



September 30, 2025

Mark D. Marini, Secretary
Department of Public Utilities
One South Station, 5th Floor
Boston, Massachusetts, 02110

Via E-mail dpu.efiling@mass.gov

Re: **Housatonic Water Works Company, D.P.U. 25-**

Womble Bond Dickinson (US) LLP

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Dear Secretary Marini:

Enclosed please find the Petition of Housatonic Water Works Company (the "Company") for the Approval of Issuance of Indebtedness. In support of its petition, the Company is providing the testimony and exhibits of James J. Mercer, Treasurer, Director and Chief Financial Officer of the Company. A check for the filing fee will arrive by separate mailing.

Please contact me with any questions you may have. Thank you for your attention to this matter.

Very respectfully,

Womble Bond Dickinson (US) LLP

Jesse Reyes
Senior Counsel

Enclosures

cc: David B. Lyons, Department of Public Utilities (David.B.Lyons@mass.gov)
Elizabeth Anderson, Office of the Attorney General (Elizabeth.a.anderson@mass.gov;
AGEnergy@state.ma.us)

AFFIDAVIT OF JAMES J. MERCER

James J. Mercer does hereby depose and say as follows:

I, James J. Mercer, certify that the Testimony on behalf of Housatonic Water Works Company, which bears my name, was prepared by me or under my supervision and is true and accurate to the best of my knowledge and belief.

Signed under the pains and penalties of perjury as of this 30th day of September 2025.



James J. Mercer

**COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF PUBLIC UTILITIES**

**Application and Petition of Housatonic Water)
Works Company pursuant to G.L. c. 165, § 2)
and G.L. c. 164, § 14 for Approval and)
Authorization to Incur Long Term Indebtedness)**

D.P.U. 25-____

**PETITION OF HOUSATONIC WATER WORKS COMPANY
FOR APPROVAL OF ISSUANCE OF INDEBTEDNESS**

Pursuant to G.L. c. 164, § 14 and G.L. c. 165, § 2, Housatonic Water Works Company (the “Company”) respectfully requests that the Department of Public Utilities (the “Department”) approve the Company’s petition to incur long-term debt in an aggregate amount not to exceed \$1,155,089. In support of this Petition, the Company states as follows:

1. The Company is a Massachusetts corporation organized and incorporated under Chapter 229 of the Acts of 1897 and has a principal place of business at 80 Maple Avenue Suite 1, Great Barrington, Massachusetts.
2. The Company is a corporation as defined in Chapter 165 of the Massachusetts General Laws, as amended, engaged in the business of providing water supply services to most of the Village of Housatonic, the northern part of the Town of Great Barrington, and smaller portions of the Towns of Stockbridge and West Stockbridge, Massachusetts and, pursuant to Section 2 of Chapter 165, is thereby subject to certain provisions of Chapter 164 of the Massachusetts General Laws, as amended.
3. The total authorized common stock of the Company is 400 shares, \$100 par value, of which the Company has issued and has outstanding 400 shares.

4. As of December 31, 2024, the Company's total common equity was \$44,394 consisting of common stock, contributions for extensions, and retained earnings.
5. As of December 31, 2024, the Company had outstanding long-term indebtedness to Ford Credit Financing in the aggregate principal amount of \$11,501 and to CoBank, ACB ("CoBank") in the aggregate principal amount of \$538,516.
6. The Company's most recent long-term debt financing was approved by the Department on June 6, 2017, in D.P.U. 16-195 which authorized the Company to issue long-term debt in the form of Term Notes in the aggregate principal amount of up to \$700,000.

Manganese Filtration System Project

7. The proposed authorization to issue debt will be used solely to fund the Manganese Filtration System Project ("Project") required by Department Order in D.P.U. 23-65 under the settlement agreement between the Company and the Attorney General's Office in that proceeding ("Settlement Agreement").
8. The Company and the Massachusetts Department of Environmental Protection ("MassDEP") have also entered into an Administrative Consent Order ("ACO") under which MassDEP requires the Company to complete the Project and place it in service by March 1, 2026.
9. The financing as proposed by the Company is required to support the construction of the Project under the required schedule and is therefore reasonably necessary to enable the Company to meet its service obligations and is consistent with the public interest.

Small Business Administration Loan

10. The Company seeks permission to cure, and retroactive Department approval of, previously unapproved long-term debt and matured unpaid interest incurred by the Company by entering into a COVID-19 Economic Injury Disaster Loan (“EIDL”) agreement with the U.S. Small Business Administration (“SBA”) on July 13, 2020 in the amount of \$150,000 for a 30-year note at 3.75 per cent per annum for the purpose of securing cash working capital to alleviate economic injury caused by the COVID disaster (“SBA Loan”). For the purpose of this financing petition and for ratemaking purposes, however, \$155,089 (consisting of the SBA Loan plus matured unpaid interest) would be attributed to the Manganese Filtration System Project. Additional information regarding the terms, circumstances, and timing of the SBA Loan is provided in the direct pre-filed testimony and exhibits of James J. Mercer.
11. The Department has permitted or directed companies to file a petition after the fact for permission to cure a violation for incurring debt without first receiving Department approval. See, e.g. Witches Brook Water Company, D.T.E. 03-81 (2003) (retroactively approving long term debt incurred without prior approval due to company management unfamiliarity with statutory financing obligations); East Northfield Water Company, D.P.U./D.T.E. 97-36 (1997) (retroactively approving long term debt incurred without prior approval due to failure of company’s internal communications regarding statutory financing obligations). In these cases, the Department declined to impose sanctions for the violations, finding that it would not be in the public interest to void the notes because the interest rate available to the petitioner would be higher if the company had to institute a new borrowing.

However, the Department stated that ignorance of statutory requirements does not constitute an excuse for noncompliance with G.L. c. 164, § 14, and it directed the companies to implement safeguards so that violations would not be repeated in the future. See, e.g. D.T.E. 03-81, at 6–8 (requiring Witches Brook to review its statutory obligations with management and outside accountant, implement corrective safeguards, and submit implementation report for Department to assess whether company understands its statutory financing obligations); D.P.U./D.T.E. 97-36, at 5–6 (requiring company to memorialize its statutory duties in company bylaws).

12. Unlike in Witches Brook and East Northfield Water Company, the Company's failure was not the result of ignorance of statutory obligations, but due to the exigent necessity to secure favorable loan terms for the benefit of its customers under unprecedented disaster related circumstances (COVID-19). The SBA issued an EIDL declaration for Massachusetts on March 18, 2020, and the deadline to apply for a loan was December 31, 2020. Disaster Declarations of Economic Injury for the Coronavirus (COVID-19); Administrative Declarations of Economic Injury Disasters for the Entire United States and U.S. Territories, 85 Fed. Reg. 20015 (April 9, 2020). Due to the scope of the nationwide economic disruption and the uncertainty at the time as to whether the loan terms would remain available, the Company applied early. Upon the SBA's authorization of the loan, the Company only had two months to execute the agreement, after which SBA could have cancelled the loan in its sole discretion. This constrained application process timeline could not have been met under the Department's standard procedure for

approvals of financing petitions. Although the SBA subsequently extended the application deadline to December 31, 2021, Amendment to Administrative Declarations of Economic Injury Disasters for the Entire United States and U.S. Territories, 86 Fed. Reg. 1558 (January 8, 2021), this extension was unforeseeable at the time that the Company applied. The Company's decision to apply for and execute the SBA Loan was therefore prudent.

13. Similar to the facts in Witches Brook and East Northfield regarding the present unavailability of the favorable interest rate obtained at the time of the unapproved loans, the Company obtained the SBA Loan at an otherwise unheard-of interest rate of 3.75% annually, based on the timing and required use of the SBA Loan. HWWC's petition also includes a request for approval of long-term debt currently available at an interest rate of 7.2% from CoBank. The 7.2% rate, while reasonable and fair given market conditions, is evidence that current interest rates available to the Company far exceed the 3.75% interest rate secured in the SBA Loan. The low interest rate of the SBA Loan will benefit ratepayers, but if the Department were to void the SBA Loan and require that the Company seek new financing, it would likely be on less favorable terms and a higher interest rate, ultimately at the expense of the Company's ratepayers. Accordingly, it would not be in the public interest to void the SBA Loan and require HWWC to institute new borrowing.
14. Additionally, like in Witches Brook, the proceeds of the SBA Loan were used for a legitimate purpose in meeting the Company's service obligations. The loan provided necessary working capital to alleviate economic injury caused by the continuing COVID disaster in 2020. The Department has previously found that

financing related to working capital used to meet utility obligations is a legitimate and reasonably necessary purpose. See Southern Union Company, D.T.E. 04-36, at 6-7 (2004); The Berkshire Gas Company, D.T.E. 03-89, at 18-19 (2004); Cambridge Electric Light Company, D.P.U. 96-91, at 7 (1996); Eastern Edison Company, D.P.U. 93-24, at 8, 12 (1993). Moreover, for ratemaking purposes, the Company will fully attribute the loan to the Project, which is necessary to improve the quality of customers' water to comply with the Company's service obligations. This is also a legitimate purpose in meeting the Company's service obligations, and ratepayers would receive the full benefit of the lower interest rate of this loan.

15. While the Company acknowledges its failure to submit a petition for prior approval of the SBA Loan, the Company maintains that based on what was reasonably known at the time, the decision was in the best interests of the Company's customers and financial operations to seize on a loan opportunity that was only available within a two-month window and might have been lost if the Company had gone through the traditional financing petition process. The COVID-19 emergency represented an uncertain and unstable period, and the Company did its best to navigate exigent circumstances of the emergency in good faith.

CoBank Loan

16. The Company, subject to approval by the Department, also proposes to enter into a loan agreement for up to \$1,000,000 with CoBank at a fixed interest rate up to eight percent per annum for a 20-year term to fund infrastructure capital expenditures related to the Manganese Filtration System Project approved by the Department in D.P.U. 23-65. CoBank has indicated that the interest rate on a 20-year fixed rate

loan currently available as of the date of this filing is 7.2 percent. The Department has recognized that the potential for financial market fluctuations or volatility requires the allowance of a measure of flexibility in setting maximum interest rates for long-term debt securities. Over the past two years, the Department has consistently found that, given prevailing market conditions, a proposed maximum interest rate of eight percent is reasonable. See, e.g., New England Power Company d/b/a National Grid, D.P.U. 24-192, at 17 (2025) (maximum rate of eight percent); NSTAR Gas Company d/b/a Eversource Energy, D.P.U. 24-132, at 12 (2024) (same); Aquarion Water Company of Massachusetts, Inc., D.P.U. 23-46, at 12 (2023) (same; financing with CoBank). If approved by the Department, the Company will immediately execute a loan agreement at the then-available interest rate subject to the proposed maximum rate.

Net Plant Test and Cure of Impairment

17. The Company, subject to approval by the Department, requests authorization to enter into two loan agreements, including unpaid matured interest in the amount of \$5,089 related to the SBA loan (as of December 31, 2024), for a total of \$1,155,089 to finance expenditures related to the Manganese Filtration System Project.
18. Including the proposed \$1,155,089 long term debt in the total capitalization prior to completion of the Manganese Filtration System Project causes the financing to fail the net plant test.
19. The net plant impairment will be remedied once the Manganese Filtration System facilities are placed in service as shown in Exhibit HWWC-JJM-12.
20. Because the Company had not obtained prior approval for the SBA Loan, the Company's annual return for 2024 erroneously classified the SBA loan as Long-

Term Debt. The net plant test calculations provided by the Company in this proceeding include corrections to the Company's actual 2024 year-end capitalization to recognize the fact that the Company is requesting retroactive approval of the SBA Loan plus unpaid matured interest, which would be properly classified as long-term debt, as illustrated in the pro forma calculations, if the Department approves this financing petition. Exhibit HWWC-JJM-12. The corrected financial data should be used to evaluate the net plant test in this petition. See, e.g. Plymouth Water Company, D.P.U. 07-66, at 12–13 (2008) (revising net plant data to incorporate adjustments to plant accounts required due to erroneous reporting of accounts in past annual returns, erroneous classification of charges, and other account adjustments related to the erroneous classification).

21. The Department has discretionary authority under G.L. c. 164, § 16 to prescribe such conditions and requirements as it deems best adapted to make good within a reasonable time any impairment of capital stock resulting from a failure to meet the net plant test. Housatonic Water Works Company, D.P.U. 16-195, at 10 (2017); see Fitchburg Gas and Electric Light Company, D.P.U. 87-195 at 8 (1987); Plymouth Water Company, D.P.U. 07-66 at 12 (2008).
22. In Sheffield Water Company, D.P.U. 09-143 (2010), Sheffield Water Company filed with the Department a petition for approval of up to an \$850,000 long-term financing arrangement to support the cost of system improvements directed by MassDEP. The Department acknowledged that it has found that the expansion or replacement of utility plant is a legitimate purpose in meeting a company's service obligation. Id. at 8, citing Whitinsville Water Company, D.P.U. 08-33, at 9 (2008);

Assabet Water Company, D.P.U. 08-9, at 9-10 (2008); East Northfield Water Company, D.P.U./D.T.E. 97-36, at 6 (1997). After inclusion of the requested long-term debt, Sheffield's capitalization exceeded its net plant thereby failing the net plant test. However, the Company anticipated and provided evidence that once the total plant additions were placed into service, it would have an additional \$1,413,488 in net plant and, thus, satisfy the requirements of the net plant test. The Department recognized that it has approved financings with certain conditions imposed on a company until any net plant impairment had been remedied. D.P.U. 09-143, at 12, citing Assabet Water Company, D.P.U. 08-9, at 12 (2008); Massachusetts Electric Company/Nantucket Electric Company, D.T.E. 04-74, at 23-24 (2004); Boston Edison Company, D.T.E. 00-62, at 10-11 (2000); East Northfield Water Company, D.P.U./D.T.E. 97-36, at 6-7 (1997); Fitchburg Gas and Electric Light Company, D.P.U. 87-195, at 7-8 (1987). The Department found that the proposed financing was reasonably necessary to meet the Company's service obligations in accordance with G.L. c. 164, § 14 and approved the Company's request on the condition that the Company complete the water tank and main replacement components of its capital improvement program by a date certain that the Department considered to be a reasonable period of time. D.P.U. 09-143, at 13.

23. Like Sheffield's determination to move forward with financing as a resolution to its excessive pumped water issues pursuant to direction from the MassDEP (Id. at 8), HWWC has determined that the Project is the best way to resolve the manganese issue and resolve compliance issues required by the MassDEP. And like the Department found in Sheffield, the Company requests that the Department

similarly find that the proposed financing is reasonably necessary for the Company to meet its service obligations and approve financing despite present failure of the net plant test given the Company's demonstrated ability to satisfy the net plant test once the facility is placed into service on the timeline mandated by an Administrative Consent Order. Exhibit HWWC-JJM-1, at 28; Exhibit HWWC-JJM-12

24. Most recently in Housatonic Water Works Company, D.P.U. 16-195 (2017), the Company filed a petition for authorization and approval to issue long-term debt in the principal amount of up to \$700,000 pursuant to G.L. c. 165, § 2 and G.L. c. 164, § 14. The Company's plant investment at the time was not sufficient to support the issuance of the requested of \$700,000 in long-term debt. Id. at 10). Based on evidence provided by the Company that it anticipated an additional \$320,400 of plant in service, net of retirements and reduction in existing long-term debt to \$387,811 by the end of 2017, the Department utilized its discretionary authority under G.L. c. 164, § 16 to modify the net plant test and examined other financial effects of the proposed transaction. Id. at 10–12, citing Southern Union Company, D.T.E. 06-71, at 15 (2006); Southern Union Company, D.T.E. 04-41, at 15-17 (2004); Southern Union Company, D.T.E. 03-64, at 11 (2003); Fitchburg Gas and Electric Light Company, D.P.U. 91-274, at 8 (1992). Although the record did not contain evidence that all of the Company's projected capital additions were underway, the Department approved the financing taking into account the capital additions that were required to be completed by dates certain pursuant to a settlement agreement from a prior proceeding and as well as a project required by

MassDEP and directed the Company to submit documentation of the elimination of the capital impairment within 30 days of its occurrence. D.P.U. 16-195, at 11–12.

25. Similarly, in Housatonic Water Works Company, D.P.U. 96-56 (1996) the Department used its discretion to approve the Company’s financing petition despite its failure to satisfy the net plant test based on a recognition that the Company was required to undertake certain capital improvements by year end pursuant to a Consent Order with MassDEP. The Company would then have sufficient assets to satisfy the net plant test.

26. In the present matter, the Company’s construction of the Project is driven by the timeline currently required by the ACO and will result in the anticipated completion of the Project and placing it in service by March 1, 2026 (or by a later date certain, if MassDEP extends the deadline). The Company will meet the net plant test following approval of the financing once the additions to the plant are in service as shown in Exhibit HWWC-JJM-12.

27. After financing is in place, the Company would have a combined capitalization structure of \$2,051,739. Of the total amount \$1,705,106 or 83.1% would be long term debt and \$346,633 or 16.9% percent would be common equity.

Expedited Review Requested

28. Pursuant to the Settlement Agreement and Order in D.P.U. 23-65, the Company must file its financing petition as soon as practicable to ensure long-term debt financing is in place to support the construction schedules proposed. D.P.U 23-65, at 12.

