the Fiscal Year ending December 31, 2001), a balance sheet of the Lessee as of the end of such Fiscal Year and the related statements of income and cash flow during such Fiscal Year setting forth in each case in comparative form the figures from the preceding Fiscal Year;

(b) at the same time as the annual financial statements are delivered pursuant to clause (a) above, an Officer's Certificate (i) confirming that all insurance policies required pursuant to Section 5.5 are in full force and effect on the date thereof, (ii) confirming the names of the companies issuing such policies, (iii) confirming the amounts and expiration dates of such policies, (iv) stating that payment of premiums on such policies has been made, (v) stating that such policies comply with the requirements of Section 5.5 and (vi) including a summary of all claims against insurance and the status of each during the preceding Fiscal Year;

(c) at the same time as the financial statements are delivered pursuant to clause (a) above, an Officer's Certificate to the effect that (i) no Event of Default exists under this Agreement and (ii) to the knowledge of the Lessee, no default by the Lessee which could not reasonably be expected to be cured within the applicable cure period or, in either case, if such statement cannot be so certified, specifying in reasonable detail the exceptions to such statement and the actions to be taken with respect to such exceptions;

(d) each of the following items:

(i) promptly after the Lessee learns of the occurrence thereof, written notice of the occurrence of any event or condition which constitutes (or that, upon notice or lapse of time or both, would constitute) an Event of Default under this Agreement, specifically stating that such event or condition has occurred and describing it and any action being or proposed to be taken with respect thereto;

(ii) written notice of the occurrence of any Casualty and an Officer's Certificate setting forth the details thereof and the action which the Lessee is taking or proposes to take with respect thereto; and

(iii) written notice of the occurrence of any event giving rise to a claim under any insurance policy which might be expected to be in an amount greater than $500,000 (escalating at the CPI from April 1, 2001) together with copies of any document relating thereto (including copies of any such claim) in possession or control of the Lessee or any agent thereof.

*Section 5.2. Final MDTE Rate Order.* The Lessee agrees to use all reasonable efforts to obtain from the Massachusetts Department of Telecommunications and Energy (the "MDTE") at the earliest time on or after the Commencement Date occurs, a final and unappealable rate order issued by the MDTE (the "Final MDTE Rate Order") approving rates reflecting use of the Facilities and the Lessee Facilities to serve end-use customers.

*Section 5.3. Maintenance of Existence, Properties, Maintenance of Property, Facilities Status, Governmental Approvals, Audit Expenses.*

(a) The Lessee shall preserve and maintain (i) its legal existence as a corporation and its good standing under the laws of the Commonwealth and its qualification to do business in the Commonwealth and (ii) all of its rights, privileges and franchises necessary for the operation of the Facilities.

(b) The Lessee shall perform in all material respects all of its covenants and agreements contained in this Agreement, the nonperformance of which could reasonably be expected to result in a Material Adverse Effect.

(c) From and after the Commencement Date, the Lessee will maintain and operate the Facilities, or cause the Facilities to be maintained and operated (i) in good order and repair, (ii) in compliance with the provisions of this Agreement, (iii) substantially in accordance with Prudent Engineering and Operating Practices and (iv) in accordance with Section 5.3 (e). From and after the Commencement Date the Lessee will pay or cause to be paid all charges for utilities supplied to the Facilities.

(d) The Lessee shall use all reasonable efforts to obtain and to maintain in full force and effect all Governmental Approvals that are necessary from time to time (i) to conduct its business as currently conducted and as proposed to be conducted and (ii) to perform its obligations under this Agreement, unless the failure to so obtain or maintain any such Governmental Approval could not reasonably be expected to result in a Material Adverse Effect.

(e) The Lessee shall maintain and operate the Facilities in order to function as a Massachusetts water utility providing water service to the Pinehills community. Notwithstanding anything in this Agreement to the contrary, if at any time Lessee shall cease to provide water service to the Pinehills community or cease operations as a Massachusetts water utility, Lessor shall have the right to unilaterally terminate this Agreement in order to ensure continuity of service to the Pinehills community. If the provisions of this Agreement are terminated pursuant to this Section 5.3(e), the Lessor shall have the rights set forth in Section 7.3, below.

*Section 5.4. Compliance with Laws.* The Lessee shall comply in all material respects with all Requirements of Law applicable to the Lessee or the Facilities (a) in conducting its business as currently conducted and as proposed to be conducted pursuant to this Agreement and (b) in performing its material obligations under this Agreement except for any Requirements of Law the noncompliance with which could not reasonably be expected to result in a Material Adverse Effect.

*Section 5.5. Insurance.*

(a) To the extent available on commercially reasonable terms, the Lessee shall at all times from and after the Commencement Date and during the Lease Term effect, maintain and keep in force, or cause to be effected, maintained and kept in force, the insurance listed in Schedule E. Insurance required pursuant to Schedule E shall be with responsible insurance carriers which are authorized to do business in the Commonwealth and have a Best's Rating of "A-XII" or as agreed upon by the Lessor and the Lessee.

(b) The Lessor shall be named as a joint loss payee under all required property and business interruption/extra expense insurance, and shall be named as an additional insured as its interest may appear with respect to the insurance required by Schedule E. The Lessor shall also be named as an additional insured with respect to General Liability, Excess Liability and Automobile Liability insurance required by Schedule E, as to claims based upon or relating to the acts or omissions of the Lessee, in connection with the Facilities.

(c) Upon procurement by the Lessee of the insurance set forth in Schedule E, the Lessee shall furnish to the Lessor certification of all required insurance. Such certification shall be executed by each insurer or by an authorized representative of each insurer. Such certification shall identify insurers, the type of insurance, the insurance limits, a description of the Facilities and/or operations, the risks covered thereby and the policy term. The Lessee shall certify that the premiums on all such policies have been paid in full for the current year or will be paid when due. Upon request by the Lessor, the Lessee will promptly furnish to the Lessor copies of all insurance policies, binders and cover notes or other evidence of such insurance relating to the Facilities.

(d) If at any time any of the insurance required pursuant to this Section 5.5 shall no longer be available on commercially reasonable terms, the Lessee shall procure substitute insurance coverage that is the most equivalent to the required coverage and available on commercially reasonable terms.

(e) The loss, if any, under any property and/or business interruption/extra expense insurance required to be carried under Schedule E shall be adjusted with the insurance companies or otherwise collected, including the filing in a timely manner of appropriate proceedings, by the Lessee. In addition, the Lessee shall take all other steps necessary to collect from insurers any loss covered by any of the insurance policies in Schedule E. All such policies shall provide that the loss, if any, under such insurance shall be adjusted and paid as provided in this Section 5.5.

(f) The Lessor and the Lessee shall cooperate and consult with each other in all matters pertaining to the settlement or adjustment of any and all claims and demands for damages on account of any taking or condemnation of the Facilities or pertaining to the settlement,

compromise or arbitration of any claim on account of any damage or destruction of the Facilities or any portion thereof.

(g) If, at any time, the MDTE or any Governmental Authority imposes an obligation on the Lessee to procure insurance different from or in addition to that set forth on Schedule E, such insurance shall be obtained by Lessee in accordance with such instruction by the MDTE or Governmental Authority and the provisions of this Section 5.5 shall otherwise apply to all such insurance.

*Section 5.6. Payment of Taxes and Claims.* From and after the Commencement Date, the Lessee shall, prior to the time penalties shall attach thereto, pay and discharge or cause to be paid and discharged all taxes, assessments and governmental charges or levies, including but not limited to, all real estate taxes and assessments, lawfully imposed upon it or upon its income or profits and all lawful claims or obligations which either constitute a Lien upon, or, if unpaid, would become a Lien upon the Facilities, or upon any part thereof; provided the Lessee shall not be required to pay any such tax, assessment, charge, levy, claim or obligation if there is a Good Faith Contest thereof by the Lessee. The Lessee shall promptly pay or cause to be paid any valid, final judgment enforcing any such tax, assessment, charge, levy or claim and cause the same to be satisfied of record unless such judgment is then the subject of a Good Faith Contest.

*Section 5.7. Books and Records.* The Lessee shall at all times keep proper books and records of all of its business and financial affairs and all of the business and financial affairs of the Facilities in accordance with accounting rules generally applicable to regulated water utility companies in the Commonwealth. The Lessee shall keep books of account or records concerning its accounts, inventory, contract rights, equipment and proceeds at its offices located at its principal offices.

*Section 5.8. Right of Inspection.* Subject to requirements of applicable Law and safety requirements and upon reasonable notice from the Lessor, the Lessee shall permit the Lessor or any agents or representatives thereof, from time to time during normal business hours to conduct reasonable inspections and examinations at all reasonable times of the Facilities and the records of the Lessee relating to the Facilities.

*Section 5.9. Compliance with Environmental Laws.* The Lessee (i) shall comply in all material respects with all Environmental Laws applicable to the leasing, operation or use of the Facilities, and shall cause any persons occupying the Facilities to comply in all material respects with all such Environmental Laws except, in all events, where the failure to comply with such Environmental Laws would not result in a Material Adverse Effect, (ii) shall immediately pay or cause to be paid all costs and expenses incurred in connection with such compliance as such costs and expenses become due and payable (unless the payment of any such costs or expenses is the subject of a Good Faith Contest by the Lessee) and (iii) shall keep or cause to be kept the Facilities free and clear of any Liens other than Permitted Encumbrances imposed pursuant to such Environmental Laws (unless any such Lien is stayed or bonded). The Lessee shall not generate, use, treat, store, release, dispose of, or transport or permit the generation, use, treatment, storage, release, disposal or transportation of Hazardous Materials on, at, from, or to the Facilities except, in all events, in material compliance with all applicable Environmental Laws.

*Section 5.10. Assignment and Subletting.* The Lessee agrees that it will not sublet the Facilities or assign its interest hereunder, nor shall the Lessee mortgage, pledge or otherwise encumber its interest hereunder.

## ARTICLE VI

## LESSOR COVENANTS

*Section 6.1. Maintenance of Existence.* The Lessor shall preserve and maintain (i) its legal existence as a limited liability company, (ii) its good standing under the laws of the Commonwealth and its qualification to do business in the Commonwealth and (iii) all of its rights, privileges and franchises necessary for ownership of the Facilities.

*Section 6.2. Compliance with Certain Agreements and Performance of General Covenants.*

(a) The Lessor shall perform in all material respects all of its obligations under this Agreement, the non-performance of which could reasonably be expected to result in a Material Adverse Effect.