29. As explained by Mr. Mercer (Exhibit HWWC-JJM-1, at 24), the Company was unable to secure a loan from CoBank to fully fund the Project until litigations instituted by the Towns of Great Barrington and West Stockbridge regarding the Company's last rate case and Settlement Agreement and by the Great Barrington Board of Health regarding its enforcement action were resolved. These litigations were beyond the Company's control.
30. The Town of Great Barrington Selectboard voted on August 11, 2025 to withdraw its appeal of the rate case. The Town of West Stockbridge Selectboard voted on August 18, 2025 to withdraw its appeal of the rate case order. The Town of Great Barrington Board of Health voted on August 7, 2025 to rescind its enforcement order. The Towns of Great Barrington and West Stockbridge and the Company are in the process of developing the appropriate filings necessary to formally terminate the court litigation. Given the official actions taken by vote by the municipal boards, the court filings will only be ministerial steps for the Towns to dismiss the litigation. The Company will update its petition once the filings to terminate the litigation are filed.
31. Although construction on the Project site is underway and the Company has made a substantial down payment on the customized manganese filtration system equipment due to its long manufacturing lead time, the Company needs prompt approval of the financing in order to be able to schedule delivery of the equipment in sufficient time to complete the Project before the start of the warmer weather months when the risk of elevated manganese is higher. Accordingly, the Company requests approval of this financing petition within 90 to 120 days of this filing.

32. The Company has not caused delay in filing this petition, and there is good cause for expedited Department review and approval of this petition.

WHEREFORE, for the reasons set forth in this petition, the Company respectfully requests that, pursuant to the applicable provisions of Chapter 164 and Chapter 165 of the Massachusetts General Laws, as amended, the Department within 90 to 120 days of this filing:

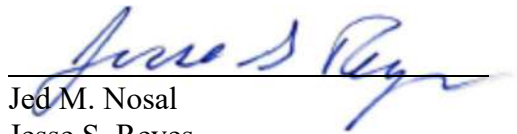
ORDER: That the financing proposal of the Company is in the public interest and is approved; and

ORDER: Issue such other and further orders, approvals and consents as the Department may deem necessary or appropriate in the circumstances.

Respectfully submitted,

**HOUSATONIC WATER WORKS
COMPANY**

By its Attorneys,



Jed M. Nosal
Jesse S. Reyes
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Dated: September 30, 2025

COMMONWEALTH OF MASSACHUSETTS

DEPARTMENT OF PUBLIC UTILITIES

D.P.U. 25-____

HOUSATONIC WATER WORKS COMPANY

PRE-FILED DIRECT TESTIMONY OF

JAMES J. MERCER

1 **I. INTRODUCTION**

2 **Q. Please state your name and business address.**

3 A. James J. Mercer, 80 Maple Avenue Suite 1, Great Barrington, Massachusetts.

4

5 **Q. Please state your business and professional background.**

6 A. I am a licensed water treatment operator and have been involved in the management of
7 Housatonic Water Works Company (“Company” or “HWWC”) for over thirty years.

8

9 **Q. What is your position with Housatonic Water Works Company**

10 A. I am Treasurer, Director, and Chief Financial Officer of the Company. I participate in
11 financial, operating and policy decisions of the Company. I also serve as the Primary
12 Certified Operator for both the treatment system and the distribution system.

13

14 **Q. Who is responsible for the day-to-day management of the Company’s operations?**

1 A. I am responsible for managing the day-to-day operations of the Company

2
3 **Q. Have you previously submitted testimony to the Department?**

4 A. Yes. I have testified in the Company's previous base distribution rate petitions, including
5 D.P.U. 23-65, D.P.U. 15-179, D.T.E. 07-28, D.T.E. 01-59, and D.P.U. 86-235 and financing
6 petitions, including D.P.U. 16-195 and D.P.U. 96-56.

7
8 **Q. What is the purpose of your testimony?**

9 A. As described in more detail below, I am providing background on the Company's
10 manganese filtration system project ("Project"), which is a capital project that was part of
11 the settlement agreement that the Department approved in D.P.U. 23-65, and which is
12 necessary to address discoloration resulting from manganese in the Company's water
13 supply. Pursuant to an Administrative Consent Order ("ACO") by the Massachusetts
14 Department of Environmental Protection ("MassDEP"), the Company must place the project
15 in service by March 1, 2026. The Project is being supported in part by a grant administered
16 by MassDEP and by the proposed indebtedness that is the subject of this financing petition.
17 I am also presenting the Company's petition for Department approval to incur \$1,155,089 in
18 long-term indebtedness for the purpose of financing the capital project. Although
19 construction on the Project site is underway, the Company will need the financing in place
20 in the very near term to be able to submit an order to its vendors to schedule delivery of the
21 Project's equipment in time to complete the Project in a timely manner. Although the

1 Company has advised MassDEP that it will likely need an extension due to the need for
2 Department approval of this financing petition, it is critical for the Company to be able to
3 place the project in service prior to the start of the warmer weather months when the
4 occurrence of manganese discoloration is at a higher risk. Accordingly, the Company is
5 seeking expedited approval of this financing petition and requests approval within 90 to 120
6 days.

7
8 **Q. Are you sponsoring any exhibits with your testimony?**

9 A. Yes, I am sponsoring the following exhibits which are attached to my testimony:

- 10 • Exhibit HWWC-JJM-2: Housatonic Water Works Updated Project Cost Estimates
11 2-13-25
- 12 • Exhibit HWWC-JJM-3: Mass DEP Housatonic Water Works Company EC-SDC
13 Grant Award Letter (September 13, 2024)
- 14 • Exhibit HWWC-JJM-4: Housatonic Water Works Co_EC-SDC_SR contract-
15 executed (Settlement and Release of \$10,000 with MassDEP)
- 16 • Exhibit HWWC-JJM-5: SBA Loan Authorization and Agreement (2020)
- 17 • Exhibit HWWC-JJM-6: SBA Loan Schedule (September 11, 2025)
- 18 • Exhibit HWWC-JJM-7: Reclassifying Journal Entry (9.29)
- 19 • Exhibit HWWC-JJM-8: Pro Forma Balance Sheet (9.29)
- 20 • Exhibit HWWC-JJM-9: DRAFT CoBank Term Sheet (August)
- 21 • Exhibit HWWC-JJM-10: Pro Forma Statement of Capitalization (9.29)

- Exhibit HWWC-JJM-11: Pro Forma Journal Entries (9.29)
- Exhibit HWWC-JJM-12: Pro Forma Net Utility Plant Test Schedule (9.29)
- Exhibit HWWC-JJM-13: MassDEP Administrative Consent Order

II. MANGANESE FILTRATION PROJECT

Q. Please describe Housatonic Water Works Company and the nature of its operations.

A. The Company was organized and incorporated under Chapter 229 of the Acts of 1897. The Company is an investor-owned water company that provides public water supply services to most of the Village of Housatonic, the northern part of the Town of Great Barrington, and smaller portions of the Towns of Stockbridge and West Stockbridge, Massachusetts. The Company currently has 847 active customer connections, providing service to a residential population of around 1,400 residents. The distribution system includes about 16.6 miles of water mains, mostly made of iron and ductile iron, with smaller portions of transite, steel, and plastic pipe.

Q. What is the Company's primary water supply?

A. The primary water supply for the system is Long Pond Reservoir, situated southwest of the Village of Housatonic at the foot of Tom Ball Mountain. Long Pond has a surface area of approximately 150 acres, a watershed drainage area of about 563 acres, and an estimated usable storage volume of 263 million gallons, based on historical computations. While this

1 figure dates back to 1937, more recent analysis suggests that actual yield is likely higher.

2 The safe yield of the reservoir is currently estimated at 600,000 gallons per day.

3
4 **Q. Please describe the Company's water treatment system and process?**

5 A. Water treatment occurs at the Long Pond Treatment Plant, which was originally
6 constructed in 1939. It utilizes slow sand filtration, a method effective at removing
7 organic material due to the natural bio-layer ("schmutzdecke") that forms in the sand
8 media. Treated water then passes into a 100,000-gallon chlorine contact basin and is
9 stored in a 1.1 million gallon prestressed concrete water tank, located just north of the
10 treatment facility. Water is delivered to customers via gravity and based on demand.

11
12 **Q. What are the current and ongoing challenges for the Company's water treatment**
13 **system?**

14 A. Episodically, during the warmer months of recent years, our water has at times exhibited
15 a yellow or brownish color. The color is caused by seasonal spikes of naturally occurring
16 manganese in our Long Pond source water. The dissolved manganese then reacts with the
17 chlorine used for microbial disinfection, and the oxidation of the manganese turns it into
18 a particulate material that causes color. While slow sand filtration effectively removes
19 organic matter, it does not eliminate manganese. Over time, manganese in the distribution
20 system has led to water quality complaints and discoloration issues for customers.

1 Although this situation is not a health concern, the color does make the water appear
2 displeasing and that needs to be resolved.

3
4 **Q. How did the Company determine that the Manganese Filtration System would**
5 **adequately address the recurrent incidents of water quality complaints and**
6 **discolored water?**

7 A. The Company conducted a year-long pilot study approved by MassDEP to verify the
8 performance of the proposed greensand filtration system. This study aimed to confirm the
9 engineering team's assessment that greensand filtration would be the most effective and
10 compatible solution for removing manganese while maintaining operational efficiency
11 and integration with existing infrastructure. Conducted at the Long Pond facility, the pilot
12 study simulated full-scale operating conditions to assess the effectiveness of the
13 Greensand Plus Filtration Plus technology. The results confirmed the technology's ability
14 to remove manganese, demonstrating consistent performance under different conditions.
15 Its compatibility with the existing treatment plant layout at Long Pond further supported
16 the decision to proceed with implementation.

17
18 **Q. Please summarize the Settlement Agreement in D.P.U. 23-65 as it relates to this**
19 **financing petition.**

20 A. On June 23, 2023, the Company filed a petition for approval of a general increase in rates
21 with the Department in order to recover its cost of service and finance future capital

1 improvements, including installation of the Manganese Filtration System (D.P.U. 23-65).
2 MassDEP approved the treatment technology on March 25, 2024. The Company and the
3 Attorney General's Office entered into a Settlement Agreement to increase the
4 Company's rates in phases to cover the Company's test year revenue requirement and the
5 incremental cost of several capital projects to be implemented in the future. The Phase 1
6 rate increase covered a portion of the Company's then-current revenue requirement, with
7 the remainder to be deferred to the Phase 2 rate increase. Phase 2 would also include the
8 incremental costs of the manganese filtration system project and would be implemented
9 after the project is placed in service. The financing is necessary to support completion of
10 the manganese filtration system project.

11
12 **Q. What actions has the Company taken to address the elevated levels of manganese?**

13 A. Since issuance of the Department Order approving settlement on July 31, 2024, the
14 Company has made best efforts to finance and undertake this project. However, the
15 Company's lender, CoBank, declined to finance the project as a result of the risks arising
16 from unanticipated litigation that arose shortly after the Department approved the
17 settlement, namely the petition for judicial review of the Department order filed by the
18 Towns of Great Barrington and West Stockbridge and an enforcement action commenced
19 by the Great Barrington Board of Health and appeal from a court order granting a
20 preliminary injunction of the enforcement action. Nevertheless, the Company started site
21 construction in March 2025 using internally generated funds and a grant administered by

1 MassDEP to meet MassDEP's deadline to commence construction by July 31, 2025. The
2 Company also made a substantial down payment on the manganese filtration system due
3 to its long manufacturing lead time so that it could be ready to install when the building is
4 completed. However, the Company needs the proposed financing in place to be able to
5 schedule delivery of the equipment.

6 CoBank indicated that it would advance funds when the litigation is resolved and the
7 Department has approved this financing petition. The Town of Great Barrington
8 Selectboard voted on August 11, 2025 to withdraw its appeal of the rate case order. The
9 Town of West Stockbridge Selectboard voted on August 18, 2025 to withdraw its appeal
10 of the rate case. The Town of Great Barrington Board of Health voted on August 7, 2025
11 to rescind its enforcement order.

12
13 **Q. Did the Settlement Agreement consider the impacts of delay regarding financing**
14 **and installation of the Manganese Filtration System?**

15 A. Yes. The costs of the Manganese Filtration System Project are not eligible for cost
16 recovery until after the project has been placed in service.

17 Although the Settlement provided that the Manganese Filtration System was expected to
18 be in service in the fourth quarter of 2024, the Settlement specifically provided that if the
19 in-service date for the Manganese Filtration System Project was delayed beyond August
20 1, 2025, the new effective date of the Phase 2 rate increase would be on the first day of
21 the month following the date the project is placed in service. D.P.U. 23-65, at 11.

1 As highlighted by the Department in its July 1, 2025, Order on Motion for Enforcement,
2 “The Settlement contemplates that project delays could occur for any number of reasons
3 outside the Company’s control and automatically adjusts the effective date of the next
4 rate increase accordingly.” D.P.U. 23-65-A, at 14.

5
6 **Q. Is the Company asking the Department to make a determination regarding the**
7 **prudence of the cost of the Manganese Filtration System project at this time?**

8 A. No. Although the Department has approved the projects on the Settlement Agreement’s
9 Capital Project List, the incremental costs of the Manganese Filtration System will be
10 subject to a prudence review when the Company files its Phase 2 compliance filing for
11 cost recovery of prudently incurred costs as part of the Settlement in D.P.U. 23-65, after
12 the Project is placed in service.

13
14 **Q. Other than installation of the Manganese Filtration System itself, what other**
15 **additions or upgrades are necessary for integration of the new system?**

16 A. To integrate the new system, the Company is constructing a dedicated 1,500-square-foot
17 building to house the Greensand Filtration Plus equipment. The scope of this Project
18 includes the construction of the structure and the physical integration of the new system
19 into the existing water distribution network. In addition, the backwash process from the
20 filtration system will generate effluent that must be properly discharged. To manage this,
21 the Company is also undertaking improvements to an existing swale, which will be

1 modified to handle and discharge the backwash effluent safely and in compliance with
2 environmental regulations.

3 Supporting infrastructure upgrades are also included in the Project. These consist of
4 installing sanitary facilities—currently absent at the site—a backup generator for
5 uninterrupted operation during power outages, and necessary improvements to the site’s
6 pumps and electrical systems to accommodate the new treatment technology.

7
8 **Q. Please describe the most recent engineering cost estimate for the manganese**
9 **filtration project.**

10 A. The most recent engineering cost estimate for the manganese filtration project was
11 prepared by Haley Ward in February 2025 and totals \$1.67 million. This estimate
12 includes construction, equipment, labor, permitting, and contingency costs. The complete
13 detailed breakdown engineer’s estimate and opinion of probable cost is attached as
14 Exhibit HWWC-JJM-2.

15
16 **Q: How reliable are the engineers estimated costs? Are they subject to change?**

17 A. The total estimated cost is inclusive of industry standard construction contingency costs
18 and engineering design permitting allowance. The estimate does not include an estimate
19 for the cost of construction administration and inspection. In my experience, this would
20 likely be between 5-10% of the total estimated construction cost.

21

1 **III. COMPANY FINANCING PLAN**

3 **Q. How does the Company intend to finance the Manganese Filtration System Project?**

4 A. The Company has begun funding the Project using internal funds and then seeking
5 reimbursement through a reimbursement system in the form of a \$350,000 grant
6 administered by the Massachusetts Department of Environmental Protections
7 (“MassDEP”) specifically for this purpose. Prior to receiving the grant, the Company had
8 already incurred and paid substantial costs for the Project that were not covered by the
9 grant. The Company requires substantial additional capital to complete the Project.

10 The Company seeks to finance the remaining aspects of the Project through a \$150,000
11 loan (plus unpaid accrued interest) from the U.S. Small Business Administration and a \$1
12 million commercial loan from the Company’s banking partner, CoBank, ACB
13 (“CoBank”), based in Denver, Colorado, subject to approval from the Department in the
14 current proceeding.

16 **Q. Please provide additional details regarding the \$350,000 grant the Company**
17 **received from MassDEP.**

18 A. Certainly. The Company received a \$350,000 grant from MassDEP as part of the
19 *Emerging Contaminants in Small or Disadvantaged Communities* grant program. This
20 program is funded by the U.S. Environmental Protection Agency and administered by

1 MassDEP. It is my understanding that MassDEP, aware of the Company's seasonal
2 manganese challenges, specifically recommended Housatonic Water Works for this
3 grant. The Company qualified because our public water supply is in a disadvantaged
4 community. The MassDEP grant award letter is attached to my testimony as Exhibit
5 HWWC-JJM-3.

6
7 **Q. When was the grant authorized and what is the performance period?**

8 A. MassDEP issued the Notice to Proceed for the grant on September 13, 2024, and the
9 contract end date is September 30, 2029. Please see Exhibit HWWC-JJM-3 attached
10 regarding the approval and complete terms of the MassDEP grant.

11
12 **Q. What are the current reporting requirements for seeking approval of expenditures**
13 **associated with the MassDEP grant?**

14 A. Only costs that are specifically identified and approved by the MassDEP as part of the
15 grant award qualify for reimbursement. Invoices must provide sufficient detail to
16 establish validity of such costs claimed. The Company is required to respond to requests
17 for information from MassDEP and/or EPA regarding activities conducted with Grant
18 Award Contract funds, within seventy-two (72) hours of receipt.