(b) The Lessor shall comply in all material respects with all Requirements of Law applicable to the Lessor and the Facilities in performing its obligations under this Agreement, except any thereof the noncompliance with which could not reasonably be expected to result in a Material Adverse Effect.

(c) The Lessor further covenants that, to the extent permitted by Law, it shall take no action nor enter into any agreement which could reasonably be expected to result in a Material Adverse Effect.

*Section 6.3. Construction of Facilities.*

(a) The Lessor will acquire, construct and install the Facilities or cause the Facilities to be acquired, constructed and installed, all in accordance with this Agreement, with diligence and continuity (except for unavoidable interruptions which the Lessor will use its best efforts to mitigate) in accordance with all material applicable Requirements of Law and in accordance with Prudent Engineering and Operating Practice. The Lessor shall use all reasonable efforts to cause the Facilities to be substantially completed. All construction costs shall be paid for by the Lessor. Lessee hereby acknowledges satisfactory completion of all Facilities set forth on Schedule A as of the date of execution of this Agreement. Lessee shall further acknowledge, not later than ten (10) business days after a request by Lessor for such acknowledgement, either (i) satisfactory completion of the Facilities as such are constructed or acquired on an ongoing basis, or (ii) specific reasons for dissatisfaction with the Facilities. Lessor shall make all commercially reasonable efforts to complete the Facilities to the satisfaction of Lessee.

(b) The Lessor shall use all reasonable efforts to obtain and to maintain in full force and effect all Governmental Approvals applicable to the Lessor that are necessary from time to

time (i) to conduct its business as currently conducted and as proposed to be conducted and (ii) to perform its obligations under this Agreement, unless the failure to so obtain or maintain any such Governmental Approval could not reasonably be expected to result in a Material Adverse Effect.

*Section 6.4.* *Liens.* The Lessor shall not create or suffer to exist or permit any Lien upon or with respect to the Facilities except for Permitted Encumbrances.

## ARTICLE VII

## EVENTS OF DEFAULT AND REMEDIES

*Section 7.1.* *Events of Default.* The term "Event of Default", whenever used herein, shall mean any of the following events (whatever the reason for such event and whether it shall be voluntary or involuntary or come about or be affected by operation of law, or be pursuant to or in compliance with any applicable Law), and any such event shall continue to be an Event of Default if and for so long as it shall not have been remedied:

(a) The Lessee shall fail to pay any payment of Rent or Additional Rent due hereunder within ten (10) days of when the same becomes due and payable; or

(b) The Lessee shall fail to maintain insurance as required by Sections 5.5(a) and (b) and such failure shall continue uncured for ten (10) days after the Lessee has actual knowledge of such failure; or

(c) The Lessee shall fail to observe or perform any material covenant, condition or agreement contained in this Agreement on the part of the Lessee to be performed and such failure shall continue for thirty (30) days after written notice specifying such failure and requiring the same to be remedied shall have been given to the Lessee by the Lessor; provided, however, that if said default is such that it cannot be corrected within the applicable period, it shall not constitute an Event of Default if corrective action is instituted by the Lessee (or the Lessor on behalf of the Lessee) within the applicable period and diligently pursued until the default is corrected; *provided, further*, however, such default must be curable; or

(d) Any representation or warranty made by the Lessee herein shall prove to have been false or misleading in any respect as of the time made, confirmed or furnished and the inaccuracy of such representation or warranty has resulted or would reasonably be expected to result in a Material Adverse Effect, and such misrepresentation shall continue uncured for thirty (30) or more days from the date the Lessee has actual knowledge thereof; provided that if the Lessee commences efforts to cure such inaccuracy within such thirty (30) day period, the Lessee may continue to effect such cure of the misrepresentation (and such misrepresentation shall not be deemed an "Event of Default" hereunder) for an additional sixty (60) days after such thirty (30) day period as long as the Lessee is diligently pursuing the cure; or

(e) With respect to this Agreement: (A) the Agreement is declared unenforceable or otherwise amended by a judicial authority of competent jurisdiction or a Governmental Authority of competent jurisdiction in a final, non-appealable judgment, or (B) any party hereto denies it is required to comply with any material obligation hereunder and such event would reasonably be

expected to result in a Material Adverse Effect; provided, however, that neither of the events described in clause (A) or (B) above shall be an Event of Default if within 180 days after the occurrence of such event (x) the party which made the denial described in clause (B) above, retracts the denial or (y) the parties to this Agreement enter into an alternative agreement which contains, as certified by the Lessee and Lessor, substantially equivalent terms and conditions; or

(f) A final and non-appealable judgment or judgments for the payment of money in excess of $500,000 shall be rendered against the Lessee or any of the property or assets of the Lessee, and the same shall remain unpaid, unvacated or unstayed by appeal or consent for a period of thirty (30) or more consecutive days from the date of entry thereof; or

(g) The Lessee or the Lessor shall (i) apply for or consent to the appointment of, or the taking of possession by, a receiver, custodian, trustee or liquidator of itself or of all or a substantial part of its property, (ii) admit in writing its inability, or be generally unable, to pay its debts as such debts become due, (iii) make a general assignment for the benefit of its creditors, (iv) commence a voluntary case under the Federal Bankruptcy Code, (v) file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding-up, or composition or readjustment of debts, (vi) fail to controvert in a timely and appropriate manner, or acquiesce in writing to, any petition filed against such Person in an involuntary case under the Federal Bankruptcy Code, or (vii) take any corporate or other action for the purpose of effecting any of the foregoing; or

(h) A proceeding or case shall be commenced against the Lessee or Lessor without its application or consent in any court of competent jurisdiction, seeking (i) its liquidation, reorganization, dissolution, winding-up, or the composition or readjustment of debts, (ii) the appointment of a trustee, receiver, custodian, liquidator or the like of such Person under any law relating to bankruptcy, insolvency, reorganization, winding-up, or composition or adjustment of debts, and such proceeding or case shall continue undismissed, or any order, judgment or decree approving or ordering any of the foregoing shall be entered and continue unstayed and in effect, for a period of ninety (90) or more consecutive days, or any order for relief against such Person shall be entered in an involuntary case under the Federal Bankruptcy Code; or

(i) The Lessor shall fail to observe or perform any material covenant, condition or agreement contained in this Agreement on the part of the Lessor to be performed and such failure shall continue for thirty (30) days after written notice specifying such failure and requiring the same to be remedied shall have been given to the Lessor by the Lessee; provided, however, that if said default is such that it cannot be corrected within the applicable period, it shall not constitute an Event of Default if corrective action is instituted by the Lessor (or the Lessee on behalf of the Lessor) within the applicable period and diligently pursued until the default is corrected; *provided further*, however, such default must be curable; or

(j) Any representation or warranty made by the Lessor herein shall prove to have been false or misleading in any respect as of the time made, confirmed or furnished and the inaccuracy of such representation or warranty has resulted or would reasonably be expected to result in a Material Adverse Effect, and such misrepresentation shall continue uncured for thirty (30) or more days from the date the Lessor has actual knowledge thereof; provided that if the Lessor commences efforts to cure such inaccuracy within such thirty (30) day period, the Lessor may continue to effect such cure of the misrepresentation (and such misrepresentation shall not

be deemed an "Event of Default" hereunder) for an additional sixty (60) days after such thirty (30) day period as long as the Lessor is diligently pursuing the cure.

*Section 7.2. Remedies.*

(a) Upon the occurrence of an Event of Default described in Section 7.1(a) above, the Lessor may initiate an action against the Lessee to collect the unpaid Rent referred to in Section 7.1(a) but the Lessor shall not have the right to accelerate any Rent Payments or initiate any bankruptcy, insolvency, reorganization, liquidation, dissolution or other similar proceeding against the Lessee, provided, however, that if any such action or proceeding shall be initiated as a result of another Event of Default with respect to which such action or proceeding is permitted hereunder, the Lessor may include in such action or proceeding the collection of such unpaid Rent on a *pari passu* basis.

(b) Upon the occurrence of any Event of Default, the Lessor may initiate an action or proceeding against the Lessee for specific performance or money damages resulting from such Event of Default and shall further have the right to terminate the provisions of this Agreement (and the Lessee's leasehold interest hereunder) upon ten (10) days written notice to the Lessee. If the provisions of this Agreement are terminated pursuant to this Section 7.2(b), the Lessor shall have the rights set forth in Section 7.3, below.

(c) Upon the occurrence of any Event of Default, the Lessee may initiate an action or proceeding against the Lessor for specific performance or money damages resulting from such Event of Default and shall further have the right to terminate the provisions of this Agreement (and the Lessee's leasehold interest hereunder) upon ten (10) days written notice to the Lessor.

*Section 7.3. Additional Remedies on Default; Obtaining the Facilities and Lessee Facilities upon Default.* Whenever any Event of Default under this Agreement shall have occurred and be continuing, and the Lessor has declared the provisions of this Agreement (and the Lessee's leasehold interest hereunder) terminated pursuant to Section 7.2(b), or the Lessor has declared the provisions of this Agreement terminated pursuant to Section 5.3(e), the Lessor may, in addition to its other rights and remedies hereunder, do any of the following to the extent permitted by applicable Law and the provisions hereof:

(i) personally, or by trustees or attorneys, immediately take possession of the Facilities and the Lessee Facilities or any part thereof, from the Lessee or any other Person who then has possession of any part thereof with or without notice or process of law, and for that purpose may enter upon the premises where any of the Facilities or Lessee Facilities are located and remove the same and use in connection with such removal any and all services, supplies, aids and other facilities of the Lessee; and

(ii) instruct the obligor or obligors on any agreement, instrument or other obligation relating to the Facilities or the Lessee Facilities to make any payment required by the terms of such instrument, agreement or obligation directly to the Lessor; and

(iii) at the option of Lessor, take immediate and permanent title to all Lessee Facilities. Lessee hereby agrees to execute, acknowledge or deliver any bills of sale or any

other instrument requested by Lessor to transfer title to the Lessee Facilities under this Section 7.3 (iii). Lessee also agrees that if it shall fail at any time to execute, acknowledge or deliver any such bill of sale or instrument requested by Lessor pursuant to this Section 7.3 (iii), Lessor may, in addition to any other remedies available to it, execute, acknowledge and deliver such instrument as the attorney in fact of Lessee and in Lessee's name, and Lessee hereby makes, constitutes and irrevocably appoints Lessor as its attorney in fact for such purpose.

To the extent permitted by law, the Lessee's obligation to deliver the Facilities is of the essence of this Agreement and, accordingly, upon application to a court of equity having jurisdiction, the Lessor shall be entitled to obtain a decree requiring specific performance by the Lessee of said obligation.

*Section 7.4. Waiver.* Except as otherwise provided in this Agreement, if an Event of Default shall have occurred and be continuing, the Lessee hereby waives, to the extent permitted by applicable law, notice or judicial hearing in connection with the Lessor's taking possession of the Facilities, including, without limitation, any and all prior notice and hearing for any prejudgment remedy or remedies and any such right which the Lessee would otherwise have under the constitution or any statute of the United States or of any state, and the Lessee, for itself and all who may claim under it, hereby further waives, to the fullest extent permitted by applicable law:

(i) all damages occasioned by such taking of possession of the Facilities;

(ii) all other requirements with respect to the enforcement of the Lessor's rights hereunder; and

(iii) all rights of redemption, appraisement, valuation, stay, extension or moratorium now or hereafter in force under any applicable Law in order to prevent or delay the enforcement of this Agreement.

*Section 7.5. Remedies Cumulative; No Waiver.* Each and every right, power and remedy hereby specifically given to the Lessor shall be in addition to every other right, power and remedy specifically given under this Agreement or now or hereafter existing at Law or in equity, or by statute, and each and every right, power and remedy whether specifically herein given or otherwise existing may be exercised from time to time or simultaneously and as often and in such order as may be deemed expedient by the Lessor. All such rights, powers and remedies shall be cumulative, and the exercise or the partial exercise of one shall not be deemed a waiver of the right to exercise of any other. No delay or omission of the Lessor in the exercise of any of its rights, remedies, powers and privileges hereunder or partial or single exercise thereof, and no renewal or extension of any Rent Payment, shall impair any such right, remedy, power or privilege or shall constitute a waiver thereof.

*Section 7.6. Discontinuance of Proceedings.* In case the Lessor shall have instituted any proceeding to enforce any right, power or remedy under this Agreement by foreclosure, sale, entry or otherwise, and such proceeding shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Lessor, then, in every such case, the Lessee and the Lessor shall be restored to their former positions and rights hereunder with respect to the

Facilities, subject to the security interest created under this Agreement, and all rights, remedies and powers of the Lessor shall continue as if no such proceeding had been instituted.

## ARTICLE VIII

## FACILITIES MODIFICATIONS

*Section 8.1. Facilities Modifications.* The Lessee, at its own expense, shall make any addition, alteration, improvement or modification to the property constituting the Facilities (hereinafter, a "Facilities Modification") which is required by Law or Governmental Authority. In addition, the Lessee, at its expense, from time to time may make any Facilities Modification it may deem desirable in the conduct of its business provided that the Lessee shall not have the right to make any such Facilities Modification that will materially diminish the value or utility of the Facilities or reduce its remaining useful life, and, further provided that any such Facilities Modification shall be completed in accordance with applicable Law and Prudent Engineering and Operating Practices. Prior to the Lessee making any Facilities Modification under this Section 8.1, the Lessee shall provide written notice of the plan of Facilities Modification to Lessor (a "Facilities Modification Notice"). Lessor shall have the right to disapprove any Facilities Modification if such Facilities Modification will not comply with applicable Law and Prudent Engineering and Operating Practices.

*Section 8.2. Title to Modifications.* Title to each Facilities Modification made pursuant to Section 8.1 shall vest in the Lessor, whether or not the cost of such Facilities Modification is paid for by the Lessee and whether or not the construction of such Facilities Modification is performed by Lessee. Any Facilities Modification made after the Commencement Date shall further be added to the description of the Facilities found on Schedule A and shall be subject to the terms and conditions of this Agreement as if they had been owned or constructed by the Lessor at the Commencement Date.

## ARTICLE IX

## LEASE RENEWAL; PURCHASE OPTION

*Section 9.1. Renewal.* Subject to the notice option set forth in Section 9.2 and so long as no Event of Default shall have occurred which shall be continuing on the Non-Renewal Notice Date or the Renewal Date, the term of this Agreement shall be automatically renewed at the end of the Lease Term for one five-year period (a "Renewal Term") which Renewal Term shall commence on the date following the end of the Lease Term (a "Renewal Date") and successive five-year Renewal Terms thereafter commencing on the date following the end of each Renewal Term. All of the provisions of this Agreement shall apply during a Renewal Term except that the applicable Rent shall be established for each Renewal Term and set forth on a new schedule to this Agreement. If the parties are unable to agree on an applicable Rent for a Renewal Term by the date three (3) months prior to the end of the Lease Term (or such other date as the parties may mutually agree), the Agreement shall terminate effective as of the end of the Lease Term.

*Section 9.2. Non-Renewal Notice.* Not later than six (6) months prior to the expiration date of the Lease Term (or any applicable Renewal Term), the Lessor or Lessee may indicate its

desire not to renew the term of this Agreement pursuant to Section 9.1 by delivering written notice (a "Non-Renewal Notice") to the other party stating that the Lessor or Lessee, as appropriate, does not wish the Agreement to renew.

*Section 9.3. Purchase Option; Right of First Refusal.* At any time within the three (3) month period beginning six (6) months prior to the expiration of the Lease Term or any applicable Renewal Term and ending three (3) months prior to the expiration of the Lease Term or any applicable Renewal Term (as applicable, the "Purchase Option Period"), the Lessee shall have the option to purchase the Facilities from the Lessor for a purchase price based on the depreciated book value of the Facilities, determined in a manner consistent with such calculations performed by the MDTE (the "Purchase Option"). Lessee shall exercise the Purchase Option by delivery of a written notice indicating its intent to do so delivered to Lessor within the Purchase Option Period. Payment by Lessee shall be made by and such purchase shall be effective as of the date of the expiration of the Lease Term or any applicable Renewal Term.

In the event that any third party shall make an offer to purchase the Facilities from the Lessor during the Purchase Option Period, but prior to the Lessee's exercise of the Purchase Option provided in this Section, the Lessor, prior to consummating any agreement for the sale of the Facilities (a "Facilities Sale Agreement") shall first offer in a written notice to the Lessee to sell the Facilities to the Lessee (a "Sale Offer") on the same terms and conditions as are contained in the Facilities Sale Agreement. Within ninety (90) days after the receipt by the Lessee of a Sale Offer, the Lessee shall notify the Lessor in writing if it shall accept or reject the Sale Offer and if no such notice is received from the Lessee, the Lessee shall be deemed to have rejected the Sale Offer. If the Sale Offer shall be rejected by the Lessee, the Lessor may consummate the sale of the Facilities in accordance with the Facilities Sale Agreement. If the Sale Offer is accepted by the Lessee, the Lessor and Lessee shall consummate the sale of the Facilities to the Lessee pursuant to the Sale Offer; provided, that the period during which the sale shall be consummated may be extended if necessary for the purpose of obtaining any required MDTE approval.

## ARTICLE X

## MISCELLANEOUS COVENANTS

*Section 10.1. Release and Indemnification Covenants with Respect to the Lessor.* To the extent permitted by Law, the Lessee will, at its expense, indemnify and hold harmless the Lessor and its directors, officers, employees and agents against and from any and all claims, damages, demands, expenses, liabilities of every kind (other than the gross negligence or willful, wrongful acts of the Lessor, its directors, officers, agents, servants, and employees) asserted by or on behalf of any person, firm, corporation or Governmental Authority arising out of, resulting from the condition, use, possession, conduct, management, planning, design, acquisition, construction, installation, financing or ownership of the Facilities. To the extent permitted by Law, the Lessee will also, at its expense, indemnify and save harmless the Lessor against and from all costs, counsel fees, expenses and liabilities incurred in any action or proceeding brought by reason of any such claim or demand. If any proceeding is brought against the Lessor by reason of any such claim or demand, the Lessee will, upon notice from the Lessor, defend such proceeding on behalf of the Lessor. Notwithstanding the foregoing, the Lessee shall not be obligated to indemnify the Lessor or any of its directors, officers, employees or agents or hold any of them harmless against or from or in respect of any claim, damage, demand, expense, liability or loss arising from the

intentional or willful misconduct or gross negligence of the Lessor or any of its directors, officers, employees or agents. The Lessor shall not be liable for any settlement of any claim, suit, action or proceeding made without its consent (which consent shall not be unreasonably withheld). This Section shall survive the termination or expiration of this Agreement for any reason.

*Section 10.2. Expenses of the Lessor.* The Lessee shall pay the reasonable out-of-pocket expenses of the Lessor (including reasonable counsel fees) in connection with the performance of the duties of the Lessor under this Agreement. This Section shall survive the termination or expiration of this Agreement for any reason.

*Section 10.3. Restrictions on Sale of the Facilities by the Lessor.* Except as contemplated or permitted by this Agreement, the Lessor agrees that it will not sell, assign, convey, or otherwise dispose of any part of the Facilities during the Lease Term. Lessor shall be permitted, however to sell, assign, convey, or otherwise dispose of any part of the Facilities in connection with an assignment pursuant to Section 10.4.

*Section 10.4. Assignment; Successors and Assigns.* This Agreement may be assigned in whole or in part by the Lessee upon obtaining the express written consent of the Lessor and any necessary approval from the MDTE; provided, however, that in the event of any assignment, the Lessee shall continue to remain liable for payments under this Agreement and for performance and observance of the other agreements and covenants on its part as herein provided. This Agreement may be assigned in whole or in part by the Lessor upon obtaining any necessary approval from the MDTE. This Agreement and all covenants, promises and agreements made by or on behalf of the Lessor or the Lessee herein shall inure to the benefit of, and shall be binding upon the Lessor, the Lessee and their respective successors and assigns.

## ARTICLE XI

## MISCELLANEOUS

*Section 11.1. Notices.* All notices, requests or other communications hereunder shall be deemed duly delivered, given or made to or upon any party hereto if in writing and delivered by hand against receipt, or by certified or registered mail, postage prepaid, return receipt requested, or to a courier who guarantees next business day delivery, or sent by telecopy (with confirmation), to such party at its address set forth below or to such other addresses as such party may at any time, or from time to time, direct by notice given in accordance with this Section:

If to Lessor:

Pine Springs Realty LLC
33 Summerhouse Drive
Plymouth, Massachusetts 02360

with a copies to:

Goulston & Storrs

400 Atlantic Avenue
Boston, MA 02110-3333
Attn: David Weiss, Esq.

and

Rich May, a Professional Corporation
176 Federal Street, 6th Floor
Boston, MA 02110
Attn: Eric J. Krathwohl, Esq.