19

1 **Q. How exactly is the Company utilizing the funding received from the MassDEP**
2 **grant?**

3 A. The Company uses the MassDEP grant funds to offset costs of the Project.
4

5 **Q. What is the process for the Company to request MassDEP disbursements?**

6 A. The Company submits requests for payments as costs accumulate. Originally,
7 MassDEP's grant award letter required invoice submissions to be made no more than
8 monthly, but MassDEP subsequently modified the timing to allow the Company to
9 submit invoices as soon as possible to maintain a better cash flow to pay vendors.
10

11 **Q. When are reimbursements made by the grant program for invoices submitted by**
12 **the Company?**

13 A. Reimbursements are generally made by the MassDEP 45 days from submission of a
14 compliant and accurate invoice.
15

16 **Q. Please describe the \$10,000 for "settlement and release" included in the MassDEP**
17 **grant award document, Exhibit HWWC-JJM-3.**

1 A. The \$10,000 for settlement and release represents the amount to be compensated for work
2 related to the design of the Project that was performed prior to the execution of the grant
3 award contract. Please see Exhibit HWWC-JJM-4.

4
5 **Q. Regarding the \$150,000 loan from the U.S. Small Business Administration (“SBA**
6 **Loan”), did the Company previously petition the Department for approval to enter**
7 **into the loan agreement with the SBA?**

8 A. The Company did not previously petition the Department for approval to enter into the
9 SBA Loan prior to the current filing. The Company acknowledges that approval of a
10 petition to enter the loan agreement with the SBA was required at the time the loan was
11 entered into and is still required after the fact pursuant to Chapter 164.

12
13 **Q. Please describe the SBA loan that the Company obtained and its permitted use of**
14 **proceeds.**

15 A. The Company obtained a loan under the U.S. Small Business Administration’s Economic
16 Injury Disaster Loan (EIDL) program. The loan became available as a result of the
17 SBA’s EIDL disaster declaration for Massachusetts due to COVID-19. The loan
18 agreement specifies, *“Borrower will use all the proceeds of this Loan solely as working*
19 *capital to alleviate economic injury caused by disaster occurring in the month of January*

1 *31, 2020 and continuing thereafter...*” The Loan Authorization and Agreement is
2 attached as Exhibit HWWC-JJM-5.

3
4 **Q. Why did the Company decide to apply for the SBA loan?**

5 A. The Company viewed the COVID-related EIDL loan as offering favorable terms at a rate
6 far below what was available in the market.

7
8 **Q. What were the conditions for the SBA Loan proceeds?**

9 A. The SBA Loan terms, in relevant part, required that the Company use all the proceeds of
10 the loan solely as working capital to alleviate economic injury caused by disaster in the
11 month of January 31, 2020 and continuing thereafter.

12
13 **Q. How have the loan proceeds been used by the Company?**

14 A. While the SBA Loan proceeds were used as cash working capital during the COVID
15 emergency, the Company proposes to attribute the loan to construction of the manganese
16 filtration system project for ratemaking purposes. Because the 3.75% annual interest rate
17 is lower than the Company’s Weighted Average Cost of Capital (“WACC”), when the
18 Company files its Phase 2 compliance filing to increase rates after the manganese
19 filtration project is in service, ratepayers will fully benefit from the lower incremental

costs and interest rate associated with the SBA loan. The SBA loan was necessary and obtained at a fleeting but favorable rate.

Q. When did the Company begin accruing interest on the SBA loan?

A. The Company began accruing interest at the beginning of the term of the loan starting in July 2020. Pursuant to SBA guidance, installment payments due were deferred until 2022; however, interest accrual was not deferred.

Q. Do any exhibits detail the timing of interest accruals and payments made regarding the SBA loan?

A. Yes, Exhibit HWWC-JJM-6 provides calculations of the SBA Loan Schedule which identifies the timing, value, and number of payments as well as accrual of interest.

Q. Please explain the adjustments or corrections that were made in connection with this financing petition that differ from what was reported in the Company's Annual Returns?

A. As shown in Exhibit HWWC-JJM-7, the Company made the following adjustments:

12/31/2024 Reclassifying Journal Entry #1

1 After the books were closed for year-end 2024, the Company identified a difference in
2 the calculation of accrued interest on the SBA loan. The Company had been accruing
3 interest on previously accrued interest, while the SBA only accrues interest only on the
4 original principal balance. To correct the 12/31/2024 SBA loan balance, an adjustment
5 has been made to reduce the loan balance by \$578 with an offsetting credit to the profit
6 and loss balance. The reclassification ensures that the reported loan obligation conforms
7 with the SBA's official balance.

8 **12/31/2024 Reclassifying Journal Entry #2**

9 During the year ended December 31, 2024, the Company incurred \$293,404 in pre-
10 construction and engineering costs related to the planned manganese treatment project.
11 These costs were originally recorded in "Other Unadjusted Debits" on the 2024 Annual
12 Return. Due to the project being reasonably assured of completion and these expenditures
13 are directly attributed to the construction of utility plant, the Company has reclassified the
14 balance to "Unfinished Construction" (Construction Work in Progress) to properly reflect
15 the nature of the costs. This reclassification ensures that the costs are consistent with
16 regulatory accounting principles and the Company's intent to capitalize them as part of
17 the completed project once placed in service.

18 **12/31/2024 Reclassifying Journal Entry #3**

19 Effective December 31, 2024, the Company reclassified the \$155,089 previously shown
20 as long-term debt related to the SBA loan. This balance consists of \$150,000 in proceeds

1 that have been held in a separate cash reserve account and \$5,089 represents accrued,
2 unpaid interest. The reclassification removes the SBA loan from long-term debt
3 presentation because it has not yet been approved by the Department. The SBA loan is
4 added back in the pro forma entries as part of the financing for the manganese removal
5 and treatment project.

6
7 **Q. How much interest has the Company accrued on the SBA Loan as of December 31,**
8 **2024?**

9 A. As of December 31, 2024, \$24,826 was accrued on the original \$150,000 principal.

10
11 **Q. Has the Company paid off any interest on the SBA Loan?**

12 A. Yes. In accordance with the SBA Loan terms, the payments that are made are applied
13 first to the interest that is due, and then applied to the principal. The Company has paid
14 \$19,737 in interest. As of December 31, 2024, all the payments made have been towards
15 the accrued interest on the loan. Please refer to the SBA Loan Schedule attached as
16 Exhibit HWWC-JJM-6.

17
18 **Q. Is the \$19,737 in actual interest paid reflected in Exhibit HWWC-JJM-6?**

1 A. No. Due to limitations in the amortization schedule used by the SBA and the unusual
2 nature of the loan, the actual interest paid by the Company is not displayed as such in
3 Exhibit HWWC-JJM-6.

4
5 **Q. How is the unpaid interest treated from an accounting standpoint?**

6 A. Accrued interest is booked according to DPU Account 310, matured interest unpaid, as
7 shown in Exhibit HWWC-JJM-8.

8
9 **Q. Why didn't the Company make any payments between August 2020 and July 2021?**

10 A. When the Company closed the loan in July 2020, the U.S. Small Business Administration
11 deferred the monthly installment payments of \$731 for twelve months from the date of
12 the note. Exhibit HWWC-JJM-5, at 2. The SBA changed the terms of the program
13 during that period, announcing an extension of the Deferment Period for all EIDL loans
14 made in 2020 for an additional twelve months.¹ As indicated in Exhibit HWWC-JJM-6,
15 the Company made some payments in the early years (2021), and for the last few years,
16 beginning in March 2023, the Company has made monthly payments.

17

¹ <https://www.sba.gov/article/2021/mar/16/sba-extends-deferment-period-all-covid-19-eidl-other-disaster-loans-until-2022>)

1 **Q. Please describe the impact of the reclassification of the SBA Loan on the present**
2 **petition?**

3 A. The “actual” numbers included in this filing differ from the entries in the 2024 annual
4 return filed by the Company because of the reclassification of the SBA from 2024 actual
5 to pro forma as part of this financing. The loan is being reclassified in recognition of the
6 fact that prior Department approval of the loan was required but not obtained. The
7 Company intends to amend prior annual returns to reflect this reclassification. Please see
8 Exhibit HWWC-JJM-7.

10 **Q. Why did the Company apply for the SBA loan without first seeking authorization**
11 **from the Department?**

12 A. SBA offered the loan for working capital to alleviate economic injury caused by the
13 COVID disaster in the month of January 31, 2020 and continuing thereafter. Under the
14 SBA EIDL program, applicants had to apply by December 31, 2020 to obtain the disaster
15 related loan. The Company applied immediately upon learning that the program was
16 available in April 2020 because it was unclear whether the loans would remain available
17 given the historically high and unprecedented numbers of applicants for the program and
18 the Company believed that securing a low-cost funding source was in the best interests of
19 its customers.

1 The Loan Authorization and Agreement between the Company and the SBA required
2 borrower's (the Company) signature and return of the loan closing documents within two
3 months of the date of the Loan Authorization and Agreement (See Exhibit HWWC-JJM-
4 5 at p. 3). Based on this expedited timeline and emergency circumstances surrounding the
5 COVID pandemic, the Company did not have sufficient time to prepare, file, and receive
6 Department approval regarding a financing petition within the two-month SBA deadline.

7 Because the Department's process for approving financing would have taken more time
8 than was available, the Company faced the potential of missing the opportunity to obtain
9 the loan on such favorable terms. Because of the exigent circumstances of this
10 unprecedented situation, and because it was unknown how long the SBA would continue
11 to offer the COVID-19 EIDL program, the Company moved forward with the closing
12 documents. Afterwards, Department Staff advised the Company that it would need to
13 submit a financing petition for authorization after-the-fact pursuant to G.L. c. 165, §2 and
14 G.L. c. 164, § 14.

15
16 Q. **Who is the proposed lender for the remaining financing needed for the manganese**
17 **filtration project?**

18 A. The Company proposes to finance the remaining project costs through a loan from
19 CoBank, ACB ("CoBank"). The Draft Term Sheet is attached as Exhibit HWWC-JJM-9.

1 **Q. What is CoBank and why is it an appropriate financing source for this project?**

2 A. CoBank is a cooperative bank and a member of the Farm Credit System, which was
3 established by Congress to provide financial services to rural communities, agriculture,
4 and small utilities. CoBank's mission includes serving borrowers that are often
5 underserved by traditional banks because of their size, rural location, or specialized
6 infrastructure needs. CoBank offers long-term, fixed-rate financing tailored for
7 infrastructure projects like the manganese filtration facility.

8

9 **Q. How does CoBank determine the interest rates for its loans? Are the loans based off**
10 **an index or Treasuries?**

11 A. CoBank utilizes the issuance of Farm Credit Bonds to fund loans. These bonds are sold to
12 institutional investors, so there is no public index to reference.

13

14 **Q. What is the CoBank interest rate and how does it compare to other commercial**
15 **rates?**

16 A. CoBank has advised me that the interest rate for 20-year fixed rate is currently priced at
17 7.20 percent. Current indications suggest that rates should remain below 8 percent for at
18 least the next six months, barring any large, unforeseen market disruptions.

19

20 **Q. How did the Company decide what entity would provide the financing?**

1 A. CoBank has financed the Company's major capital improvements since 1996, and the
2 Company has a good working relationship with the bank to obtain favorable terms which
3 are not otherwise available to it, because there are few options, if any, for small investor-
4 owned water utilities. See Housatonic Water Works Company, D.P.U. 16-195, Exh.
5 DPU-1-1 (filed March 29, 2017).

6
7 **Q. Did the Company apply for financing anywhere other than CoBank?**

8 A. Yes. The Company applied to Berkshire Bank for financing. Berkshire Bank did not offer
9 financing because they did not have an appropriate lending product. In detailed
10 discussions with a loan officer, Berkshire Bank indicated that they viewed the
11 Company's application as "municipal" in nature and concluded that such financing did
12 not fit within any of their available programs.

13
14 **Q. Please explain what patronage certificates and distributions from CoBank are.**

15 A. As a cooperative, CoBank may return a portion of its annual earnings to its customers in
16 the form of patronage dividends, which can be paid in cash or as patronage certificates
17 (retained equity in CoBank). These distributions are not guaranteed, and no portion of the
18 proceeds of the debt to be issued to the Company or loan issuance costs are being
19 retained as an investment in CoBank.

20

1 **Q. Why is the Company seeking the loan from CoBank at this time? Why not earlier?**

2 A. But for the unexpected litigation that arose after the Department approved the Settlement
3 Agreement, the Company would have been able to obtain financing at favorable terms in
4 August of 2024. However, while this litigation was pending, the Company was unable to
5 obtain financing because it could not represent to CoBank that there are no pending
6 proceedings that, if adversely decided, would have a material effect on the Company's
7 financial condition, as CoBank required to apply for long-term debt to finance the
8 Manganese Filtration System project. CoBank, like any other financing institution,
9 requires its lenders to provide representations about the absence of litigation materially
10 affecting the borrower's financial condition as a term of the loan documents. As
11 discussed earlier, Great Barrington and West Stockbridge have recently voted to
12 withdraw their litigations.

13
14 **Q. Why isn't the Company seeking to finance the construction with short-term debt?**

15 A. The Company, like most other water companies, and unlike electric or gas utilities, does
16 not have effective recourse to short-term debt and experiences challenges accessing the
17 capital markets.²

² In Sheffield Water Company, D.P.U. 09-143, at 9 (2010), the Department noted that it, "is aware of the difficulties faced by small utility companies in obtaining access to the capital markets. Assabet Water Company, D.P.U. 08-9, at 10 (2008); Dover Water Company, D.T.E. 04-50, at 9 (2004); Sheffield Water Company, D.T.E. 00-75, at 5 (2000); Blackstone Gas Company, D.T.E. 98-91, at 6 (1999); Generic Cost of Capital for Water Companies, D.P.U. 96-90-A at 8-9 (1997)."

1

2 **Q. Will all the proceeds from the abovementioned loans be used towards construction**
3 **of the Manganese Filtration System Project?**

4 A. Yes.

5

6 **Q. What are the material terms of the proposed \$1 million commercial loan from**
7 **CoBank?**

8 A. Based on market conditions at the time the note is executed, the interest rate is expected
9 to be 7.20% for a 20-year fixed-to-maturity term on a \$1,000,000 fully amortizing senior
10 secured term loan for the purpose of funding infrastructure capex related to the
11 manganese water treatment facility. The Draft Term Sheet describes the terms and
12 conditions of the proposed loan and is attached to my testimony as Exhibit HWWC-JJM-
13 9.

14

15 **Q. Would you please describe Exhibit HWWC-JJM-10?**

16 A. Exhibit HWWC-JJM-10 consists of the statement of capitalization of the Company as of
17 December 31, 2024. Exhibit HWWC-JJM-10 shows the Company's debt, equity, and
18 total capitalization as of December 31, 2024 and provides a pro forma to reflect the

1 impacts of the issuance of the proposed and requested long term debt in this petition. As
2 shown in Exhibit HWWC-JJM-10, the Company's current equity is \$44,394 (7.5%) and
3 long-term debt is \$550,017 (92.5%). The financial impact of the \$1,155,089 loans
4 comprised of \$155,089 from SBA and \$1,000,000 from CoBank results in a total
5 common equity of \$346,633 (16.9%) and total long-term debt of \$1,705,106 (83.1%).
6

7 **Q. Is the Company's debt/equity ratio comparable to industry standard?**

8 A. Unlike electric or gas utilities, water companies' debt/equity ratio varies based on
9 challenges accessing capital markets. The Company's capital structure is comparable to
10 that of small water companies.
11

12 **Q. Would you please describe Exhibit HWWC-JJM-8?**

13 A. Exhibit HWWC-JJM-8 consists of the Balance Sheet of the Company as of December 31,
14 2024 with pro forma adjustments reflecting the financing and the manganese filtration
15 system project.
16

17 **Q. Would you please describe Exhibit HWWC-JJM-11?**

18 A. Exhibit HWWC-JJM-11 consists of the following:

19 **Pro Forma Journal Entry #1**

1 This entry records the proceeds from a \$1,000,000 CoBank loan used to fund the
2 manganese removal and treatment construction project. A \$4,000 debt discount was
3 recognized to reflect loan issuance costs, with the remaining \$996,000 recorded as
4 unfinished construction.

5 **Pro Forma Journal Entry #2**

6 This entry reflects the application of the SBA loan proceeds as part of the financing plan
7 for the manganese removal and treatment project. The \$155,089 obligation consists of
8 \$150,000 in principal and \$5,089 in unpaid accrued interest. The funds had been reserved
9 and are now shown as supporting unfinished construction.

10 **Pro Forma Journal Entry #3**

11 This entry reflects the receipt of the remainder of \$302,239 in grant proceeds from the
12 MassDEP after December 31, 2024. These funds are applied to unfinished construction
13 and serve to reduce the amount of debt required to finance the project.