If to Lessee:

Pinehills Water Company, Inc.
33 Summerhouse Drive
Plymouth, Massachusetts 02360

with copies to:

Goulston & Storrs
400 Atlantic Avenue
Boston, MA 02110-3333
Attn: David Weiss, Esq.

and

Rich May, a Professional Corporation
176 Federal Street, 6th Floor
Boston, MA 02110
Attn: Eric J. Krathwohl, Esq.

The date of delivery of any such notice, request or other communication shall be the earlier of (i) the date of actual receipt, (ii) three (3) business days after such notice, request or other communication is sent if sent by certified or registered mail, (iii) if sent by courier who guarantees next business day delivery the business day next following the day such notice, request or other communication is actually delivered to courier or (iv) the day actually telecopied.

*Section 11.2. Binding Effect.* This Agreement shall inure to the benefit of and shall be binding upon the Lessor, the Lessee and their respective successors and assigns, subject, however, to the limitations contained in Section 10.4.

*Section 11.3. Severability.* If any provision of this Agreement shall be determined to be unenforceable at any time, that shall not affect any other provision of this Agreement or the enforceability of that provision at any other time.

*Section 11.4. Amendments.* This Agreement and the rights and obligations of the Lessor and the Lessee hereunder may be amended by an amendment hereof in writing which has been executed by the Lessor and the Lessee.

*Section 11.5. Right of Lessee to Perform Lessor's Agreements.* In the event the Lessor shall fail to make any payment or perform any act required to be performed hereunder, and the Lessor is not contesting the same, then and in each such case the Lessee may (but shall not be obligated to) remedy such failure for the account of the Lessor and make advances for that purpose; provided, however, that except in the case of an emergency situation, Lessee shall first provide written notice to Lessor of Lessee's intention to remedy such failure (a "Lessee Remedy Notice"). If Lessor does not remedy such failure within ten (10) business days after receipt of the Lessee Remedy Notice, Lessee may take action to remedy any such failure. No such performance or advance shall operate to release the Lessor from any such failure and any sums so advanced shall be repayable by the Lessor on demand and shall bear interest at the rate of 1% per annum over the prime rate if advanced by the Lessee.

*Section 11.6. Right of Lessor to Perform Lessee's Agreements.* In the event the Lessee shall fail to make any payment or perform any act required to be performed hereunder, and the Lessee is not contesting the same, then and in each such case the Lessor may (but shall not be obligated to) remedy such failure for the account of the Lessee and make advances for that purpose; provided, however, that except in the case of an emergency situation, Lessor shall first provide written notice to Lessee of Lessor's intention to remedy such failure (a "Lessor Remedy Notice"). If Lessee does not remedy such failure within ten (10) business days after receipt of the Lessor Remedy Notice, Lessor may take action to remedy any such failure. No such performance or advance shall operate to release the Lessee from any such failure and any sums so advanced shall be repayable by the Lessee on demand and shall bear interest at the rate of 1% per annum over the prime rate if advanced by the Lessor.

*Section 11.7. Applicable Law.* This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth.

*Section 11.8. Captions; References to Sections.* The captions in this Agreement are for convenience only and do not define or limit the scope or intent of any provisions or Sections of this Agreement. References to Articles and Sections are to the Articles and Sections of this Agreement, unless the context otherwise requires.

*Section 11.9. Complete Agreement.* This Agreement represents the entire agreement between the Lessor and the Lessee with respect to its subject matter.

*Section 11.10. Counterparts.* This Agreement may be signed in several counterparts. Each will be an original, but all of them together constitute the same instrument.

*Section 11.11. Recording of Agreement.* Notice of this Agreement and every modification and assignment hereof shall be recorded in the Office of the Register of Deeds for Plymouth County, Massachusetts, or in such other office as may be at the time by Law as the proper place for such recording.

*Section 11.12 Arbitration.* Except as otherwise provided in this Agreement, any dispute arising out of or related to this Agreement, that Lessor and Lessee are unable to resolve shall be submitted to arbitration in Boston, Massachusetts (or another location if mutually agreed to by the parties) before a single arbitrator in accordance with the Commercial Arbitration Rules of the

American Arbitration Association. The decision of the arbitrator shall be rendered in writing and shall state the reasons on which it is based and shall bear the signature of the arbitrator. The decision of the arbitrator shall be final and binding upon the parties and judgment on the award may be entered in any court having jurisdiction thereof. In connection with such arbitration, the arbitrator may, but it is not required, to award the prevailing party or parties all or a portion of the costs, including reasonable legal and arbitration fees and other damages, associated with efforts to enforce this Agreement or recover damages for violation or breach of this Agreement.

**[Remainder Of Page Intentionally Left Blank]**

IN WITNESS WHEREOF, the Lessor and the Lessee have caused this Agreement to be signed in their behalf by their duly authorized representatives as of the date first written above.

Pine Springs Realty LLC, a Delaware limited liability company

By: Pinehills LLC, a Massachusetts limited liability company, its Manager

By: Green Plymouth LLC, a Massachusetts limited liability company, its Manager

By: _____
Name: Anthony D. Green
Title: Manager
Hereunto duly authorized

Pinehills Water Company, Inc., a Massachusetts corporation

By: _____
Name: Steven S. Fischman
Title: Treasurer
Hereunto duly authorized

## SCHEDULE A- DESCRIPTION OF THE FACILITIES

**To Facilities Lease Agreement between Pine Springs Realty LLC and Pinehills Water Company, Inc.**

Facilities are as shown on the "As Built" drawings for the Pinehills Water Company Pumping Station, as shown on a plan prepared by Horsley & Witten, Inc., Environmental Services, dated August 2000, consisting of ten sheets, a copy of which has been provided to Lessee, and which is incorporated herein by this reference as if attached hereto. Additional Facilities, including the buildout of the water distribution system are to be included on an additional plan to be finalized by Horsley & Witten, Inc., which plan, once completed, shall be deemed incorporated herein by this reference as if attached hereto.

## SCHEDULE B- PENDING OR EXISTING LITIGATION

**To Facilities Lease Agreement between Pine Springs Realty LLC and Pinehills Water Company, Inc.**

None.

## SCHEDULE C- GOVERNMENTAL APPROVALS

**To Facilities Lease Agreement between Pine Springs Realty LLC and Pinehills Water Company, Inc.**

**Part A – Current validly issued Governmental Approvals**

1. Water Withdrawal Permit No. 9P3-21-239.03 dated June 6, 1999
2. New Source Approval—Site Approval dated June 25, 1998
3. New Source Approval—Approval to Conduct Pumping Test dated August 12, 1998
4. New Source Approval—Approval of Source Final Report dated February 23, 1999
5. New Source Approval—Approval of to Construct Source for Proposed Water Supply Pumping Station at Pinehills Community dated August 20, 1999, as amended by Letter dated November 18, 1999
6. New Source Approval—Approval of Final Inspection and Approval of Pine Springs Water Company as Public Water System Identification No. 4239055, dated October 30, 2000
7. Department of Telecommunications and Energy Rate Setting
8. First Amendment to Water Withdrawal Permit No. 9P3-21-239.03 and Permit Renewal dated July, 2004

**Part B – Governmental Approvals currently being sought**

## SCHEDULE D – RENT

**To Facilities Lease Agreement between Pine Springs Realty LLC ("Lessor") and Pinehills Water Company, Inc. ("Lessee")**

Rent shall be calculated semi-annually by January 31 and July 31 of each year or at such other frequency as the parties may agree (the "Billing Period"). Lessee shall pay the Rent within ten (10) business days following its receipt of such calculation.

Rent for each Billing Period shall be equal to the lesser of (i) Net Revenue of Lessee for such Billing Period or (ii) the Maximum Rent for such Billing Period.

Net Revenue means gross revenue of Lessee minus the sum of (i) operations expenses, (ii) maintenance expenses, (iii) general and administrative expenses and (iv) local taxes payable by Lessee, all determined with respect to the Billing Period.

Maximum Rent means the Lessor's Actual Capital Cost plus the Deferred Charge Payment.

Actual Capital Cost, with respect to each Billing Period, is calculated by multiplying an annual Return on Investment by Lessor's Net Amount of Capital Invested in the Facilities that are the subject of this lease, adding to that product (i) an Actual Book Depreciation (which depreciation is calculated by multiplying composite depreciation rates as compiled by the National Association of Regulatory Utility Commissioners (or if the MDTE has set depreciation rates for calculation of Lessee's charges to customers, then such depreciation rates) by plant type by Lessor's Investment by plant type (net of contributions in aid of construction) and (ii) an allowance for income taxes as calculated to be due by owners of Lessor based upon the highest federal and state income tax rates of an individual resident in Massachusetts. For the purposes of this calculation, the annual return on investment shall equal the overall rate of return as approved from time to time for the Lessee (currently set at 10.25% by the MDTE's Order in D.T.E. 01-42).

Deferred Charge Payment, with respect to each Billing Period, means the sum of (i) the difference between the Maximum Rent for the immediately preceding Billing Period and the Net Revenue for the immediately preceding Billing Period (the "Cumulative Shortfall") plus (ii) a deferred charge on the Cumulative Shortfall (similar to interest) calculated at a rate equal to 10.25% per annum computed from the last day of the immediately preceding Billing Period.

Projected Rent charges, based on estimates as of 4/1/01 are set forth in the following Table D-1.

It is intended that this calculation of Rent provide recovery by Lessor of all costs (including a reasonable return, as would be allowed by the MDTE for water utility companies) it incurs in making the Facilities available to Lessee under this Lease.

**Table D-1**
**Pinehills Water Company, Inc.**
**Example Rent Calculation**

| Semi-annual Period | Revenues | Expenses | Net Revenues | Period Max Rent Before Interest | 10.75% Interest | Period Maximum Rent | Period Shortfall | Cummulative Shortfall "Maximum Rent" | Rent due for Period |
|---|---|---|---|---|---|---|---|---|---|
| 1 | 17,500 | (81,500) | (64,000) | 236,000 | - | 236,000 | 300,000 | 300,000 | (64,000) |
| 2 | 17,500 | (81,500) | (64,000) | 236,000 | 16,125 | 252,125 | 316,125 | 616,125 | (64,000) |
| 3 | 61,500 | (91,500) | (30,000) | 267,500 | 33,117 | 300,617 | 330,617 | 946,742 | (30,000) |
| 4 | 61,500 | (91,500) | (30,000) | 267,500 | 50,887 | 318,387 | 348,387 | 1,295,129 | (30,000) |
| 5 | 236,500 | (104,000) | 132,500 | 280,000 | 69,613 | 349,613 | 217,113 | 1,512,242 | 132,500 |
| 6 | 236,500 | (104,000) | 132,500 | 280,000 | 81,283 | 361,283 | 228,783 | 1,741,025 | 132,500 |
| 7 | 330,500 | (145,000) | 185,500 | 373,500 | 93,580 | 467,080 | 281,580 | 2,022,605 | 185,500 |
| 8 | 330,500 | (145,000) | 185,500 | 373,500 | 108,715 | 482,215 | 296,715 | 2,319,320 | 185,500 |
| 9 | 433,500 | (182,500) | 251,000 | 555,500 | 124,663 | 680,163 | 429,163 | 2,748,484 | 251,000 |
| 10 | 433,500 | (182,500) | 251,000 | 555,500 | 147,731 | 703,231 | 452,231 | 3,200,715 | 251,000 |
| 11 | 565,000 | (202,500) | 362,500 | 598,500 | 172,038 | 770,538 | 408,038 | 3,608,753 | 362,500 |
| 12 | 565,000 | (202,500) | 362,500 | 598,500 | 193,970 | 792,470 | 429,970 | 4,038,724 | 362,500 |
| 13 | 684,000 | (212,500) | 471,500 | 669,500 | 217,081 | 886,581 | 415,081 | 4,453,805 | 471,500 |
| 14 | 684,000 | (212,500) | 471,500 | 669,500 | 239,392 | 908,892 | 437,392 | 4,891,197 | 471,500 |
| 15 | 814,000 | (222,500) | 591,500 | 715,500 | 262,902 | 978,402 | 386,902 | 5,278,099 | 591,500 |
| 16 | 814,000 | (222,500) | 591,500 | 715,500 | 283,698 | 999,198 | 407,698 | 5,685,797 | 591,500 |
| 17 | 954,500 | (232,500) | 722,000 | 772,500 | 305,612 | 1,078,112 | 356,112 | 6,041,909 | 722,000 |
| 18 | 954,500 | (232,500) | 722,000 | 772,500 | 324,753 | 1,097,253 | 375,253 | 6,417,161 | 722,000 |
| 19 | 1,062,500 | (242,500) | 820,000 | 803,000 | 344,922 | 1,147,922 | 327,922 | 6,745,084 | 820,000 |
| 20 | 1,062,500 | (242,500) | 820,000 | 803,000 | 362,548 | 1,165,548 | 345,548 | 7,090,632 | 820,000 |

## SCHEDULE E- INSURANCE

**To Facilities Lease Agreement between Pine Springs Realty LLC and Pinehills Water Company, Inc.**

(a) Worker's Compensation Insurance - in accordance with Massachusetts' laws, including Employer's Liability Insurance with the limits of $100,000 each, $500,000 disease/policy limit and $100,000 disease/per employee.

(b) Primary Commercial General Liability Insurance-on an occurrence form with limits of $1,000,000 per occurrence , $2,000,000 for products and completed operations aggregate primary , $1,000,000.00 personal and advertising liability, $50,000.00 fire legal liability, $5,000.00 medical expense limit (each person) and a $2,000,000 per project general aggregate plus umbrella/excess liability coverage of $2,000,000.

(c) Automobile Insurance- including coverage for owned and non-owned and hired automobiles which provides a $1,000,000 combined single limit of insurance for bodily injury and property damage, including death resulting there from.

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FIRST AMENDMENT TO RESTATED

FACILITIES LEASE AGREEMENT

THIS FIRST AMENDMENT TO RESTATED FACILITIES LEASE AGREEMENT (the "First Amendment") is dated as of December 7th, 2009, by and between Pine Springs Realty LLC, a Delaware limited liability company (the "Lessor") and Pinehills Water Company, Inc., a Massachusetts corporation (the "Lessee").

WITNESSETH:

WHEREAS, the Lessor and the Lessee have previously entered into that certain Restated Facilities Lease Agreement dated as of the 8th day of December, 2004 (the "Lease Agreement"), and

WHEREAS, the Lessor and the Lessee desire to extend the Lease Term for an additional five (5) year term; and

WHEREAS, capitalized terms used but not otherwise defined in this First Amendment shall have the meanings ascribed to them in the Lease Agreement.

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration and of the mutual benefits, covenants, and agreements herein expressed, the Lessor and Lessee hereby agree as follows:

1. Lease Term. The Lease Term as defined in Section 4.2 of the Lease Agreement is extended for an additional five (5) year term from and after the date set forth herein above.

2. Ratification. The parties hereto agree that, except as amended by this First Amendment, the Lease Agreement is hereby ratified and confirmed in all respects

3. Counterparts. This First Amendment may be executed in one or more counterparts, each of which shall be deemed as original and which together shall constitute one and the same instrument.

**[Remainder of page intentionally left blank.]**

IN WITNESS WHEREOF, the parties hereto have executed this First Amendment as an instrument under seal on the date and year first written above.

Pine Springs Realty LLC, a Delaware limited liability company

By: Pinehills LLC, a Massachusetts limited liability company
Its Manager

By: Pinehills Holdings LLC, a Massachusetts limited liability company, its Manager

By: _____
Name: Anthony D. Green
Title: Its Authorized Signatory
Hereunto duly authorized

Pinehills Water Company, Inc., a Massachusetts corporation

By: _____
Name: John J. Judge
Title: General Manager and Clerk
Hereunto duly authorized

SECOND AMENDMENT TO RESTATED

FACILITIES LEASE AGREEMENT

THIS SECOND AMENDMENT TO RESTATED FACILITIES LEASE AGREEMENT (the "First Amendment") is dated as of December 6th, 2014, by and between Pine Springs Realty LLC, a Delaware limited liability company (the "Lessor") and Pinehills Water Company, Inc., a Massachusetts corporation (the "Lessee").

WITNESSETH:

WHEREAS, the Lessor and the Lessee have previously entered into that certain Restated Facilities Lease Agreement dated as of the 8th day of December, 2004 as amended by that First Amendment to Restated Facilities Lease Agreement dated as of December 7, 2009 (collectively the "Lease Agreement"), and

WHEREAS, the Lessor and the Lessee desire to extend the Lease Term for an additional five (5) year term; and

WHEREAS, capitalized terms used but not otherwise defined in this Second Amendment shall have the meanings ascribed to them in the Lease Agreement.

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration and of the mutual benefits, covenants, and agreements herein expressed, the Lessor and Lessee hereby agree as follows:

1. Lease Term. The Lease Term as defined in Section 4.2 of the Lease Agreement is extended for an additional five (5) year term from and after the date set forth herein above.

2. Ratification. The parties hereto agree that, except as amended by this Second Amendment, the Lease Agreement is hereby ratified and confirmed in all respects

3. Counterparts. This Second Amendment may be executed in one or more counterparts, each of which shall be deemed as original and which together shall constitute one and the same instrument.

**[Remainder of page intentionally left blank.]**

IN WITNESS WHEREOF, the parties hereto have executed this Second Amendment as an instrument under seal on the date and year first written above.

Pine Springs Realty LLC, a Delaware limited liability company

By: Pinehills LLC, a Massachusetts limited liability company
Its Manager

By: Pinehills Holdings LLC, a Massachusetts limited liability company, its Manager

By: _____
Name: Anthony D. Green
Title: Its Authorized Signatory
Hereunto duly authorized

Pinehills Water Company, Inc., a Massachusetts corporation

By: _____
Name: John J. Judge
Title: General Manager and Clerk
Hereunto duly authorized

**Pine Springs Realty LLC**

**Pinehills Water Co., Inc.**

| 1/1/04-12/31/04 | Billing Period |
|---|---|

| | | | | |
|---|---|---|---|---|
| **Rent for Period =** | **Net Revenue** | (Misc Rent Paid 1/1/04-12/31/04) | 317,141 | from Pinehills Water Co Inc. |
| **Maximum Rent =** | **ACC** | Actual Capital Cost | 624,099 | (Basic Rent Due 1/1/04-12/31/04) |
| | **+ DC** | Deferred Charge from prior billing period | 1,863,371 | |
| | **= MR** | Maximum Rent (cumulative) | **2,487,470** | |

---

**ACC = Actual Capital Cost:**

| | | |
|---|---|---|
| 55,655 | | Land |
| 5,389,278 | + | Prop & equip |
| 5,444,933 | = | Capital invested **(as of 12/31/2004 )** |
| | ? - | Accumulated Deferred Income Taxes |
| (436,239) | - | Accumulated Book Dep'n (Utility rates) |
| 5,008,694 | = | net capital invested |
| 10.25% | x | Annual Return (10.25% currently) |
| 513,391 | = | |
| 110,708 | + | Book Dep'n (Utility rates) |
| | + | Allow for income Taxes (highest individual Federal & State rates for MA residents) |
| **624,099** | = | **Actual Capital Cost** |

**DC = Deferred Charge:**

| | | |
|---|---|---|
| 1,843,780 | | Maximum Rent (from billing period 2001-2003) |
| (153,648) | - | Net Revenues (from billing period 2001-2003) |
| 1,690,132 | = | Shortfall (cumulative) |
| 10.25% | x | 10.25% (Rate of Return) |
| **173,239** | = | Rate of Return on Cumulative Deferred Rent Charge |
| **1,863,371** | = | **Deferred Charge (total)** |

---

**Net Revenue:**

| | | |
|---|---|---|
| 615,666 | | Revenues |
| (298,525) | - | Operating Expenses |
| 317,141 | = | Net Revenue (loss) (Misc Rent Paid 1/1/04-12/31/04) |

**Pine Springs Realty LLC**

**Pinehills Water Co., Inc.**

| 1/1/05-12/31/05 | Billing Period |
|---|---|

| | | | | |
|---|---|---|---|---|
| **Rent for Period =** | **Net Revenue** | (Misc Rent Paid 1/1/05-12/31/05) | 656,335 | from Pinehills Water Co Inc. |
| **Maximum Rent =** | **ACC** | Actual Capital Cost | 682,143 | (Basic Rent Due 1/1/05-12/31/05) |
| | **+ DC** | Deferred Charge from prior billing period | 2,392,787 | |
| | **= MR** | Maximum Rent (cumulative) | **3,074,930** | |