14
15 **Q. Will the proposed financing meet the net plant test?**

16 A. HWWC's current net utility plant as of December 31, 2024 includes \$1,479,347,
17 consisting of \$3,159,993 in plant investments and \$239,953 in general equipment less
18 construction work in progress of \$239,404 and accumulated depreciation of \$1,627,195.
19 Exhibit HWWC-JJM-12.

1 Excluding retained earnings, the Company's total current capitalization, prior to inclusion
2 of the proposed loans from SBA and CoBank, is \$459,294, consisting of \$40,000 in
3 common stock, \$130,723 in profit and loss balance, and \$550,017 in existing long-term
4 debt. Inclusion of the SBA and CoBank loans will increase the Company's long-term
5 debt by \$1,155,089, for a total long-term debt of \$1,705,106, resulting in a total
6 capitalization of \$1,916,622. Additionally, the \$130,723 in the profit and loss balance
7 will be offset by the \$302,239 MassDEP grant.

8 The Company's pro forma total capitalization of \$1,916,622 would exceed the net utility
9 plant of \$1,479,347 by \$437,275, therefore failing the net plant test. However, the
10 Company anticipates that once the manganese filtration system project plant additions are
11 placed into service, it will have \$3,220,990 in net utility plant, resulting in a net utility
12 plant exceedance of \$1,304,368 and thus satisfy the requirements of G.L. c. 164, § 16.

13
14 **Q. Please describe the Company's Administrative Consent Order ("ACO") with**
15 **MassDEP and its impact on installation of the Manganese Filtration System.**

16 A. On July 14, 2025, the Company entered into an Administrative Consent Order ("ACO")
17 with MassDEP in an effort to move forward with the manganese filtration system project.
18 Exhibit HWWC-JJM-13. This ACO represents a critical step toward restoring progress
19 on the project, which had been significantly delayed due to litigation that was entirely
20 beyond the Company's control. The Consent Order establishes a clear framework of

responsibilities and deadlines designed to ensure timely construction, regulatory compliance, and improved water quality for the community.

Q. Please summarize the key provisions of the ACO and required Company actions.

A. Key provisions of the Administrative Consent Order require the Company to submit monthly progress reports, comply with MassDEP's permit conditions, and meet specific milestones—starting construction by July 31, 2025, and ending with a fully operational treatment system by March 1, 2026.

Additionally, the ACO requires that the Company provide information or take specified actions regarding system improvements, temporary water access, water quality monitoring, complaint log, tap sampling plan, financing extensions, and lack of ratepayer burden.

Q. What are the reporting requirements and schedule mandated by the MassDEP administrative consent order?

A. The ACO requires the Company to comply with specific construction milestones set forth in the Order. Specifically, the ACO currently requires the following schedule:

- Construction Milestones:
 - Start: July 31, 2025
 - Building complete: December 1, 2025
 - Interior systems: January 15, 2026
 - Equipment delivered: January 1, 2026

- Installation complete: February 1, 2026
- Operational: March 1, 2026

Q. Why is the ACO mandated construction schedule relevant to this petition?

A. While the Company's net utility plant would not exceed total capitalization after incurring the proposed debt based on the pro forma calculations as of December 31, 2024, the Company would satisfy the net plant test upon completing the Project and placing it in service by a date certain, currently March 1, 2026 as required by the MassDEP construction schedule.

Q. Can the ACO mandated in-service date be adjusted if necessary?

A. Yes. The current March 1, 2026 deadline for the in-service date may be subject to extension to another date certain by MassDEP depending on the timing of review and approval of this financing. The Company has continued progress on items that position it to move forward immediately once funds are available.

Q. Is the requested approval for authorization to incur long term indebtedness reasonably necessary for the purpose of funding infrastructure related to the manganese water treatment facility?

A. Yes. The Company must construct the manganese filtration system project to comply with the MassDEP ACO as part of its obligations as a public water system to provide safe drinking water, and the Department has already approved it as one of the projects in the

1 Capital Project List as part of the Settlement Agreement in D.P.U. 23-65. Completing the
2 project therefore serves a legitimate purpose in meeting the Company's utility service
3 obligations to provide safe and high-quality drinking water in a cost-effective manner.
4 The Company cannot fund the project using only internally generated funds and does not
5 have access to short-term debt sufficient to complete the project. The Company therefore
6 cannot complete the project without incurring the proposed long-term debt. All of the
7 proceeds of the financing will be used to fund the project. Therefore, the costs of
8 securing the proposed long-term debt are reasonably necessary to meet the Company's
9 service obligations.

10
11 **Q. Is the requested approval for authorization to incur long term indebtedness in the**
12 **public interest?**

13 A. Yes. Enabling the Company to complete the project as required by MassDEP by approving
14 the proposed financing is in the public interest.

15
16 **Q. Does this conclude your testimony?**

17 A. Yes, it does.

HWWC-JJM-2

Haley Ward, Inc.
2210 Main Street
Glastonbury, CT 06033-6088

TABLE 1 -
OPINION OF PROBABLE COST
MANGANESE REMOVAL SYSTEM
HOUSATONIC WATER WORKS CO.
GREAT BARRINGTON, MA

Estimate 3/6/2023
HW Job No. 23-317
Prepared By: JEE

Total		Estimated Quantity and Unit Measure	Estimated Unit Price	Extended Price
Item				
1	Mobilization	1 LS	\$50,000	\$50,000
2	Erosion and Sediment Control	1 LS	\$10,000	\$10,000
3	Tree Cutting, Clearing and Grubbing	1 LS	\$10,000	\$10,000
4	New 2200 s.f Treatment Building @ \$150/sf	1 LS	\$330,000	\$330,000
5	New Electrical Service	1 LS	\$50,000	\$50,000
6	New Interior Electrical / Lighting	1 LS	\$50,000	\$50,000
7	SCADA upgrades	1 LS	\$50,000	\$50,000
7	Generator Set / Transfer Switch	1 LS	\$75,000	\$75,000
8	Building HVAC	1 LS	\$50,000	\$50,000
9	Interior Piping	1 EA	\$50,000	\$50,000
10	New CL and pH Chemical Feed Systems, Analyzers	1 EA	\$50,000	\$50,000
11	Manganese Greensand Filter System	1 LS	\$275,000	\$275,000
12	Below Ground Water Piping	1 LS	\$50,000	\$50,000
13	On-Site Septic System for Rest Room	1 LS	\$20,000	\$20,000
14	Eyewash Unit Water Treatment Wastewater Disposal System	1 LS	\$10,000	\$10,000
15	1" Sample Return Line (100 LF)	1 LS	\$10,000	\$10,000
16	Backwash Lagoon	1 LS	\$50,000	\$50,000
17	Site Work	1 LS	\$50,000	\$50,000
18	Loam and Seed	1 LS	\$20,000	\$20,000
19	Startup and Testing	1 LS	\$25,000	\$25,000
Estimated Construction Cost				\$1,285,000
20 % Contingency				\$257,000
10 % Engineering Design Permitting Allowance				\$128,500
Allowance for Piloting (Complete)				\$0
Estimated Construction Administration and Inspection		TBD		
Estimated Project Cost w/Contingency				\$1,670,500
			Say	\$ 1.67 million

UPDATED 2025 CONSTRUCTION COST ESTIMATE

\$ 1.67 MILLION

REV 2-13-25

HWWC-JJM-3



September 13, 2024

James J. Mercer
Housatonic Water Works
80 Maple Avenue, Suite 1
Great Barrington, MA 01230

RE: Housatonic Water Works Company, PWS ID# 1113003, EC-SDC Grant

Dear Mr. Mercer,

Congratulations on receiving an Emerging Contaminants in Small or Disadvantaged Communities ([EC-SDC](#)) grant award funded through the Bipartisan Infrastructure Law ([BIL](#)) and administered by MassDEP!

I am pleased to provide you with the following:

- Notice to Proceed date: September 13, 2024, for the work related to this funding. With the exception of expenses incurred from July 12, 2024, through September 13, 2024, work undertaken on or after September 13, 2024 may be reimbursed upon presenting invoice(s) for eligible activities.
- Settlement and Release: \$10,000.00
- Total contract value: \$350,000.00
- Contract end date: September 30, 2029.

Attached you will find a signed copy of the Standard Contract for your records. Please work with your regional MassDEP office to obtain all necessary permits.

The settlement and release and associated invoices have been submitted for payment. Instructions for reimbursement of future eligible activities are as follow:

1. Submit invoices to Program.director-dwp@mass.gov. Subject: PWS ID #: 1113003, Invoice, EC-SDC Grant no more than monthly, but no less than quarterly.
2. Include a cover sheet, on municipal/organization letterhead, that identifies:
 1. The date
 2. Total invoice amount
 3. If numerous invoices included in a submittal, list each invoice date, invoice number and amount.
3. Attach all backup documentation **and invoices**.



Commonwealth of Massachusetts
Executive Office of Energy & Environmental Affairs

Department of Environmental Protection

100 Cambridge Street Suite 900 Boston, MA 02114 • 617-292-5500

Maura T. Healey
Governor

Kimberley Driscoll
Lieutenant Governor

Rebecca L. Tepper
Secretary

Bonnie Heiple
Commissioner

You will also find attached a customized EC-SDC Monthly Progress Report template. Please complete this report monthly and submit by the 15th of the following month to Program.director-dwp@mass.gov. Subject: PWS ID #: 1113003, Progress Report, EC-SDC Grant, with a cc to Andrew.Andresco@mass.gov. Please leave the naming structure of the report intact, adding only the applicable month and year.

Feel free to reach out should you have any questions at program.director-dwp@mass.gov or 617-292-5770.

Yvette DePeiza
Program Director
MassDEP Drinking Water Program

Attachments:

- Standard Contract – fully executed
- Settlement and Release – fully executed
- EC-SDC Monthly Progress Report Template

HWWC-JJM-4

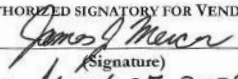

MMARS DOCUMENT ID: CT-EQE-5000-ECSDCHOUSATONICWAW24

Issued 2004

COMMONWEALTH OF MASSACHUSETTS SETTLEMENT AND RELEASE

[THE VENDOR/CONTRACTOR MUST COMPLETE ONLY THOSE SECTIONS PRECEDED BY AN "→".]



→VENDOR/CONTRACTOR NAME: Housatonic Water Works Company	DEPARTMENT NAME: Massachusetts Dept. of Environmental Protection
→CONTACT: James J. Mercer	CONTACT: Janine Bishop
→PHONE: 413-528-1780 →FAX: 413-528-3024 →E-MAIL: housatonicwater@gmail.com	PHONE: (781) 742-8427 FAX: E-MAIL: janine.bishop@mass.gov
→LEGAL ADDRESS: AS LISTED ON IRS W-9) 80 Maple Avenue, STE 1, Great Barrington MA, 01230	LEGAL ADDRESS: 100 Cambridge Street, Suite 800, Boston, MA 02114
The Vendor/Contractor and Department have reached agreement that performance was made by the Vendor/Contractor to or on behalf of the Department and the performance was accepted without benefit of a Contract. The performance included the following goods or services (describe in detail what was performed. Attach additional supporting documentation.): Design for manganese green sand filtration	
The claimed performance was made and accepted by the Department on the following dates (identify either specific dates if available or a range of dates of performance. Attach supporting documentation.): 07/12/24 - 09/13/2024	
The Department and the Vendor/Contractor have agreed that the total value of the performance to be compensated under this settlement agreement and release is: \$ 10,000.00	
In consideration of the settlement amount paid by the Commonwealth of Massachusetts, acting by and through the Department, the Vendor/Contractor's authorized legal representative being of lawful age and having the authority to execute this Settlement Agreement and Release hereby releases, acquits and discharges the Commonwealth of Massachusetts, the Department and its officers and employees from any and all claims and demands of whatever nature arising out of the claimed performance and circumstances.	
→AUTHORIZED SIGNATORY FOR VENDOR/CONTRACTOR: →X:  (Signature) →DATE: August 27, 2024 (Date must be handwritten at time of signature) →NAME: James J. Mercer →TITLE: Treasurer	AUTHORIZED SIGNATORY FOR DEPARTMENT: X:  (Signature) DATE: 9/13/2024 (Date must be handwritten at time of signature) NAME: Bawa B. Wavezwa TITLE: Director, Div. of Financial Management

Departments are required to comply with the Office of the Comptroller Contracts Policy "Contracts – Amendments, Suspensions and Terminations" policy when using this form. The record copy of this Settlement and Release must be attached to the record copy of any related contract, or if there was no contract, to the relevant supporting documentation related to this settlement and release for records management and auditing purposes.



July 9, 2024

Mr. James Mercer
Housatonic Water Works
80 Maple Avenue
Great Barrington, MA 01230

RE: Proposal for Professional Services, Provide Engineering Design and Permitting Services, New Manganese Removal Treatment Plant and Related Site Work Design, Great Barrington, MA

Dear Jim:

Thank you for contacting Haley Ward, Inc. for this project. As discussed, you have completed four seasons of piloting utilizing manganese greensand media, which has been approved by Mass DEP. We have reviewed these reports, which recommend the following full scale design parameters:

- Utilize Manganese Greensand Plus filter media
- Flow rate = 100 gpm
- Utilize four- 36" diameter x 72" tall filter vessels,
- Filter backwash water discharged to existing slow sand filter lagoon.


We have assumed these recommendations have State approval and will use these as the basis of design. As discussed on July 8, 2024, you would like the new plant to be sized to meet peak demands of approximately 228 gpm +/-.

As requested, here is our proposal for your review and acceptance.

Mr. Jim Mercer | 7-9-24 | JN | Page 1



2210 Main Street, P.O. Box 1088, Glastonbury, CT 06033
T: 860.659.3100 | HALEYWARD.COM



SCOPE OF SERVICES

- 1) Review Pilot Data, Building Submittals and Correspondence – Please provide recent project information over the past year to Haley Ward, including but not limited to:
 - Water Treatment Piloting Reports, including State correspondences and approvals,
 - Information on your proposed water treatment plant building system,
 - Copies of correspondence between Water the Company, State, engineers and other project team members regarding water quality and water treatment related issues.
- 2) Contact Established Water Treatment Vendors – Based on the design criteria approved in piloting, we will reach out to two established water treatment plant vendors with manganese greensand filtration fabrication experience. We will verify preliminary filter vessel sizing, interconnecting piping and valve filter face design layouts and obtain cost estimates for them to manufacture and ship a complete water treatment system to the site.

We will review this information with you, and jointly decide on a water treatment system as the basis of design.
- 3) Prepare Internal Treatment Plant Piping Layout – Once filter sizing and filter face piping and valve layout is complete, Haley Ward will design new internal piping to connect the filtration equipment to the water system. Typically, these consist of inlet piping, outlet piping, backwash supply piping, backwash waste piping and sometimes air supply piping.
- 4) Interior Chemical Storage, Feed, Analyzers, Eye Wash and Accessories – As noted in the Piloting Studies, increasing the chlorine residual after slow sand filtration but before the chlorine contact basin should be suitable to provide the range of chlorine residuals to operate the manganese removal plant. Therefore, we do not anticipate the design of new chlorine bulk or day storage tanks within the new plant. Modification of the chemical feed systems for chlorine will likely be necessary and are included in our scope.



As requested, we will design space to add future pH adjustment bulk and day storage tanks and chemical feed pumps, within the new manganese removal plant.

We also design new process analyzers and instrumentation (turbidity, chlorine residual, pH, temperature, etc), along with other treatment related accessories such as emergency eye wash / safety shower, and sample sink.

Disclaimer: Housatonic Water Works will be responsible for upgrades to your existing SCADA system to incorporate the functions of the manganese removal plant and all instrumentation / analyzers.

- 5) Coordination with Building System Selected – Please provide us with copies of your proposed building details, including preliminary layouts, sections, elevations, etc.

Based on our filter, piping and equipment layout, we will review initial building dimensions, and recommend changes if necessary.

Disclaimer: As discussed, Housatonic Water Works will be responsible for the building design, including any geotechnical engineering / foundation design, floor slab, building envelope and all other details (doors, windows, etc).

- 6) Prepare External Treatment Plant Piping Layout / Pumping Equipment– As discussed, the proposed plant will connect to piping leaving the Chlorine Contact basin and reconnect to the piping which leads to the 1 MG storage tank. Also, this treatment plant will be run seasonally, and will need to be bypassed when not in use.

Haley Ward will design piping and valves to connect the new plant to the existing piping network. In addition to inlet and outlet piping for the new plant, we anticipate backwash water supply and disposal piping will also be required. Also, a domestic water service pipe would be designed to feed the plants' internal water functions.

We will also evaluate current pumping equipment, capacity and sequencing, and determine if it is adequate for continued use, or will need to be modified.