---

**ACC = Actual Capital Cost:**

| | | |
|---|---|---|
| 55,655 | | Land |
| 5,988,097 | + | Prop & equip |
| 6,043,752 | = | Capital invested **(as of 12/31/2005 )** |
| | ? - | Accumulated Deferred Income Taxes |
| (555,876) | - | Accumulated Book Dep'n (Utility rates) |
| 5,487,876 | = | net capital invested |
| 10.25% | x | Annual Return (10.25% currently) |
| 562,507 | = | |
| 119,636 | + | Book Dep'n (Utility rates) |
| | + | Allow for income Taxes (highest individual Federal & State rates for MA residents) |
| **682,143** | = | **Actual Capital Cost** |

**DC = Deferred Charge:**

| | | |
|---|---|---|
| 2,487,470 | | Maximum Rent (from billing period 1/1/04-12/31/04) |
| (317,141) | - | Net Revenues (from billing period 1/1/04-12/31/04) |
| 2,170,329 | = | Shortfall (cumulative) |
| 10.25% | x | 10.25% (Rate of Return) |
| **222,459** | = | Rate of Return on Cumulative Deferred Rent Charge |
| **2,392,787** | = | **Deferred Charge (total)** |

---

**Net Revenue:**

| | | |
|---|---|---|
| 983,496 | | Revenues |
| (327,161) | - | Operating Expenses |
| 656,335 | = | Net Revenue (loss) (Misc Rent Paid 1/1/05-12/31/05) |

**Pine Springs Realty LLC**

**Pinehills Water Co., Inc.**

| 1/1/06-12/31/06 | Billing Period |
|---|---|

| | | | | |
|---|---|---|---|---|
| **Rent for Period =** | **Net Revenue** | (Misc Rent Paid 1/1/06-12/31/06) | 598,150 | from Pinehills Water Co Inc. |
| **Maximum Rent =** | **ACC** | Actual Capital Cost | 942,052 | (Basic Rent Due 1/1/06-12/31/06) |
| | **+ DC** | Deferred Charge from prior billing period | 2,666,501 | |
| | **= MR** | Maximum Rent (cumulative) | **3,608,552** | |

---

**ACC = Actual Capital Cost:**

| | | |
|---|---|---|
| 55,655 | | Land |
| 8,199,636 | + | Prop & equip |
| 8,255,291 | = | Capital invested **(as of 12/31/2006 )** |
| | ? - | Accumulated Deferred Income Taxes |
| (726,196) | - | Accumulated Book Dep'n (Utility rates) |
| 7,529,095 | = | net capital invested |
| 10.25% | x | Annual Return (10.25% currently) |
| 771,732 | = | |
| 170,319 | + | Book Dep'n (Utility rates) |
| | + | Allow for income Taxes (highest individual Federal & State rates for MA residents) |
| **942,052** | = | **Actual Capital Cost** |

**DC = Deferred Charge:**

| | | |
|---|---|---|
| 3,074,930 | | Maximum Rent (from billing period 1/1/05-12/31/05) |
| (656,335) | - | Net Revenues (from billing period 1/1/05-12/31/05) |
| 2,418,595 | = | Shortfall (cumulative) |
| 10.25% | x | 10.25% (Rate of Return) |
| **247,906** | = | Rate of Return on Cumulative Deferred Rent Charge |
| **2,666,501** | = | **Deferred Charge (total)** |

---

**Net Revenue:**

| | | |
|---|---|---|
| 1,044,341 | | Revenues |
| (446,191) | - | Operating Expenses |
| 598,150 | = | Net Revenue (loss) (Misc Rent Paid 1/1/06-12/31/06) |

**Pine Springs Realty LLC**

**Pinehills Water Co., Inc.**

| 1/1/07-12/31/07 | Billing Period |
|---|---|

| | | | | |
|---|---|---|---|---|
| **Rent for Period =** | **Net Revenue** | (Misc Rent Paid 1/1/07-12/31/07) | 787,685 | from Pinehills Water Co Inc. |
| **Maximum Rent =** | **ACC** | Actual Capital Cost | 1,019,484 | (Basic Rent Due 1/1/07-12/31/07) |
| | **+ DC** | Deferred Charge from prior billing period | 3,318,969 | |
| | **= MR** | Maximum Rent (cumulative) | **4,338,453** | |

---

**ACC = Actual Capital Cost:**

| | | |
|---|---|---|
| 55,655 | | Land |
| 8,998,546 | + | Prop & equip |
| 9,054,201 | = | Capital invested **(as of 12/31/2007 )** |
| | ? - | Accumulated Deferred Income Taxes |
| (911,004) | - | Accumulated Book Dep'n (Utility rates) |
| 8,143,196 | = | net capital invested |
| 10.25% | x | Annual Return (10.25% currently) |
| 834,678 | = | |
| 184,806 | + | Book Dep'n (Utility rates) |
| | + | Allow for income Taxes (highest individual Federal & State rates for MA residents) |
| **1,019,484** | = | **Actual Capital Cost** |

**DC = Deferred Charge:**

| | | |
|---|---|---|
| 3,608,552 | | Maximum Rent (from billing period 1/1/06-12/31/06) |
| (598,150) | - | Net Revenues (from billing period 1/1/06-12/31/06) |
| 3,010,402 | = | Shortfall (cumulative) |
| 10.25% | x | 10.25% (Rate of Return) |
| **308,566** | = | Rate of Return on Cumulative Deferred Rent Charge |
| **3,318,969** | = | **Deferred Charge (total)** |

---

**Net Revenue:**

| | | |
|---|---|---|
| 1,294,136 | | Revenues |
| (506,451) | - | Operating Expenses |
| 787,685 | = | Net Revenue (loss) (Misc Rent Paid 1/1/07-12/31/07) |

**Pine Springs Realty LLC**

**Pinehills Water Co., Inc.**

| 1/1/08-12/31/08 | Billing Period |
|---|---|

| | | | | |
|---|---|---|---|---|
| **Rent for Period =** | **Net Revenue** | (Misc Rent Paid 1/1/08-12/31/08) | 630,992 | from Pinehills Water Co Inc. |
| **Maximum Rent =** | **ACC** | Actual Capital Cost | 983,254 | (Basic Rent Due 1/1/08-12/31/08) |
| | **+ DC** | Deferred Charge from prior billing period | 3,914,721 | |
| | **= MR** | Maximum Rent (cumulative) | **4,897,976** | |

---

**ACC = Actual Capital Cost:**

| | | |
|---|---|---|
| 55,655 | | Land |
| 8,869,451 | + | Prop & equip |
| 8,925,106 | = | Capital invested **(as of 12/31/2008 )** |
| | ? - | Accumulated Deferred Income Taxes |
| (1,080,957) | - | Accumulated Book Dep'n (Utility rates) |
| 7,844,149 | = | net capital invested |
| 10.25% | x | Annual Return (10.25% currently) |
| 804,025 | = | |
| 179,229 | + | Book Dep'n (Utility rates) |
| | + | Allow for income Taxes (highest individual Federal & State rates for MA residents) |
| **983,254** | = | **Actual Capital Cost** |

**DC = Deferred Charge:**

| | | |
|---|---|---|
| 4,338,453 | | Maximum Rent (from billing period 1/1/07-12/31/07) |
| (787,685) | - | Net Revenues (from billing period 1/1/07-12/31/07) |
| 3,550,768 | = | Shortfall (cumulative) |
| 10.25% | x | 10.25% (Rate of Return) |
| **363,954** | = | Rate of Return on Cumulative Deferred Rent Charge |
| **3,914,721** | = | **Deferred Charge (total)** |

---

**Net Revenue:**

| | | |
|---|---|---|
| 1,203,032 | | Revenues |
| (572,040) | - | Operating Expenses |
| 630,992 | = | Net Revenue (loss) (Misc Rent Paid 1/1/08-12/31/08) |

**Pine Springs Realty LLC**

**Pinehills Water Co., Inc.**

| 1/1/09-12/31/09 | Billing Period |
|---|---|

| | | | | |
|---|---|---|---|---|
| **Rent for Period =** | **Net Revenue** | (Misc Rent Paid 1/1/09-12/31/09) | 483,101 | from Pinehills Water Co Inc. |
| **Maximum Rent =** | **ACC** | Actual Capital Cost | 1,003,632 | (Basic Rent Due 1/1/09-12/31/09) |
| | **+ DC** | Deferred Charge from prior billing period | 4,704,350 | |
| | **= MR** | Maximum Rent (cumulative) | **5,707,981** | |

---

**ACC = Actual Capital Cost:**

| | | |
|---|---|---|
| 55,655 | | Land |
| 9,068,251 | + | Prop & equip |
| 9,123,906 | = | Capital invested **(as of 12/31/2009 )** |
| | ? - | Accumulated Deferred Income Taxes |
| (1,080,957) | - | Accumulated Book Dep'n (Utility rates) |
| 8,042,949 | = | net capital invested |
| 10.25% | x | Annual Return (10.25% currently) |
| 824,402 | = | |
| 179,229 | + | Book Dep'n (Utility rates) |
| | + | Allow for income Taxes (highest individual Federal & State rates for MA residents) |
| **1,003,632** | = | **Actual Capital Cost** |

**DC = Deferred Charge:**

| | | |
|---|---|---|
| 4,897,976 | | Maximum Rent (from billing period 1/1/08-12/31/08) |
| (630,992) | - | Net Revenues (from billing period 1/1/08-12/31/08) |
| 4,266,984 | = | Shortfall (cumulative) |
| 10.25% | x | 10.25% (Rate of Return) |
| **437,366** | = | Rate of Return on Cumulative Deferred Rent Charge |
| **4,704,350** | = | **Deferred Charge (total)** |

---

**Net Revenue:**

| | | |
|---|---|---|
| 1,117,275 | | Revenues |
| (634,174) | - | Operating Expenses |
| 483,101 | = | Net Revenue (loss) (Misc Rent Paid 1/1/09-12/31/09) |

**Pine Springs Realty LLC**

**Pinehills Water Co., Inc.**

| **1/1/10-12/31/10** | **Billing Period** |
|---|---|

| | | | | |
|---|---|---|---|---|
| **Rent for Period =** | **Net Revenue** | (Misc Rent Paid 1/1/10-12/31/10) | 564,795 | from Pinehills Water Co Inc. |
| **Maximum Rent =** | **ACC** | Actual Capital Cost | 1,008,796 | (Basic Rent Due 1/1/10-12/31/10) |
| | **+ DC** | Deferred Charge from prior billing period | 5,760,430 | |
| | **= MR** | Maximum Rent (cumulative) | **6,769,226** | |

---

**ACC = Actual Capital Cost:**

| | | |
|---|---|---|
| 55,655 | | Land |
| 9,118,636 | + | Prop & equip |
| 9,174,291 | = | Capital invested **(as of 12/31/2010 )** |
| | ? - | Accumulated Deferred Income Taxes |
| (1,080,957) | - | Accumulated Book Dep'n (Utility rates) |
| 8,093,334 | = | net capital invested |
| 10.25% | x | Annual Return (10.25% currently) |
| 829,567 | = | |
| 179,229 | + | Book Dep'n (Utility rates) |
| | + | Allow for income Taxes (highest individual Federal & State rates for MA residents) |
| **1,008,796** | = | **Actual Capital Cost** |

**DC = Deferred Charge:**

| | | |
|---|---|---|
| 5,707,981 | | Maximum Rent (from billing period 1/1/09-12/31/09) |
| (483,101) | - | Net Revenues (from billing period 1/1/09-12/31/09) |
| 5,224,880 | = | Shortfall (cumulative) |
| 10.25% | x | 10.25% (Rate of Return) |
| **535,550** | = | Rate of Return on Cumulative Deferred Rent Charge |
| **5,760,430** | = | **Deferred Charge (total)** |

---

**Net Revenue:**

| | | |
|---|---|---|
| 1,265,389 | | Revenues |
| (700,595) | - | Operating Expenses |
| 564,795 | = | Net Revenue (loss) (Misc Rent Paid 1/1/10-12/31/10) |

**Pine Springs Realty LLC**

**Pinehills Water Co., Inc.**

| 1/1/11-12/31/11 | Billing Period |
|---|---|

| | | | | |
|---|---|---|---|---|
| **Rent for Period =** | **Net Revenue** | (Misc Rent Paid 1/1/11-12/31/11) | 538,388 | from Pinehills Water Co Inc. |
| **Maximum Rent =** | **ACC** | Actual Capital Cost | 1,008,796 | (Basic Rent Due 1/1/11-12/31/11) |
| | **+ DC** | Deferred Charge from prior billing period | 6,840,386 | |
| | **= MR** | Maximum Rent (cumulative) | **7,849,182** | |

---

**ACC = Actual Capital Cost:**

| | | |
|---|---|---|
| 55,655 | | Land |
| 9,118,636 | + | Prop & equip |
| 9,174,291 | = | Capital invested **(as of 12/31/2011 )** |
| | ? - | Accumulated Deferred Income Taxes |
| (1,080,957) | - | Accumulated Book Dep'n (Utility rates) |
| 8,093,334 | = | net capital invested |
| 10.25% | x | Annual Return (10.25% currently) |
| 829,567 | = | |
| 179,229 | + | Book Dep'n (Utility rates) |
| | + | Allow for income Taxes (highest individual Federal & State rates for MA residents) |
| **1,008,796** | = | **Actual Capital Cost** |

**DC = Deferred Charge:**

| | | |
|---|---|---|
| 6,769,226 | | Maximum Rent (from billing period 1/1/10-12/31/10) |
| (564,795) | - | Net Revenues (from billing period 1/1/10-12/31/10) |
| 6,204,431 | = | Shortfall (cumulative) |
| 10.25% | x | 10.25% (Rate of Return) |
| **635,954** | = | Rate of Return on Cumulative Deferred Rent Charge |
| **6,840,386** | = | **Deferred Charge (total)** |

---

**Net Revenue:**

| | | |
|---|---|---|
| 1,265,389 | | Revenues |
| (727,001) | - | Operating Expenses |
| 538,388 | = | Net Revenue (loss) (Misc Rent Paid 1/1/11-12/31/11) |

**Pine Springs Realty LLC**

**Pinehills Water Co., Inc.**

| 1/1/12-12/31/12 | Billing Period |
|---|---|

| | | | | |
|---|---|---|---|---|
| **Rent for Period =** | **Net Revenue** | (Misc Rent Paid 1/1/12-12/31/12) | 607,290 | from Pinehills Water Co Inc. |
| **Maximum Rent =** | **ACC** | Actual Capital Cost | 929,505 | (Basic Rent Due 1/1/12-12/31/12) |
| | **+ DC** | Deferred Charge from prior billing period | 8,060,150 | |
| | **= MR** | Maximum Rent (cumulative) | **8,989,655** | |

---

**ACC = Actual Capital Cost:**

| | | |
|---|---|---|
| 55,655 | | Land |
| 9,118,636 | + | Prop & equip |
| 9,174,291 | = | Capital invested **(as of 12/31/2012 )** |
| | ? - | Accumulated Deferred Income Taxes |
| (1,783,635) | - | Accumulated Book Dep'n (Utility rates) |
| 7,390,656 | = | net capital invested |
| 10.25% | x | Annual Return (10.25% currently) |
| 757,542 | = | |
| 171,963 | + | Book Dep'n (Utility rates) |
| | + | Allow for income Taxes (highest individual Federal & State rates for MA residents) |
| **929,505** | = | **Actual Capital Cost** |

**DC = Deferred Charge:**

| | | |
|---|---|---|
| 7,849,182 | | Maximum Rent (from billing period 1/1/11-12/31/11) |
| (538,388) | - | Net Revenues (from billing period 1/1/11-12/31/11) |
| 7,310,794 | = | Shortfall (cumulative) |
| 10.25% | x | 10.25% (Rate of Return) |
| **749,356** | = | Rate of Return on Cumulative Deferred Rent Charge |
| **8,060,150** | = | **Deferred Charge (total)** |

---

**Net Revenue:**

| | | |
|---|---|---|
| 1,284,457 | | Revenues |
| (677,168) | - | Operating Expenses |
| 607,290 | = | Net Revenue (loss) (Misc Rent Paid 1/1/12-12/31/12) |

**Pine Springs Realty LLC**

**Pinehills Water Co., Inc.**

| 1/1/13-12/31/13 | Billing Period |
|---|---|

| | | | | |
|---|---|---|---|---|
| **Rent for Period =** | **Net Revenue** | (Misc Rent Paid 1/1/13-12/31/13) | 604,462 | from Pinehills Water Co Inc. |
| **Maximum Rent =** | **ACC** | Actual Capital Cost | 911,774 | (Basic Rent Due 1/1/13-12/31/13) |
| | **+ DC** | Deferred Charge from prior billing period | 9,241,558 | |
| | **= MR** | Maximum Rent (cumulative) | **10,153,331** | |

---

**ACC = Actual Capital Cost:**

| | | |
|---|---|---|
| 55,655 | | Land |
| 9,118,636 | + | Prop & equip |
| 9,174,291 | = | Capital invested **(as of 12/31/2013 )** |
| | ? - | Accumulated Deferred Income Taxes |
| (1,955,480) | - | Accumulated Book Dep'n (Utility rates) |
| 7,218,811 | = | net capital invested |
| 10.25% | x | Annual Return (10.25% currently) |
| 739,928 | = | |
| 171,845 | + | Book Dep'n (Utility rates) |
| | + | Allow for income Taxes (highest individual Federal & State rates for MA residents) |
| **911,774** | = | **Actual Capital Cost** |

**DC = Deferred Charge:**

| | | |
|---|---|---|
| 8,989,655 | | Maximum Rent (from billing period 1/1/12-12/31/12) |
| (607,290) | - | Net Revenues (from billing period 1/1/12-12/31/12) |
| 8,382,365 | = | Shortfall (cumulative) |
| 10.25% | x | 10.25% (Rate of Return) |
| **859,192** | = | Rate of Return on Cumulative Deferred Rent Charge |
| **9,241,558** | = | **Deferred Charge (total)** |

---

**Net Revenue:**

| | | |
|---|---|---|
| 1,276,669 | | Revenues |
| (672,207) | - | Operating Expenses |
| 604,462 | = | Net Revenue (loss) (Misc Rent Paid 1/1/13-12/31/13) |

**Pine Springs Realty LLC**

**Pinehills Water Co., Inc.**

| 1/1/14-12/31/14 | Billing Period |
|---|---|

| | | | | |
|---|---|---|---|---|
| **Rent for Period =** | **Net Revenue** | (Misc Rent Paid 1/1/14-12/31/14) | 682,579 | from Pinehills Water Co Inc. |
| **Maximum Rent =** | **ACC** | Actual Capital Cost | 995,588 | (Basic Rent Due 1/1/14-12/31/14) |
| | **+ DC** | Deferred Charge from prior billing period | 10,527,629 | |
| | **= MR** | Maximum Rent (cumulative) | **11,523,216** | |

---

**ACC = Actual Capital Cost:**

| | | |
|---|---|---|
| 55,655 | | Land |
| 9,936,334 | + | Prop & equip |
| 9,991,989 | = | Capital invested **(as of 12/31/2014 )** |
| | ? - | Accumulated Deferred Income Taxes |
| (1,955,480) | - | Accumulated Book Dep'n (Utility rates) |
| 8,036,509 | = | net capital invested |
| 10.25% | x | Annual Return (10.25% currently) |
| 823,742 | = | |
| 171,845 | + | Book Dep'n (Utility rates) |
| | + | Allow for income Taxes (highest individual Federal & State rates for MA residents) |
| **995,588** | = | **Actual Capital Cost** |

**DC = Deferred Charge:**

| | | |
|---|---|---|
| 10,153,331 | | Maximum Rent (from billing period 1/1/13-12/31/13) |
| (604,462) | - | Net Revenues (from billing period 1/1/13-12/31/13) |
| 9,548,870 | = | Shortfall (cumulative) |
| 10.25% | x | 10.25% (Rate of Return) |
| **978,759** | = | Rate of Return on Cumulative Deferred Rent Charge |
| **10,527,629** | = | **Deferred Charge (total)** |

---

**Net Revenue:**

| | | |
|---|---|---|
| 1,276,669 | | Revenues |
| (594,090) | - | Operating Expenses |
| 682,579 | = | Net Revenue (loss) (Misc Rent Paid 1/1/14-12/31/14) |