- 7) Backwash Water Piping / Discharge Designs - The conclusions of piloting were to discharge filter backwash water to existing facilities used by your slow sand filters, perhaps with some form of pre-treatment for manganese. We have assumed this concept is feasible and will design piping between the new plant and the existing lagoon. We have assumed the existing lagoon piping is adequate to be used for this purpose.
- 8) Wetland Location and Mapping- As discussed on July 8, 2024, wetland delineation and location will not be included as part of our project.
- Disclaimer: Housatonic Water Works will be responsible for all local wetland related permitting, if required, for this project.*
- 9) Conduct One Day of Supplemental Surveying- Haley Ward will conduct one day of supplemental field surveying, to locate areas on the site that require more definition for the purpose of our design. We will upgrade our existing conditions mapping with this data.
- 10) Prepare Site Plan- Haley Ward will prepare an overall site plan, showing the treatment plant location, connecting piping, limits of access roadways and parking areas, existing and proposed grading, storm drainage, erosion and sediment control measures and other related items.
- We have assumed maps provided by Housatonic Water Works adequately show property boundaries as necessary for design and permitting.
- We have also assumed our previous Lenard Engineering, Inc. map dated June 5, 2017, is still current and is adequate to design these improvements, with one additional day of surveying from Item 9 above.
- 11) Tight Tank Wastewater Permitting- As discussed, Housatonic Water Works will retain a local engineer to size, locate and permit a "tight" tank to hold wastewater generated by the new treatment plant, which will require regular pumping. We will add this location to our site plan and show the sewer pipe connecting the plant to this tank.



12) Size Standby Generator, Show Location on Site Plan- As discussed, the project will require a new, propane fueled standby generator capable of powering both existing and new loads. Haley Ward's electrical engineer will inventory these loads, and work with generator vendors to select a generator of proper size, as well as the propane storage volume. We will provide a design schematic, technical spec and show the location of the new generator and propane tank on the site plan.

13) Electrical Design- As discussed, Housatonic Water Works will be responsible for coordinating and designing new power supply, if required, to the project site.

In addition, Housatonic Water Works will have their electrical contractor provide the design for all electrical components of the project, including underground circuits and building circuits.

14) HVAC Design- Housatonic Water Works will have their mechanical contractor provide the design for all heating, ventilation, air conditioning and related components of the project.

15) Technical Specifications- Haley Ward will provide technical specifications that will accompany our design plans, describing the materials, execution method of measurement and basis of payment.


16) DEP Drinking Water Permitting- Haley Ward will prepare MassDEP permit applications for the new manganese removal treatment plant and items we will design. We have included completion of the following State permit:

a. BRP WS 25 Water Treatment Plant Modification

Note Housatonic Water Works will be responsible for all permit fees.

17) Project Management/ Meetings- Haley Ward will provide project management during the design, including client and vendor calls, emails, meetings, contact with regulatory agencies, email and hard copy submittals and other related services.

18) Assumptions and Exclusions – As noted in this document and further discussed below, Haley Ward has made the following assumptions and exclusions in our Scope of Work:

- 
- Our most recent mapping of the site – plan entitled "Water Main Design, prepared for Housatonic Water Works, Lenard Engineering, Inc, June 5, 2017" is substantially correct, and adequate for this project, with one additional day of surveying.
 - The water treatment plant building design, including foundation design, building shell, openings, accessories is by others.
 - No geotechnical engineering is included, either for the treatment plant foundation design, or other project aspects.
 - All electrical design, including bringing adequate power to the site, as well as on site power and electrical inside the treatment plant building is by others.
 - All HVAC design required is by others.
 - Engineering Services during bidding and construction are not included but can be provided via a separate proposal.

PROPOSED FEES

We propose to complete this Scope of Work for a fixed fee of \$ 65,000. Work over and above this Scope will be billed based on the attached 2024 Schedule of Charges.

As discussed, you would like to accelerate this project, and we estimate the following timelines:

- Preliminary Design Submission to HWW- 45 days
- Submission to MassDEP – 75 days
- Incorporate MassDEP comments, permit conditions- 15 days after receiving comments.

By reference, the attached Professional Services Terms and Conditions are part of this proposal and any resultant contract.

To begin work, please sign and return this proposal, along with an initial, non-refundable payment of \$ 10,000. Subsequent monthly payments will be:

- End of 1st Month- \$ 15,000
- End of 2nd Month- \$ 15,000
- End of 3rd Month - \$ 15,000
- \$ 10,000 Balance to be paid upon completion.



If you have any questions regarding this proposal, I am at your service.

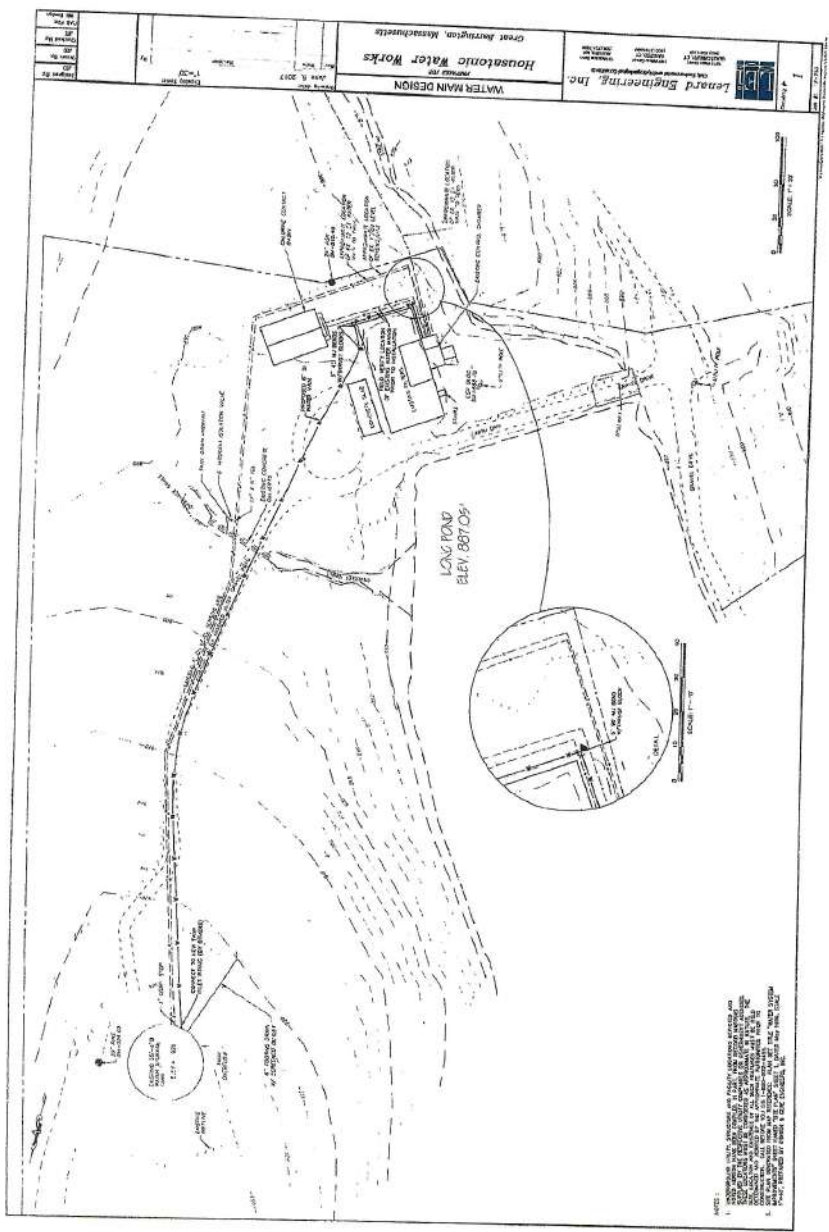
Very truly yours,
Haley Ward, Inc.

James E. Ericson, P.E.
Regional Manager / Vice President

ACCEPTED BY:
DATE: July 22, 2024

Enclosures

- Standard Conditions for Engagement
- 2024 Hourly Fee Schedule
- June 5, 2017 Site Mapping





HALEY WARD
ENGINEERING | ENVIRONMENTAL | SURVEYING

SCHEDULE OF CHARGES
(Effective November 27, 2023)

Title	Rate Per Hour
Principal	
Senior Project Manager IV	\$265
Senior Project Manager III	\$260
Senior Project Manager II	\$240
Senior Project Manager I	\$225
Project Manager III	\$220
Project Manager II	\$205
Project Manager I	\$195
Senior Project Engineer/Architect/Surveyor/Scientist/Geologist/Professional IV	\$185
Senior Project Engineer/Architect/Surveyor/Scientist/Geologist/Professional III	\$260
Senior Project Engineer/Architect/Surveyor/Scientist/Geologist/Professional II	\$240
Senior Project Engineer/Architect/Surveyor/Scientist/Geologist/Professional I	\$225
Project Engineer/Architect/Scientist/Geologist/Professional III	\$220
Project Engineer/Architect/Scientist/Geologist/Professional II	\$205
Project Engineer/Architect/Scientist/Geologist/Professional I	\$195
Engineer/Geologist/Scientist/Architect/Professional	\$185
Senior Land Surveyor	\$155
Land Surveyor	\$185
Senior Designer II	\$155
Senior Designer I	\$175
Designer	\$160
Senior Technician	\$155
Technician	\$190
Technical Aide	\$140
Senior Project Assistant	\$110
Project Assistant	\$140
One Person Robotic Survey Crew	\$115
	\$225

LITIGATION/COURT RELATED MATTERS: When serving as consultants to members of the legal profession and as expert witnesses in courts of law, arbitration proceedings, and administrative adjudication proceedings, hourly fees for personnel will be invoiced at 1½ (one and one-half) times the standard hourly rate. This rate is also applicable to time associated with preparation for those services.

EXPENSES: Subconsultant's fees processed through Haley Ward will be marked up 15% to cover our direct costs associated with retaining these services. Mileage will be billed at the rate of \$.85 (eighty-five cents) per mile. Photocopies, blueprints, and other project related reimbursable expenses will be billed at cost.

INVOICES: Invoices for personnel time and expenses will be submitted on a monthly basis and will be due when rendered. Interest at a rate of 1½% per month will be assessed where allowed under applicable law, to bills remaining due and not paid within 30 (thirty) days.

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Haley Ward, Inc.
Professional Services Terms and Conditions

1. General

These Professional Services Terms and Conditions, together with the attached proposal and Schedule of Charges, collectively constitute the "Agreement" as that term is used herein between Haley Ward, Inc. ("Consultant") and the entity or person to whom the proposal is addressed ("Client") to perform basic Services. The Schedule of Charges may be omitted for Lump Sum type Agreements.

2. Services

The Consultant agrees to perform the services ("Services") for Client described in the proposal to which these Professional Services Terms and Conditions are attached. Consultant will initiate the Services after receipt of Client's approved and accepted Proposal(s). All Proposals (written or otherwise) are acknowledged to be incorporated into and made a part of the Agreement. It is understood and agreed by the parties that certain conditions or emergencies may arise in which it is to the mutual benefit of the parties that the Consultant initiate Services not identified in the Agreement but which are based upon verbal authorization provided by Client. In such cases, Consultant agrees to commence such verbally authorized Services and Client agrees to compensate Consultant accordingly. All Services verbally authorized by Client in this manner will be governed by the terms of the Agreement. Responding to, or complying with, subpoenas, depositions, testimony, or document retrieval related to the Services will be considered "litigation response" and shall be part of the Services provided

that such litigation is unrelated to Consultant's indemnity hereunder.

3. Additional Services

All Services that are not specifically included in, or reasonably inferred to be included in, the Services will be considered Additional Services. Upon request of Client or discovery by Consultant of changed, or latent, or previously undisclosed conditions affecting the cost and/or scope of the Services, Consultant will prepare a written proposal for such Additional Services which, upon written acceptance of Client, will be considered a change order ("Change Order") under this Agreement. All Additional Services verbally authorized by Client will be governed by the terms of this Agreement.

4. Compensation for Services

Client agrees to compensate Consultant in accordance with the Proposal which may be on a Lump Sum or Standard Hourly Rates basis depending upon the nature of the Services and the information reasonably available to Consultant at the time the Proposal is prepared. The total compensation for Services is based on the respective project tasks. The Consultant may alter the distribution of compensation between individual tasks of the work to be consistent with Services actually rendered but shall not exceed the total estimated compensation amount unless approved in writing by the Client. The total estimated compensation for Consultant's Services included in the breakdown of task incorporates all labor, overhead, profit, reimbursable expenses, and Consultant's

subconsultants' charges. Reimbursable expenses include but are not limited to the following project-related items: transportation (including mileage), lodging, and subsistence incidental thereto; providing and maintaining field office facilities including furnishing and utilities; courier charges; reproduction charges; reproduction of reports, drawings, specifications, bidding-related or other procurement documents, Construction Contract Documents, specialized equipment/software, and similar project-related items; and subconsultants' charges. Reimbursable expenses will be the project-related internal expenses actually incurred or allocated by the Consultant, plus all invoiced external reimbursable expenses allocable to the project, the latter multiplied by a factor of 1.15. Whenever Consultant is entitled to compensation for the charges of Consultant's subconsultants, those charges shall be the amounts billed by Consultant's subconsultants to Consultant times a factor of 1.15. The external reimbursable expenses and Consultant's subconsultant factors include Consultant's overhead and profit associated with Consultant's responsibility for the administration of such Services and costs.

It is understood, however, that circumstances or conditions may arise during the performance of the Services that affect the project price which could not have reasonably been expected or foreseen despite the exercise of due care. As such, the "not-to-exceed" price in other than a Lump Sum Proposal is not intended to be a firm price. Consultant will notify Client in the event that Consultant anticipates the actual project



cost will exceed its time and materials estimate. Thereafter the parties shall enter into a mutually acceptable Change Order. For verbally authorized Services or litigation response Services as described above, Client agrees to compensate Consultant at its then current rates for similar Services. Consultant will not raise its rates for any project in-progress prior to notice.

5. Schedules, Budgets, and Estimates or Opinions of Cost

Any schedules or completion dates, budgets, or estimates of cost prepared by Consultant represent Consultant's professional judgment based on its experience and available information. Amounts that will become payable for specified services are only estimates for planning purposes, are not binding on the parties, and are not the minimum or maximum amounts payable to Consultant. When estimated compensation amounts have been stated herein and it subsequently becomes apparent to Consultant that the total compensation amount thus estimated will be exceeded, Consultant shall give Client written notice, allowing Client to consider its options, including suspension or termination of Consultant's Services for Client's convenience. Upon notice, Client and Consultant promptly shall review the matter of Services remaining to be performed and compensation for such Services. Client shall either exercise its right to suspend or terminate Consultant's Services for Client's convenience, agree to such compensation exceeding said estimated amount, or agree to a reduction in the remaining Services to be rendered by Consultant, so that total compensation for such Services will not

exceed said estimated amount when such Services are completed. If Client decides not to suspend Consultant's Services during the negotiations and Consultant exceeds the estimated amount before Client and Consultant have agreed to an increase in the compensation due Consultant or a reduction in the remaining Services, then Consultant shall be paid for all Services rendered hereunder. To the extent necessary to verify Consultant's charges and upon Client's timely request, Consultant shall make copies of such records available to Client at cost.

Since neither Consultant nor Client has control over the cost of labor, materials, or equipment, or contractor's methods of determining prices, or over competitive bidding or market conditions, Consultant cannot and does not warrant or represent that actual schedules, budgets or completion dates or actual costs will not vary from schedules or completion dates, budgets, or estimates of cost prepared by Consultant or proposed, established, or approved by Client.

6. Invoices and Payment Terms

Invoices will generally be submitted monthly. Invoices shall be prepared in accordance with Consultant's standard invoicing practices and are due and payable within 30 days of receipt. A retainer in the amount defined in the proposal of Services is required prior to initiating the scope of Services. The retainer amount will be credited to the final invoice.

For Standard Hourly Rates Method of Payment, the amounts billed for Consultant's Services will be based on the cumulative hours charged to the project



during the billing period by each class of Consultant's employees times Standard Hourly Rates for each applicable billing class, plus reimbursable expenses and Consultant's subconsultants' charges. The Standard Hourly Rates and reimbursable expense Schedule will be adjusted annually (as of December 1st) to reflect annual changes in the compensation payable to Consultant.

For Lump Sum Method of Payment, the portion of the Lump Sum amount billed for Services will be based upon Consultant's estimate of the percentage of the total Services actually completed during the billing period. If any reimbursable expenses are expressly allowed, Consultant may also bill for any such reimbursable expenses incurred during the billing period. The compensation amount is conditioned on a period of service not exceeding twelve months. If such period of service is extended, the compensation amount for Consultant's Services shall be appropriately adjusted.

To facilitate prompt payment to lower-tier subcontractors or vendors, Consultant may submit invoices to Client on an interim basis for such outside expenses exceeding \$10,000. Payment in full is due upon receipt of Consultant's invoice. If client objects to all or any portion of the invoice, Client will notify Consultant within five (5) business days from the date of receipt of invoice and shall promptly pay the undisputed portion of the invoice. The parties will immediately make every effort to settle the disputed portion of the invoice.

If Client fails to make any payment due Consultant for Services and expenses

within 30 days after receipt of Consultant's invoice, then: amounts due Consultant will be increased at the rate of 1.5% per month (or the maximum rate of interest permitted by law, if less) from said thirtieth day; and Consultant may, after giving seven days written notice to Client, suspend Services under until Client has paid in full all amounts due for service, expenses, and other related charges. Client waives any and all claims against Consultant for any such suspension. Payment will be credited first to any interest owed to Consultant and then to principal. Interest at the rate of one and one-half (1.5) percent per month will be applied to the outstanding balance for accounts not paid within thirty (30) calendar days from the billing date. Invoices in other than Consultant's standard format or supported documentation for any invoice will be provided at Client's written request. In the event that Consultant must engage counsel to attempt to recover overdue payments, Client will reimburse Consultant for all reasonable attorney's fees and court costs.

7. Suspension and Termination of Contract

Client may terminate this Agreement with seven (7) days prior written notice to Consultant for convenience or cause. Consultant may terminate this Agreement for cause with seven (7) days prior written notice to Client. Failure of Client to make payments when due shall be cause for suspension of Services or, ultimately, termination, unless and until Consultant has been paid in full all amounts due for Services, expenses and other related charges.



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ENGINEERING ENVIRONMENTAL SURVEYING

8. Term

This Agreement will terminate upon completion of the Services. Notwithstanding the foregoing, Client or Consultant may terminate this Agreement in accordance with the section of this Agreement entitled Suspension and Termination of Services. Client's obligation to compensate Consultant for any litigation response services shall survive termination of the Agreement as described in this paragraph.

9. Standard of Care

The standard of care for all professional Services performed or furnished by Consultant under this Agreement will be the care and skill used by members of Consultant's profession practicing under similar circumstances at the same time and in the same locality. Consultant makes no warranties, express or implied, under this Agreement or otherwise, in connection with Consultant's Services.

10. Construction Phase Services

If this Agreement provides for any construction phase Services by Consultant, it is understood that the Contractor (the entity hired by the Client to perform the construction), not Consultant, is responsible for the construction of the project, and that Consultant is not responsible for the acts or omissions of any contractor, subcontractor or material supplier; for safety precautions, programs or enforcement; or for construction means, methods, techniques, sequences and procedures employed by the Contractor.

11. Indemnification

To the fullest extent permitted by law, Client and Consultant each agree to indemnify the other party and the other

party's officers, directors, partners, employees, and representatives, from and against losses, damages, and judgments arising from claims by third parties, including reasonable attorneys' fees, and expenses recoverable under applicable law, but only to the extent they are found to be caused by a negligent act, error, or omission of the indemnifying party or any of the indemnifying party's officers, directors, members, partners, agents, employees, or subconsultants in the performance of Services under this Agreement. If claims, losses, damages, and judgments are found to be caused by the joint or concurrent negligence of Client and Consultant, they shall be borne by each party in proportion to its negligence.

12. Insurance

Consultant shall obtain and maintain a policy of professional liability insurance (with prior acts coverage sufficient to cover the Services performed under this Agreement) with policy limits in the amount of not less than \$3,000,000 each occurrence / \$3,000,000 aggregate. Such insurance will be renewed so as to provide continuous coverage during the term of this Agreement and for a period of at least twelve (12) months following the completion of Consultant's professional Services under the Agreement. Coverage shall not be canceled or reduced in limits by endorsement until at least 30 days prior written notice is given to Client or cancelled for nonpayment of premium until at least 10 days prior written notice is given to Client.

Consultant shall also obtain and maintain the following insurance policies and minimum limits: a) Workers' Compensation



Insurance - Statutory; b) Commercial General Liability Insurance - \$1,000,000 each occurrence / \$2,000,000 aggregate; and c) Automobile Liability - \$1,000,000 combined single limit. Consultant will promptly notify Client if, during the terms of this Agreement, insurance of these types and limits become commercially unavailable to Consultant's industry at a reasonable price through consideration fault of Consultant. In such circumstances, the parties will endeavor to negotiate a mutually acceptable resolution in good faith.

13. Limitation of Liability

To the fullest extent permitted by law, Client agrees that the total liability, in the aggregate, of Consultant and Consultant's officers, directors, members, partners, agents, employees, and subconsultants, to the Client, its subsidiary and/or affiliated companies and their respective officers, directors, employees, agents and anyone claiming by, through, or under Client for any and all injuries, claims, losses, expenses, or damages whatsoever arising out of, resulting from or in any way relating to Consultants' Services, this Agreement or any Addenda, from any cause or causes, shall be limited to \$50,000 or the total amount of compensation received by Consultant, whichever is greater.

14. Confidentiality

Consultant shall maintain the confidentiality of the project information including but not limited to the nature of the project, the location of any sites under consideration or selected sites, together with any other information supplied to Consultant by Client and designated by Client to be confidential or proprietary.

cept (1) when such confidential information becomes generally known to the public through no fault of Consultant
(2) when disclosure is required pursuant to applicable governmental regulations or order of a court of competent jurisdiction.

16. Intellectual Property/Ownership of Documents

All documents prepared or furnished by Consultant pursuant to this Agreement are instruments of Consultant's professional services, and Consultant shall retain ownership and property interest therein. Consultant grants Client a license to use instruments of Consultant's professional services for the purpose of constructing, copying, and maintaining the project, use or modification of any such documents by Client, without Consultant's written permission, shall be at Client's sole risk and Client agrees to indemnify and hold Consultant harmless from all claims, damages, and expenses, including attorney's fees, arising out of such reuse by Client or by others acting through Client.

17. Use of Electronic Media

Copies of documents that may be relied upon by Client are limited to the printed copies (also known as hard copies) that are signed or sealed by Consultant. Files in electronic media format or text, data, graphic or other types that are furnished by Consultant to Client are only for convenience of Client. Any conclusion or information obtained or derived from such electronic files will be at the user's sole risk. When transferring documents in electronic media format, Consultant makes no representation as to long term compatibility, usability, or readability of



documents resulting from the use of software application packages, operating systems or computer hardware differing from those in use by Consultant at the beginning of this assignment.

17. Record Retention

Consultant will maintain a copy of all final Reports for a period of five years after the date of completion of Services. Upon Client's written request, Consultant will forward such records to Client at the expiration of this retention period, the cost of which Client agrees to bear. If no such written request is received, Consultant shall be entitled to dispose of these records.

18. Force Majeure

Consultant shall not be deemed in default of this Agreement to the extent that any delay or failure in the performance of Consultant's obligation results from any cause beyond its reasonable control and without its negligence.

19. Dispute Resolution

Client and Consultant agree that they shall first submit any and all unsettled claims, counterclaims, disputes, and other matters in question between them, arising out of or relating to this Agreement to mediation in accordance with the Construction Industry Mediation Rules of the American Arbitration Association effective as of the date of this Agreement. Consultant's ability to pursue payment as described in paragraph 6. is not subject to this paragraph.

20. No Third Party Beneficiaries

Nothing contained in this Agreement shall be construed to create, impose, or give rise to any duty owed by Client or Consultant to any other individual or

entity. Consultant's Services under this Agreement are for the sole use and benefit of Client and may not be used or relied upon by any other individual or entity without the express written approval of Client and Consultant.

21. Assignment

Neither Consultant nor Client may delegate, assign, sublet or transfer its duties or interest in the Agreement without written consent of the other party.

22. Subcontracts

Consultant may engage suitably trained and skilled persons or firms, including, without limitation, any affiliate of Consultant, to perform any part of the Services. Nothing herein, however, will relieve Consultant from its duties and obligations as set forth herein.

23. Notices

All notices authorized or required between the Client and the Consultant, or required by any of the provisions herein, shall be given in writing and shall be sent by certified mail, return receipt requested, postage prepaid, and address to the intended party. Notices sent in this manner shall be deemed given seven business days after mailed. Notices may also be given by personal delivery, sent via a nationally recognized overnight carrier, or sent by facsimile, and shall be deemed given when delivered (if by personal delivery or overnight courier) or when faxed.

24. Precedence

These Professional Services Terms and Conditions shall take precedence over any inconsistent or contradictory provisions contained in any proposal,



contract, purchase order, requisition, notice to proceed or like document.

25. Severability

If any of the provisions of this Agreement shall be finally determined to be invalid or unenforceable in whole or in part, the remaining provisions shall remain in full force and effect, and be binding upon the parties hereto. The parties agree to reform the Agreement to replace any such invalid or unenforceable provision with a valid and enforceable provision that comes as close as possible to the intention of the stricken provision.

26. Legal Action

All legal actions by either party against the other for any cause or causes, including, but not limited to, breach of the Agreement, negligence, misrepresentations, breach of warranty or failure to perform in accordance with the standard of care, however denominated, shall be barred two years from the day after completion of Services. In the event that Client institutes a suit against Consultant, and if such suit is not successfully prosecuted, or if it is dismissed, or if a verdict is rendered in favor of Consultant, Client agrees to pay Consultant any and all costs of defense, including attorneys' fees, expert witnesses' fees, and court costs and any and all other expenses of defense which may be reasonably necessary, immediately following dismissal of the case or immediately upon judgment being rendered in favor of Consultant.

27. Governing Law

This Agreement shall be governed and construed in accordance with the laws of the State of Maine.

28. Public Responsibility

Client acknowledges that Client or the site owner, as the case may be, is now and shall remain in control of the site for all purposes at all times. Except as required by law or regulation, Consultant will not report to any federal, state, county or local public agencies having jurisdiction over the subject matter, any conditions existing at the site that may present a danger to public health, safety, or the environment. Client agrees to notify each federal, state, county, and local public agency, as they each may require, of the existence of any condition at the site that may present a potential danger to public health, safety, or the environment.

29. Survival

Paragraphs (limitation of liability, the indemnification, dispute resolution, and the scope of Services) shall survive the completion of the Services under this Agreement and the termination of this Agreement for any cause.

30. Right of Entry

Client grants Consultant, and, if the project site is not owned by Client, warrants that permission has been granted for, a right of entry from time to time by Consultant, its employees, agents, and subcontractors, upon the project site for the purpose of providing Services. While Consultant will take all reasonable precautions to minimize damage to any property entered upon in pursuit of project functions, it is understood by Client that in the normal course of the work some damage may occur, the correction of which is not part of this Agreement. If Consultant is required to restore the land to its former condition, this will be

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accomplished and the cost will be added to Consultant's fee.

31. Safety

Consultant will perform its Services in a safe manner and use reasonable care to comply with all State and Federal OSHA regulations, Consultant's Health & Safety Plan which may be developed in connection with the Services, or other written safety rules or regulations provided to Consultant by Client. Consultant's safety responsibilities, however, are limited solely to the activities of Consultant, its employees, and subcontractors. Neither the professional activities nor the presence of Consultant or its employees or subcontractors will be deemed to control the operations of any others.

32. Entire Agreement

These Professional Services Terms and Conditions, Proposals and any addenda thereto (the "Agreement") constitute the entire agreement between Client and Consultant and supersede all prior or contemporaneous communications, representation, or agreements, whether oral or written, with respect to the subject matter, and has been induced by no representations, statements, or agreements other than those herein expressed. This Agreement may be executed on one or more counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same Agreement.

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SBA Loan #2687728108

Application #3301635633

LOAN AUTHORIZATION AND AGREEMENT (LA&A)

***A PROPERLY SIGNED DOCUMENT IS
REQUIRED PRIOR TO ANY
DISBURSEMENT***

CAREFULLY READ THE LA&A:

This document describes the terms and conditions of your loan. It is your responsibility to comply with ALL the terms and conditions of your loan.

SIGNING THE LA&A:

All borrowers must sign the LA&A.

- Sign your name exactly as it appears on the LA&A. If typed incorrectly, you should sign with the correct spelling.
- If your middle initial appears on the signature line, sign with your middle initial.
- If a suffix appears on the signature line, such as Sr. or Jr., sign with your suffix.
- Corporate Signatories: Authorized representatives should sign the signature page.

*Your signature represents your agreement to comply
with the terms and conditions of the loan.*

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SBA Loan #2687728108

Application #3301635633

U.S. Small Business Administration

Economic Injury Disaster Loan

LOAN AUTHORIZATION AND AGREEMENT

Date: 07.13.2020 (Effective Date)

On the above date, this Administration (SBA) authorized (under Section 7(b) of the Small Business Act, as amended) a Loan (SBA Loan #2687728108) to Housatonic Water Works Company, Inc (Borrower) of 80 MAPLE AVE STE 1 GT BARRINGTON Massachusetts 01230 in the amount of one hundred and fifty thousand and 00/100 Dollars (\$150,000.00), upon the following conditions:

PAYMENT

- Installment payments, including principal and interest, of \$731.00 Monthly, will begin Twelve (12) months from the date of the promissory Note. The balance of principal and interest will be payable Thirty (30) years from the date of the promissory Note.

INTEREST

- Interest will accrue at the rate of 3.75% per annum and will accrue only on funds actually advanced from the date(s) of each advance.

PAYMENT TERMS

- Each payment will be applied first to interest accrued to the date of receipt of each payment, and the balance, if any, will be applied to principal.
- Each payment will be made when due even if at that time the full amount of the Loan has not yet been advanced or the authorized amount of the Loan has been reduced.

COLLATERAL

- For loan amounts of greater than \$25,000, Borrower hereby grants to SBA, the secured party hereunder, a continuing security interest in and to any and all "Collateral" as described herein to secure payment and performance of all debts, liabilities and obligations of Borrower to SBA hereunder without limitation, including but not limited to all interest, other fees and expenses (all hereinafter called "Obligations"). The Collateral includes the following property that Borrower now owns or shall acquire or create immediately upon the acquisition or creation thereof: all tangible and intangible personal property, including, but not limited to: (a) inventory, (b) equipment, (c) instruments, including promissory notes (d) chattel paper, including tangible chattel paper and electronic chattel paper, (e) documents, (f) letter of credit rights, (g) accounts, including health-care insurance receivables and credit card receivables, (h) deposit accounts, (i) commercial tort claims, (j) general intangibles, including payment intangibles and software and (k) as-extracted collateral as such terms may from time to time be defined in the Uniform Commercial Code. The security interest Borrower grants includes all accessions, attachments, accessories, parts, supplies and replacements for the Collateral, all products, proceeds and collections thereof and all records and data relating thereto.
- For loan amounts of \$25,000 or less, SBA is not taking a security interest in any collateral.

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REQUIREMENTS RELATIVE TO COLLATERAL

- Borrower will not sell or transfer any collateral (except normal inventory turnover in the ordinary course of business) described in the "Collateral" paragraph hereof without the prior written consent of SBA.

USE OF LOAN PROCEEDS

- Borrower will use all the proceeds of this Loan solely as working capital to alleviate economic injury caused by disaster occurring in the month of January 31, 2020 and continuing thereafter and to pay Uniform Commercial Code (UCC) lien filing fees and a third-party UCC handling charge of \$100 which will be deducted from the Loan amount stated above.

REQUIREMENTS FOR USE OF LOAN PROCEEDS AND RECEIPTS

- Borrower will obtain and itemize receipts (paid receipts, paid invoices or cancelled checks) and contracts for all Loan funds spent and retain these receipts for 3 years from the date of the final disbursement. Prior to each subsequent disbursement (if any) and whenever requested by SBA, Borrower will submit to SBA such itemization together with copies of the receipts.
- Borrower will not use, directly or indirectly, any portion of the proceeds of this Loan to relocate without the prior written permission of SBA. The law prohibits the use of any portion of the proceeds of this Loan for voluntary relocation from the business area in which the disaster occurred. To request SBA's prior written permission to relocate, Borrower will present to SBA the reasons therefore and a description or address of the relocation site. Determinations of (1) whether a relocation is voluntary or otherwise, and (2) whether any site other than the disaster-affected location is within the business area in which the disaster occurred, will be made solely by SBA.
- Borrower will, to the extent feasible, purchase only American-made equipment and products with the proceeds of this Loan.
- Borrower will make any request for a loan increase for additional disaster-related damages as soon as possible after the need for a loan increase is discovered. The SBA will not consider a request for a loan increase received more than **two (2)** years from the date of loan approval unless, in the sole discretion of the SBA, there are extraordinary and unforeseeable circumstances beyond the control of the borrower.

DEADLINE FOR RETURN OF LOAN CLOSING DOCUMENTS

- **Borrower will sign and return the loan closing documents to SBA within 2 months of the date of this Loan Authorization and Agreement.** By notifying the Borrower in writing, SBA may cancel this Loan if the Borrower fails to meet this requirement. The Borrower may submit and the SBA may, in its sole discretion, accept documents after 2 months of the date of this Loan Authorization and Agreement.

COMPENSATION FROM OTHER SOURCES

- Eligibility for this disaster Loan is limited to disaster losses that are not compensated by other sources. Other sources include but are not limited to: (1) proceeds of policies of insurance or other indemnifications, (2) grants or other reimbursement (including loans) from government agencies or private organizations, (3)

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claims for civil liability against other individuals, organizations or governmental entities, and (4) salvage (including any sale or re-use) of items of damaged property.

- Borrower will promptly notify SBA of the existence and status of any claim or application for such other compensation, and of the receipt of any such compensation, and Borrower will promptly submit the proceeds of same (not exceeding the outstanding balance of this Loan) to SBA.
- Borrower hereby assigns to SBA the proceeds of any such compensation from other sources and authorizes the payor of same to deliver said proceeds to SBA at such time and place as SBA shall designate.
- SBA will in its sole discretion determine whether any such compensation from other sources is a duplication of benefits. SBA will use the proceeds of any such duplication to reduce the outstanding balance of this Loan, and Borrower agrees that such proceeds will not be applied in lieu of scheduled payments.