**Pine Springs Realty LLC**

**Pinehills Water Co., Inc.**

| 1/1/15-12/31/15 | Billing Period |
|---|---|

| | | | | |
|---|---|---|---|---|
| **Rent for Period =** | **Net Revenue** | (Misc Rent Paid 1/1/15-12/31/15) | 869,081 | from Pinehills Water Co Inc. |
| **Maximum Rent =** | **ACC** | Actual Capital Cost | 978,931 | (Basic Rent Due 1/1/15-12/31/15) |
| | **+ DC** | Deferred Charge from prior billing period | 11,951,803 | |
| | **= MR** | Maximum Rent (cumulative) | **12,930,734** | |

---

**ACC = Actual Capital Cost:**

| | | |
|---|---|---|
| 55,655 | | Land |
| 10,029,545 | + | Prop & equip |
| 10,085,200 | = | Capital invested **(as of 12/31/2015 )** |
| | ? - | Accumulated Deferred Income Taxes |
| (2,323,133) | - | Accumulated Book Dep'n (Utility rates) |
| 7,762,068 | = | net capital invested |
| 10.25% | x | Annual Return (10.25% currently) |
| 795,612 | = | |
| 183,319 | + | Book Dep'n (Utility rates) |
| | + | Allow for income Taxes (highest individual Federal & State rates for MA residents) |
| **978,931** | = | **Actual Capital Cost** |

**DC = Deferred Charge:**

| | | |
|---|---|---|
| 11,523,216 | | Maximum Rent (from billing period 1/1/14-12/31/14) |
| (682,579) | - | Net Revenues (from billing period 1/1/14-12/31/14) |
| 10,840,638 | = | Shortfall (cumulative) |
| 10.25% | x | 10.25% (Rate of Return) |
| **1,111,165** | = | Rate of Return on Cumulative Deferred Rent Charge |
| **11,951,803** | = | **Deferred Charge (total)** |

---

**Net Revenue:**

| | | |
|---|---|---|
| 1,800,507 | | Revenues |
| (931,426) | - | Operating Expenses |
| 869,081 | = | Net Revenue (loss) (Misc Rent Paid 1/1/15-12/31/15) |

**Pine Springs Realty LLC**

**Pinehills Water Co., Inc.**

| 1/1/16-12/31/16 | Billing Period |
|---|---|

| | | | | |
|---|---|---|---|---|
| **Rent for Period =** | **Net Revenue** | (Misc Rent Paid 1/1/16-12/31/16) | 637,037 | from Pinehills Water Co Inc. |
| **Maximum Rent =** | **ACC** | Actual Capital Cost | 992,463 | (Basic Rent Due 1/1/16-12/31/16) |
| | **+ DC** | Deferred Charge from prior billing period | 13,297,973 | |
| | **= MR** | Maximum Rent (cumulative) | **14,290,436** | |

---

**ACC = Actual Capital Cost:**

| | | |
|---|---|---|
| 55,655 | | Land |
| 10,312,658 | + | Prop & equip |
| 10,368,313 | = | Capital invested **(as of 12/31/2016 )** |
| | ? - | Accumulated Deferred Income Taxes |
| (2,510,132) | - | Accumulated Book Dep'n (Utility rates) |
| 7,858,181 | = | net capital invested |
| 10.25% | x | Annual Return (10.25% currently) |
| 805,464 | = | |
| 187,000 | + | Book Dep'n (Utility rates) |
| | + | Allow for income Taxes (highest individual Federal & State rates for MA residents) |
| **992,463** | = | **Actual Capital Cost** |

**DC = Deferred Charge:**

| | | |
|---|---|---|
| 12,930,734 | | Maximum Rent (from billing period 1/1/15-12/31/15) |
| (869,081) | - | Net Revenues (from billing period 1/1/15-12/31/15) |
| 12,061,654 | = | Shortfall (cumulative) |
| 10.25% | x | 10.25% (Rate of Return) |
| **1,236,319** | = | Rate of Return on Cumulative Deferred Rent Charge |
| **13,297,973** | = | **Deferred Charge (total)** |

---

**Net Revenue:**

| | | |
|---|---|---|
| 1,672,797 | | Revenues |
| (1,035,761) | - | Operating Expenses |
| 637,037 | = | Net Revenue (loss) (Misc Rent Paid 1/1/16-12/31/16) |

**Pine Springs Realty LLC**

**Pinehills Water Co., Inc.**

| 1/1/17-12/31/17 | Billing Period |
|---|---|

| | | | | |
|---|---|---|---|---|
| **Rent for Period =** | **Net Revenue** | (Misc Rent Paid 1/1/17-12/31/17) | 603,947 | from Pinehills Water Co Inc. |
| **Maximum Rent =** | **ACC** | Actual Capital Cost | 973,296 | (Basic Rent Due 1/1/17-12/31/17) |
| | **+ DC** | Deferred Charge from prior billing period | 15,052,873 | |
| | **= MR** | Maximum Rent (cumulative) | **16,026,168** | |

---

**ACC = Actual Capital Cost:**

| | | |
|---|---|---|
| 55,655 | | Land |
| 10,312,658 | + | Prop & equip |
| 10,368,313 | = | Capital invested **(as of 12/31/2017 )** |
| | ? - | Accumulated Deferred Income Taxes |
| (2,697,132) | - | Accumulated Book Dep'n (Utility rates) |
| 7,671,181 | = | net capital invested |
| 10.25% | x | Annual Return (10.25% currently) |
| 786,296 | = | |
| 187,000 | + | Book Dep'n (Utility rates) |
| | + | Allow for income Taxes (highest individual Federal & State rates for MA residents) |
| **973,296** | = | **Actual Capital Cost** |

**DC = Deferred Charge:**

| | | |
|---|---|---|
| 14,290,436 | | Maximum Rent (from billing period 1/1/16-12/31/16) |
| (637,037) | - | Net Revenues (from billing period 1/1/16-12/31/16) |
| 13,653,399 | = | Shortfall (cumulative) |
| 10.25% | x | 10.25% (Rate of Return) |
| **1,399,473** | = | Rate of Return on Cumulative Deferred Rent Charge |
| **15,052,873** | = | **Deferred Charge (total)** |

---

**Net Revenue:**

| | | |
|---|---|---|
| 1,649,102 | | Revenues |
| (1,045,155) | - | Operating Expenses |
| 603,947 | = | Net Revenue (loss) (Misc Rent Paid 1/1/17-12/31/17) |

**Pine Springs Realty LLC**

**Pinehills Water Co., Inc.**

**1/1/18-12/31/18 Billing Period**

| | | | | |
|---|---|---|---|---|
| **Rent for Period =** | **Net Revenue** | (Misc Rent Paid 1/1/18-12/31/18) | 601,873 | from Pinehills Water Co Inc. |
| **Maximum Rent =** | **ACC** | Actual Capital Cost | 995,795 | (Basic Rent Due 1/1/18-12/31/18) |
| | **+ DC** | Deferred Charge from prior billing period | 17,002,999 | |
| | **= MR** | Maximum Rent (cumulative) | **17,998,794** | |

---

**ACC = Actual Capital Cost:**

| | | |
|---|---|---|
| 55,655 | | Land |
| 10,504,668 | + | Prop & equip |
| 10,560,323 | = | Capital invested **(as of 12/31/2018 )** |
| | ? - | Accumulated Deferred Income Taxes |
| (2,697,132) | - | Accumulated Book Dep'n (Utility rates) |
| 7,863,191 | = | net capital invested |
| 10.25% | x | Annual Return (10.25% currently) |
| 805,977 | = | |
| 189,818 | + | Book Dep'n (Utility rates) |
| | + | Allow for income Taxes (highest individual Federal & State rates for MA residents) |
| **995,795** | = | **Actual Capital Cost** |

**DC = Deferred Charge:**

| | | |
|---|---|---|
| 16,026,168 | | Maximum Rent (from billing period 1/1/17-12/31/17) |
| (603,947) | - | Net Revenues (from billing period 1/1/17-12/31/17) |
| 15,422,222 | = | Shortfall (cumulative) |
| 10.25% | x | 10.25% (Rate of Return) |
| **1,580,778** | = | Rate of Return on Cumulative Deferred Rent Charge |
| **17,002,999** | = | **Deferred Charge (total)** |

---

**Net Revenue (Pinehills Water Co, Inc.):**

| | | |
|---|---|---|
| 1,649,102 | | Revenues |
| (1,047,230) | - | Operating Expenses |
| 601,873 | = | Net Revenue (loss) (Misc Rent Paid 1/1/18-12/31/18) |

**Pine Springs Realty LLC**
**Pinehills Water Co., Inc.**

| 1/1/19-12/31/19 | Billing Period |
|---|---|

| | | | | |
|---|---|---|---|---|
| **Rent for Period =** | **Net Revenue** | (Misc Rent Paid 1/1/19-12/31/19) | 439,737 | from Pinehills Water Co Inc. |
| **Maximum Rent =** | **ACC** | Actual Capital Cost | 993,508 | (Basic Rent Due 1/1/19-12/31/19) |
| | **+ DC** | Deferred Charge from prior billing period | 19,180,105 | |
| | **= MR** | Maximum Rent (cumulative) | **20,173,614** | |

---

**ACC = Actual Capital Cost:**

| | | |
|---|---|---|
| 55,655 | | Land |
| 10,653,343 | + | Prop & equip |
| 10,708,998 | = | Capital invested **(as of 12/31/2019 )** |
| | ? - | Accumulated Deferred Income Taxes |
| (2,886,950) | - | Accumulated Book Dep'n (Utility rates) |
| 7,822,048 | = | net capital invested |
| 10.25% | x | Annual Return (10.25% currently) |
| 801,760 | = | |
| 191,748 | + | Book Dep'n (Utility rates) |
| | + | Allow for income Taxes (highest individual Federal & State rates for MA residents) |
| **993,508** | = | **Actual Capital Cost** |

** Facilities are capped at $11,256,000

**DC = Deferred Charge:**

| | | |
|---|---|---|
| 17,998,794 | | Maximum Rent (from billing period 1/1/18-12/31/18) |
| (601,873) | - | Net Revenues (from billing period 1/1/18-12/31/18) |
| 17,396,921 | = | Shortfall (cumulative) |
| 10.25% | x | 10.25% (Rate of Return) |
| **1,783,184** | = | Rate of Return on Cumulative Deferred Rent Charge |
| **19,180,105** | = | **Deferred Charge (total)** |

---

**Net Revenue:**

| | | |
|---|---|---|
| 1,694,923 | | Revenues |
| (1,255,186) | - | Operating Expenses |
| 439,737 | = | Net Revenue (loss) (Misc Rent Paid 1/1/19-12/31/19) |