DUTY TO MAINTAIN HAZARD INSURANCE

- Within 12 months from the date of this Loan Authorization and Agreement the Borrower will provide proof of an active and in effect hazard insurance policy including fire, lightning, and extended coverage on all items used to secure this loan to at least 80% of the insurable value. Borrower will not cancel such coverage and will maintain such coverage throughout the entire term of this Loan. **BORROWER MAY NOT BE ELIGIBLE FOR EITHER ANY FUTURE DISASTER ASSISTANCE OR SBA FINANCIAL ASSISTANCE IF THIS INSURANCE IS NOT MAINTAINED AS STIPULATED HEREIN THROUGHOUT THE ENTIRE TERM OF THIS LOAN.** Please submit proof of insurance to: U.S. Small Business Administration, Office of Disaster Assistance, 14925 Kingsport Rd, Fort Worth, TX. 76155.

BOOKS AND RECORDS

- Borrower will maintain current and proper books of account in a manner satisfactory to SBA for the most recent 5 years until 3 years after the date of maturity, including extensions, or the date this Loan is paid in full, whichever occurs first. Such books will include Borrower's financial and operating statements, insurance policies, tax returns and related filings, records of earnings distributed and dividends paid and records of compensation to officers, directors, holders of 10% or more of Borrower's capital stock, members, partners and proprietors.
- Borrower authorizes SBA to make or cause to be made, at Borrower's expense and in such a manner and at such times as SBA may require: (1) inspections and audits of any books, records and paper in the custody or control of Borrower or others relating to Borrower's financial or business conditions, including the making of copies thereof and extracts therefrom, and (2) inspections and appraisals of any of Borrower's assets.
- Borrower will furnish to SBA, not later than 3 months following the expiration of Borrower's fiscal year and in such form as SBA may require, Borrower's financial statements.
- Upon written request of SBA, Borrower will accompany such statements with an 'Accountant's Review Report' prepared by an independent public accountant at Borrower's expense.
- Borrower authorizes all Federal, State and municipal authorities to furnish reports of examination, records and other information relating to the conditions and affairs of Borrower and any desired information from such reports, returns, files, and records of such authorities upon request of SBA.

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LIMITS ON DISTRIBUTION OF ASSETS

- Borrower will not, without the prior written consent of SBA, make any distribution of Borrower's assets, or give any preferential treatment, make any advance, directly or indirectly, by way of loan, gift, bonus, or otherwise, to any owner or partner or any of its employees, or to any company directly or indirectly controlling or affiliated with or controlled by Borrower, or any other company.

EQUAL OPPORTUNITY REQUIREMENT

- If Borrower has or intends to have employees, Borrower will post SBA Form 722, Equal Opportunity Poster (copy attached), in Borrower's place of business where it will be clearly visible to employees, applicants for employment, and the general public.

DISCLOSURE OF LOBBYING ACTIVITIES

- Borrower agrees to the attached Certification Regarding Lobbying Activities

BORROWER'S CERTIFICATIONS

Borrower certifies that:

- There has been no substantial adverse change in Borrower's financial condition (and organization, in case of a business borrower) since the date of the application for this Loan. (Adverse changes include, but are not limited to: judgment liens, tax liens, mechanic's liens, bankruptcy, financial reverses, arrest or conviction of felony, etc.)
- No fees have been paid, directly or indirectly, to any representative (attorney, accountant, etc.) for services provided or to be provided in connection with applying for or closing this Loan, other than those reported on SBA Form 5 Business Disaster Loan Application; SBA Form 3501 COVID-19 Economic Injury Disaster Loan Application; or SBA Form 159, 'Compensation Agreement'. All fees not approved by SBA are prohibited.
- All representations in the Borrower's Loan application (including all supplementary submissions) are true, correct and complete and are offered to induce SBA to make this Loan.
- No claim or application for any other compensation for disaster losses has been submitted to or requested of any source, and no such other compensation has been received, other than that which Borrower has fully disclosed to SBA.
- Neither the Borrower nor, if the Borrower is a business, any principal who owns at least 50% of the Borrower, is delinquent more than 60 days under the terms of any: (a) administrative order; (b) court order; or (c) repayment agreement that requires payment of child support.
- Borrower certifies that no fees have been paid, directly or indirectly, to any representative (attorney, accountant, etc.) for services provided or to be provided in connection with applying for or closing this Loan, other than those reported on the Loan Application. All fees not approved by SBA are prohibited. If an Applicant chooses to employ an Agent, the compensation an Agent charges to and that is paid by the Applicant must bear a necessary and reasonable relationship to the services actually performed and must be comparable to those charged by other Agents in the geographical area. Compensation cannot be contingent on loan approval. In addition, compensation must not include any expenses which are deemed by SBA to be unreasonable for services actually performed or expenses actually incurred. Compensation must not include

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charges prohibited in 13 CFR 103 or SOP 50-30, Appendix 1. **If the compensation exceeds \$500 for a disaster home loan or \$2,500 for a disaster business loan, Borrower must fill out the Compensation Agreement Form 159D which will be provided for Borrower upon request or can be found on the SBA website.**

- Borrower certifies, to the best of its, his or her knowledge and belief, that the certifications and representations in the attached Certification Regarding Lobbying are true, correct and complete and are offered to induce SBA to make this Loan.

CIVIL AND CRIMINAL PENALTIES

- Whoever wrongfully misapplies the proceeds of an SBA disaster loan shall be civilly liable to the Administrator in an amount equal to one-and-one half times the original principal amount of the loan under 15 U.S.C. 636(b). In addition, any false statement or misrepresentation to SBA may result in criminal, civil or administrative sanctions including, but not limited to: 1) fines, imprisonment or both, under 15 U.S.C. 645, 18 U.S.C. 1001, 18 U.S.C. 1014, 18 U.S.C. 1040, 18 U.S.C. 3571, and any other applicable laws; 2) treble damages and civil penalties under the False Claims Act, 31 U.S.C. 3729; 3) double damages and civil penalties under the Program Fraud Civil Remedies Act, 31 U.S.C. 3802; and 4) suspension and/or debarment from all Federal procurement and non-procurement transactions. Statutory fines may increase if amended by the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015.

RESULT OF VIOLATION OF THIS LOAN AUTHORIZATION AND AGREEMENT

- If Borrower violates any of the terms or conditions of this Loan Authorization and Agreement, the Loan will be in default and SBA may declare all or any part of the indebtedness immediately due and payable. SBA's failure to exercise its rights under this paragraph will not constitute a waiver.
- A default (or any violation of any of the terms and conditions) of any SBA Loan(s) to Borrower and/or its affiliates will be considered a default of all such Loan(s).

DISBURSEMENT OF THE LOAN

- Disbursements will be made by and at the discretion of SBA Counsel, in accordance with this Loan Authorization and Agreement and the general requirements of SBA.
- Disbursements may be made in increments as needed.
- Other conditions may be imposed by SBA pursuant to general requirements of SBA.
- Disbursement may be withheld if, in SBA's sole discretion, there has been an adverse change in Borrower's financial condition or in any other material fact represented in the Loan application, or if Borrower fails to meet any of the terms or conditions of this Loan Authorization and Agreement.
- **NO DISBURSEMENT WILL BE MADE LATER THAN 6 MONTHS FROM THE DATE OF THIS LOAN AUTHORIZATION AND AGREEMENT UNLESS SBA, IN ITS SOLE DISCRETION, EXTENDS THIS DISBURSEMENT PERIOD.**

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PARTIES AFFECTED

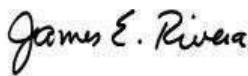
- This Loan Authorization and Agreement will be binding upon Borrower and Borrower's successors and assigns and will inure to the benefit of SBA and its successors and assigns.

RESOLUTION OF BOARD OF DIRECTORS

- Borrower shall, within 180 days of receiving any disbursement of this Loan, submit the appropriate SBA Certificate and/or Resolution to the U.S. Small Business Administration, Office of Disaster Assistance, 14925 Kingsport Rd, Fort Worth, TX. 76155.

ENFORCEABILITY

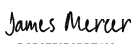
- This Loan Authorization and Agreement is legally binding, enforceable and approved upon Borrower's signature, the SBA's approval and the Loan Proceeds being issued to Borrower by a government issued check or by electronic debit of the Loan Proceeds to Borrower's banking account provided by Borrower in application for this Loan.



James E. Rivera
Associate Administrator
U.S. Small Business Administration

The undersigned agree(s) to be bound by the terms and conditions herein during the term of this Loan, and further agree(s) that no provision stated herein will be waived without prior written consent of SBA. **Under penalty of perjury of the United States of America, I hereby certify that I am authorized to apply for and obtain a disaster loan on behalf of Borrower, in connection with the effects of the COVID-19 emergency.**

Housatonic Water Works Company, Inc

DocuSigned by:

DCB0F59B2BBE403...

Date: 07.13.2020

James Mercer, Owner/Officer

Note: Corporate Borrowers must execute Loan Authorization and Agreement in corporate name, by a duly authorized officer. Partnership Borrowers must execute in firm name, together with signature of a general partner. Limited Liability entities must execute in the entity name by the signature of the authorized managing person.

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CERTIFICATION REGARDING LOBBYING

For loans over \$150,000, Congress requires recipients to agree to the following:

1. Appropriated funds may NOT be used for lobbying.
2. Payment of non-federal funds for lobbying must be reported on Form SF-LLL.
3. Language of this certification must be incorporated into all contracts and subcontracts exceeding \$100,000.
4. All contractors and subcontractors with contracts exceeding \$100,000 are required to certify and disclose accordingly.

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**CERTIFICATION REGARDING
LOBBYING**

*Certification for Contracts, Grants, Loans, and Cooperative
Agreements*

Borrower and all Guarantors (if any) certify, to the best of its, his or her knowledge and belief, that:

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, or modification of any Federal contract, grant, loan, or cooperative agreement.

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal loan, the undersigned shall complete and submit Standard Form LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

(3) The undersigned shall require that the language of this certification be included in the award documents for all sub-awards at all tiers (including subcontracts, sub-grants, and contracts under grants, loans, and co-operative agreements) and that all sub-recipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000.00 and not more than \$100,000.00 for each such failure.

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This Statement of Policy is Posted

In Accordance with Regulations of the

Small Business Administration

This Organization Practices

Equal Employment Opportunity

We do not discriminate on the ground of race, color, religion, sex, age, disability or national origin in the hiring, retention, or promotion of employees; nor in determining their rank, or the compensation or fringe benefits paid them.

This Organization Practices

Equal Treatment of Clients

We do not discriminate on the basis of race, color, religion, sex, marital status, disability, age or national origin in services or accommodations offered or provided to our employees, clients or guests.

**These policies and this notice comply with regulations of the
United States Government.**

Please report violations of this policy to:

**Administrator
Small Business Administration
Washington, D.C. 20416**

In order for the public and your employees to know their rights under 13 C.F.R Parts 112, 113, and 117, Small Business Administration Regulations, and to conform with the directions of the Administrator of SBA, this poster must be displayed where it is clearly visible to employees, applicants for employment, and the public.

Failure to display the poster as required in accordance with SBA Regulations may be considered evidence of noncompliance and subject you to the penalties contained in those Regulations.

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**Esta Declaración De Principios Se Publica
De Acuerdo Con Los Reglamentos De La
Agencia Federal Para el Desarrollo de la Pequeña Empresa**

Esta Organización Practica

Igual Oportunidad De Empleo

No discriminamos por razón de raza, color, religión, sexo, edad, discapacidad o nacionalidad en el empleo, retención o ascenso de personal ni en la determinación de sus posiciones, salarios o beneficios marginales.

Esta Organización Practica

Igualdad En El Trato A Su Clientela

No discriminamos por razón de raza, color, religión, sexo, estado civil, edad, discapacidad o nacionalidad en los servicios o facilidades provistos para nuestros empleados, clientes o visitantes.

Estos principios y este aviso cumplen con los reglamentos del Gobierno de los Estados Unidos de América.

Favor de informar violaciones a lo aquí indicado a:

**Administrador
Agencia Federal Para el Desarrollo de la
Pequeña Empresa
Washington, D.C. 20416**

A fin de que el público y sus empleados conozcan sus derechos según lo expresado en las Secciones 112, 113 y 117 del Código de Regulaciones Federales No. 13, de los Reglamentos de la Agencia Federal Para el Desarrollo de la Pequeña Empresa y de acuerdo con las instrucciones del Administrador de dicha agencia, esta notificación debe fijarse en un lugar claramente visible para los empleados, solicitantes de empleo y público en general. No fijar esta notificación según lo requerido por los reglamentos de la Agencia Federal Para el Desarrollo de la Pequeña Empresa, puede ser interpretado como evidencia de falta de cumplimiento de los mismos y conllevará la ejecución de los castigos impuestos en estos reglamentos.

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NOTE

***A PROPERLY SIGNED NOTE IS
REQUIRED PRIOR TO ANY
DISBURSEMENT***

CAREFULLY READ THE NOTE: It is your promise to repay the loan.

- The Note is pre-dated. **DO NOT CHANGE THE DATE OF THE NOTE.**
- **LOAN PAYMENTS** will be due as stated in the Note.
- **ANY CORRECTIONS OR UNAUTHORIZED MARKS MAY VOID THIS DOCUMENT.**

SIGNING THE NOTE: All borrowers must sign the Note.


- Sign your name exactly as it appears on the Note. If typed incorrectly, you should sign with the correct spelling.
- If your middle initial appears on the signature line, sign with your middle initial.
- If a suffix appears on the signature line, such as Sr. or Jr., sign with your suffix.
- Corporate Signatories: Authorized representatives should sign the signature page.

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Doc # L-01-2266038-01

SBA Loan #2687728108

Application #3301635633

	U.S. Small Business Administration	Date: 07.13.2020
	NOTE	Loan Amount: \$150,000.00
	(SECURED DISASTER LOANS)	Annual Interest Rate: 3.75%

SBA Loan # 2687728108

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- PROMISE TO PAY:** In return for a loan, Borrower promises to pay to the order of SBA the amount of **one hundred and fifty thousand and 00/100 Dollars (\$150,000.00)**, interest on the unpaid principal balance, and all other amounts required by this Note.
- DEFINITIONS:** **A)** "Collateral" means any property taken as security for payment of this Note or any guarantee of this Note. **B)** "Guarantor" means each person or entity that signs a guarantee of payment of this Note. **C)** "Loan Documents" means the documents related to this loan signed by Borrower, any Guarantor, or anyone who pledges collateral.
- PAYMENT TERMS:** Borrower must make all payments at the place SBA designates. Borrower may prepay this Note in part or in full at any time, without notice or penalty. Borrower must pay principal and interest payments of **\$731.00** every **month**, beginning **Twelve (12)** months from the date of the Note. SBA will apply each installment payment first to pay interest accrued to the day SBA receives the payment and will then apply any remaining balance to reduce principal. All remaining principal and accrued interest is due and payable **Thirty (30) years** from the date of the Note.
- DEFAULT:** Borrower is in default under this Note if Borrower does not make a payment when due under this Note, or if Borrower: **A)** Fails to comply with any provision of this Note, the Loan Authorization and Agreement, or other Loan Documents; **B)** Defaults on any other SBA loan; **C)** Sells or otherwise transfers, or does not preserve or account to SBA's satisfaction for, any of the Collateral or its proceeds; **D)** Does not disclose, or anyone acting on their behalf does not disclose, any material fact to SBA; **E)** Makes, or anyone acting on their behalf makes, a materially false or misleading representation to SBA; **F)** Defaults on any loan or agreement with another creditor, if SBA believes the default may materially affect Borrower's ability to pay this Note; **G)** Fails to pay any taxes when due; **H)** Becomes the subject of a proceeding under any bankruptcy or insolvency law; **I)** Has a receiver or liquidator appointed for any part of their business or property; **J)** Makes an assignment for the benefit of creditors; **K)** Has any adverse change in financial condition or business operation that SBA believes may materially affect Borrower's ability to pay this Note; **L)** Dies; **M)** Reorganizes, merges, consolidates, or otherwise changes ownership or business structure without SBA's prior written consent; or, **N)** Becomes the subject of a civil or criminal action that SBA believes may materially affect Borrower's ability to pay this Note.
- SBA'S RIGHTS IF THERE IS A DEFAULT:** Without notice or demand and without giving up any of its rights, SBA may: **A)** Require immediate payment of all amounts owing under this Note; **B)** Have recourse to collect all amounts owing from any Borrower or Guarantor (if any); **C)** File suit and obtain judgment; **D)** Take possession of any Collateral; or **E)** Sell, lease, or otherwise dispose of, any Collateral at public or private sale, with or without advertisement.
- SBA'S GENERAL POWERS:** Without notice and without Borrower's consent, SBA may: **A)** Bid on or buy the Collateral at its sale or the sale of another lienholder, at any price it chooses; **B)** Collect amounts due under this Note, enforce the terms of this Note or any other Loan Document, and preserve or dispose of the Collateral. Among other things, the expenses may include payments for property taxes, prior liens, insurance, appraisals, environmental remediation costs, and reasonable attorney's fees and costs. If SBA incurs such expenses, it may demand immediate reimbursement from Borrower or add the expenses to the principal balance; **C)** Release anyone obligated to pay this Note; **D)** Compromise, release, renew, extend or substitute any of the Collateral; and **E)** Take any action necessary to protect the Collateral or collect amounts owing on this Note.

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7. **FEDERAL LAW APPLIES:** When SBA is the holder, this Note will be interpreted and enforced under federal law, including SBA regulations. SBA may use state or local procedures for filing papers, recording documents, giving notice, foreclosing liens, and other purposes. By using such procedures, SBA does not waive any federal immunity from state or local control, penalty, tax, or liability. As to this Note, Borrower may not claim or assert against SBA any local or state law to deny any obligation, defeat any claim of SBA, or preempt federal law.
8. **GENERAL PROVISIONS:** **A)** All individuals and entities signing this Note are jointly and severally liable. **B)** Borrower waives all suretyship defenses. **C)** Borrower must sign all documents required at any time to comply with the Loan Documents and to enable SBA to acquire, perfect, or maintain SBA's liens on Collateral. **D)** SBA may exercise any of its rights separately or together, as many times and in any order it chooses. SBA may delay or forgo enforcing any of its rights without giving up any of them. **E)** Borrower may not use an oral statement of SBA to contradict or alter the written terms of this Note. **F)** If any part of this Note is unenforceable, all other parts remain in effect. **G)** To the extent allowed by law, Borrower waives all demands and notices in connection with this Note, including presentment, demand, protest, and notice of dishonor. Borrower also waives any defenses based upon any claim that SBA did not obtain any guarantee; did not obtain, perfect, or maintain a lien upon Collateral; impaired Collateral; or did not obtain the fair market value of Collateral at a sale. **H)** SBA may sell or otherwise transfer this Note.
9. **MISUSE OF LOAN FUNDS:** Anyone who wrongfully misapplies any proceeds of the loan will be civilly liable to SBA for one and one-half times the proceeds disbursed, in addition to other remedies allowed by law.
10. **BORROWER'S NAME(S) AND SIGNATURE(S):** By signing below, each individual or entity acknowledges and accepts personal obligation and full liability under the Note as Borrower.

Housatonic Water Works Company, Inc

DocuSigned by:



DCB0F59B2BBE403...

James Mercer, Owner/Officer

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SECURITY AGREEMENT

Read this document carefully. It grants the SBA a security interest (lien) in all the property described in paragraph 4.

This document is predated. DO NOT CHANGE THE DATE ON THIS DOCUMENT.

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SBA Loan #2687728108

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U.S. Small Business Administration SECURITY AGREEMENT

SBA Loan #:	2687728108
Borrower:	Housatonic Water Works Company, Inc
Secured Party:	The Small Business Administration, an Agency of the U.S. Government
Date:	07.13.2020
Note Amount:	\$150,000.00

1. **DEFINITIONS.**

Unless otherwise specified, all terms used in this Agreement will have the meanings ascribed to them under the Official Text of the Uniform Commercial Code, as it may be amended from time to time, ("UCC"). "SBA" means the Small Business Administration, an Agency of the U.S. Government.

2. **GRANT OF SECURITY INTEREST.**

For value received, the Borrower grants to the Secured Party a security interest in the property described below in paragraph 4 (the "Collateral").

3. **OBLIGATIONS SECURED.**

This Agreement secures the payment and performance of: (a) all obligations under a Note dated 07.13.2020, made by Housatonic Water Works Company, Inc., made payable to Secured Lender, in the amount of \$150,000.00 ("Note"), including all costs and expenses (including reasonable attorney's fees), incurred by Secured Party in the disbursement, administration and collection of the loan evidenced by the Note; (b) all costs and expenses (including reasonable attorney's fees), incurred by Secured Party in the protection, maintenance and enforcement of the security interest hereby granted; (c) all obligations of the Borrower in any other agreement relating to the Note; and (d) any modifications, renewals, refinancings, or extensions of the foregoing obligations.

4. **COLLATERAL DESCRIPTION.**

The Collateral in which this security interest is granted includes the following property that Borrower now owns or shall acquire or create immediately upon the acquisition or creation thereof: all tangible

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and intangible personal property, including, but not limited to: (a) inventory, (b) equipment, (c) instruments, including promissory notes (d) chattel paper, including tangible chattel paper and electronic chattel paper, (e) documents, (f) letter of credit rights, (g) accounts, including health-care insurance receivables and credit card receivables, (h) deposit accounts, (i) commercial tort claims, (j) general intangibles, including payment intangibles and software and (k) as-extracted collateral as such terms may from time to time be defined in the Uniform Commercial Code. The security interest Borrower grants includes all accessions, attachments, accessories, parts, supplies and replacements for the Collateral, all products, proceeds and collections thereof and all records and data relating thereto.

5. **RESTRICTIONS ON COLLATERAL TRANSFER.**

Borrower will not sell, lease, license or otherwise transfer (including by granting security interests, liens, or other encumbrances in) all or any part of the Collateral or Borrower's interest in the Collateral without Secured Party's written or electronically communicated approval, except that Borrower may sell inventory in the ordinary course of business on customary terms. Borrower may collect and use amounts due on accounts and other rights to payment arising or created in the ordinary course of business, until notified otherwise by Secured Party in writing or by electronic communication.

6. **MAINTENANCE AND LOCATION OF COLLATERAL; INSPECTION; INSURANCE.**

Borrower must promptly notify Secured Party by written or electronic communication of any change in location of the Collateral, specifying the new location. Borrower hereby grants to Secured Party the right to inspect the Collateral at all reasonable times and upon reasonable notice. Borrower must: (a) maintain the Collateral in good condition; (b) pay promptly all taxes, judgments, or charges of any kind levied or assessed thereon; (c) keep current all rent or mortgage payments due, if any, on premises where the Collateral is located; and (d) maintain hazard insurance on the Collateral, with an insurance company and in an amount approved by Secured Party (but in no event less than the replacement cost of that Collateral), and including such terms as Secured Party may require including a Lender's Loss Payable Clause in favor of Secured Party. Borrower hereby assigns to Secured Party any proceeds of such policies and all unearned premiums thereon and authorizes and empowers Secured Party to collect such sums and to execute and endorse in Borrower's name all proofs of loss, drafts, checks and any other documents necessary for Secured Party to obtain such payments.

7. **CHANGES TO BORROWER'S LEGAL STRUCTURE, PLACE OF BUSINESS, JURISDICTION OF ORGANIZATION, OR NAME.**

Borrower must notify Secured Party by written or electronic communication not less than 30 days before taking any of the following actions: (a) changing or reorganizing the type of organization or form under which it does business; (b) moving, changing its place of business or adding a place of business; (c) changing its jurisdiction of organization; or (d) changing its name. Borrower will pay for the preparation and filing of all documents Secured Party deems necessary to maintain, perfect and continue the perfection of Secured Party's security interest in the event of any such change.

8. **PERFECTION OF SECURITY INTEREST.**

Borrower consents, without further notice, to Secured Party's filing or recording of any documents necessary to perfect, continue, amend or terminate its security interest. Upon request of Secured Party, Borrower must sign or otherwise authenticate all documents that Secured Party deems necessary at any time to allow Secured Party to acquire, perfect, continue or amend its security interest in the Collateral. Borrower will pay the filing and recording costs of any documents relating to Secured Party's security interest. Borrower ratifies all previous filings and recordings, including financing statements and

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notations on certificates of title. Borrower will cooperate with Secured Party in obtaining a Control Agreement satisfactory to Secured Party with respect to any Deposit Accounts or Investment Property, or in otherwise obtaining control or possession of that or any other Collateral.

9. **DEFAULT.**

Borrower is in default under this Agreement if: (a) Borrower fails to pay, perform or otherwise comply with any provision of this Agreement; (b) Borrower makes any materially false representation, warranty or certification in, or in connection with, this Agreement, the Note, or any other agreement related to the Note or this Agreement; (c) another secured party or judgment creditor exercises its rights against the Collateral; or (d) an event defined as a "default" under the Obligations occurs. In the event of default and if Secured Party requests, Borrower must assemble and make available all Collateral at a place and time designated by Secured Party. Upon default and at any time thereafter, Secured Party may declare all Obligations secured hereby immediately due and payable, and, in its sole discretion, may proceed to enforce payment of same and exercise any of the rights and remedies available to a secured party by law including those available to it under Article 9 of the UCC that is in effect in the jurisdiction where Borrower or the Collateral is located. Unless otherwise required under applicable law, Secured Party has no obligation to clean or otherwise prepare the Collateral for sale or other disposition and Borrower waives any right it may have to require Secured Party to enforce the security interest or payment or performance of the Obligations against any other person.

10. **FEDERAL RIGHTS.**

When SBA is the holder of the Note, this Agreement will be construed and enforced under federal law, including SBA regulations. Secured Party or SBA may use state or local procedures for filing papers, recording documents, giving notice, enforcing security interests or liens, and for any other purposes. By using such procedures, SBA does not waive any federal immunity from state or local control, penalty, tax or liability. As to this Agreement, Borrower may not claim or assert any local or state law against SBA to deny any obligation, defeat any claim of SBA, or preempt federal law.

11. **GOVERNING LAW.**

Unless SBA is the holder of the Note, in which case federal law will govern, Borrower and Secured Party agree that this Agreement will be governed by the laws of the jurisdiction where the Borrower is located, including the UCC as in effect in such jurisdiction and without reference to its conflicts of laws principles.

12. **SECURED PARTY RIGHTS.**

All rights conferred in this Agreement on Secured Party are in addition to those granted to it by law, and all rights are cumulative and may be exercised simultaneously. Failure of Secured Party to enforce any rights or remedies will not constitute an estoppel or waiver of Secured Party's ability to exercise such rights or remedies. Unless otherwise required under applicable law, Secured Party is not liable for any loss or damage to Collateral in its possession or under its control, nor will such loss or damage reduce or discharge the Obligations that are due, even if Secured Party's actions or inactions caused or in any way contributed to such loss or damage.

13. **SEVERABILITY.**

If any provision of this Agreement is unenforceable, all other provisions remain in effect.

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14. **BORROWER CERTIFICATIONS.**

Borrower certifies that: (a) its Name (or Names) as stated above is correct; (b) all Collateral is owned or titled in the Borrower's name and not in the name of any other organization or individual; (c) Borrower has the legal authority to grant the security interest in the Collateral; (d) Borrower's ownership in or title to the Collateral is free of all adverse claims, liens, or security interests (unless expressly permitted by Secured Party); (e) none of the Obligations are or will be primarily for personal, family or household purposes; (f) none of the Collateral is or will be used, or has been or will be bought primarily for personal, family or household purposes; (g) Borrower has read and understands the meaning and effect of all terms of this Agreement.

15. **BORROWER NAME(S) AND SIGNATURE(S).**

By signing or otherwise authenticating below, each individual and each organization becomes jointly and severally obligated as a Borrower under this Agreement.

Housatonic Water Works Company, Inc

DocuSigned by:

James Mercer
DCB0F59B2BBE403...

Date: 07.13.2020

James Mercer, Owner/Officer

HWWC-JJM-6



Loan amortization schedule

Enter values

Loan amount	\$150,000.00
Annual interest rate	3.75%
Loan period in years	30
Number of payments per year	12
Start date of loan	7/16/2020

Optional extra payments

\$0.00

Loan summary

Scheduled payment	\$731.00
Scheduled number of payments	360
Actual number of payments	360
Total early payments	\$0.00
Total interest	\$122,124.05

Source

Small Business Administration EIDL

15.371965

Payment number	Payment date	Beginning balance	Scheduled payment	Extra payment	Total payment	Principal	Interest	Ending balance	Cumulative interest
1	8/16/2020	\$150,000.00	\$0.00	\$0.00	\$0.00	-\$476.53	\$476.53	\$150,476.53	\$476.53
2	9/16/2020	\$150,476.53	\$0.00	\$0.00	\$0.00	-\$476.53	\$476.53	\$150,953.06	\$953.06
3	10/17/2020	\$150,953.06	\$0.00	\$0.00	\$0.00	-\$476.53	\$476.53	\$151,429.60	\$1,429.60
4	11/16/2020	\$151,429.60	\$0.00	\$0.00	\$0.00	-\$461.16	\$461.16	\$151,890.76	\$1,890.76
5	12/17/2020	\$151,890.76	\$0.00	\$0.00	\$0.00	-\$476.53	\$476.53	\$152,367.29	\$2,367.29
6	1/16/2021	\$152,367.29	\$0.00	\$0.00	\$0.00	-\$461.16	\$461.16	\$152,828.45	\$2,828.45
7	2/16/2021	\$152,828.45	\$0.00	\$0.00	\$0.00	-\$476.53	\$476.53	\$153,304.98	\$3,304.98
8	3/19/2021	\$153,304.98	\$0.00	\$0.00	\$0.00	-\$476.53	\$476.53	\$153,781.51	\$3,781.51
9	4/16/2021	\$153,781.51	\$0.00	\$0.00	\$0.00	-\$430.42	\$430.42	\$154,211.93	\$4,211.93
10	5/17/2021	\$154,211.93	\$0.00	\$0.00	\$0.00	-\$476.53	\$476.53	\$154,688.46	\$4,688.46
11	6/16/2021	\$154,688.46	\$0.00	\$0.00	\$0.00	-\$461.16	\$461.16	\$155,149.62	\$5,149.62
12	7/17/2021	\$155,149.62	\$0.00	\$0.00	\$731.00	\$254.47	\$476.53	\$154,895.15	\$5,626.15

Payment number	Payment date	Beginning balance	Scheduled payment	Extra payment	Total payment	Principal	Interest	Ending balance	Cumulative interest
13	8/16/2021	\$154,895.15	\$0.00	\$0.00	\$731.00	\$269.84	\$461.16	\$154,625.31	\$6,087.31
14	9/16/2021	\$154,625.31	\$0.00	\$0.00	\$0.00	-\$476.53	\$476.53	\$155,101.84	\$6,563.84
15	10/17/2021	\$155,101.84	\$0.00	\$0.00	\$0.00	-\$476.53	\$476.53	\$155,578.38	\$7,040.38
16	11/16/2021	\$155,578.38	\$0.00	\$0.00	\$0.00	-\$461.16	\$461.16	\$156,039.54	\$7,501.54
17	12/17/2021	\$156,039.54	\$0.00	\$0.00	\$0.00	-\$476.53	\$476.53	\$156,516.07	\$7,978.07
18	1/16/2022	\$156,516.07	\$0.00	\$0.00	\$0.00	-\$461.16	\$461.16	\$156,977.23	\$8,439.23
19	2/16/2022	\$156,977.23	\$0.00	\$0.00	\$0.00	-\$476.53	\$476.53	\$157,453.76	\$8,915.76
20	3/19/2022	\$157,453.76	\$0.00	\$0.00	\$0.00	-\$476.53	\$476.53	\$157,930.29	\$9,392.29
21	4/16/2022	\$157,930.29	\$0.00	\$0.00	\$0.00	-\$430.42	\$430.42	\$158,360.71	\$9,822.71
22	5/17/2022	\$158,360.71	\$0.00	\$0.00	\$0.00	-\$476.53	\$476.53	\$158,837.24	\$10,299.24
23	6/16/2022	\$158,837.24	\$0.00	\$0.00	\$0.00	-\$461.16	\$461.16	\$159,298.40	\$10,760.40
24	7/17/2022	\$159,298.40	\$0.00	\$0.00	\$0.00	-\$476.53	\$476.53	\$159,774.93	\$11,236.93
25	8/16/2022	\$159,774.93	\$731.00	\$0.00	\$0.00	-\$461.16	\$461.16	\$160,236.09	\$11,698.09
26	9/16/2022	\$160,236.09	\$731.00	\$0.00	\$0.00	-\$476.53	\$476.53	\$160,712.62	\$12,174.62
27	10/17/2022	\$160,712.62	\$731.00	\$0.00	\$0.00	-\$476.53	\$476.53	\$161,189.16	\$12,651.16
28	11/16/2022	\$161,189.16	\$731.00	\$0.00	\$0.00	-\$461.16	\$461.16	\$161,650.32	\$13,112.32
29	12/17/2022	\$161,650.32	\$731.00	\$0.00	\$0.00	-\$476.53	\$476.53	\$162,126.85	\$13,588.85
30	1/16/2023	\$162,126.85	\$731.00	\$0.00	\$0.00	-\$461.16	\$461.16	\$162,588.01	\$14,050.01
31	2/16/2023	\$162,588.01	\$731.00	\$0.00	\$0.00	-\$476.53	\$476.53	\$163,064.54	\$14,526.54
32	3/19/2023	\$163,064.54	\$731.00	\$0.00	\$2,924.00	\$2,447.47	\$476.53	\$160,617.07	\$15,003.07
33	4/16/2023	\$160,617.07	\$731.00	\$0.00	\$731.00	\$300.58	\$430.42	\$160,316.49	\$15,433.49
34	5/17/2023	\$160,316.49	\$731.00	\$0.00	\$731.00	\$254.47	\$476.53	\$160,062.02	\$15,910.02
35	6/16/2023	\$160,062.02	\$731.00	\$0.00	\$731.00	\$269.84	\$461.16	\$159,792.18	\$16,371.18
36	7/17/2023	\$159,792.18	\$731.00	\$0.00	\$731.00	\$254.47	\$476.53	\$159,537.71	\$16,847.71
37	8/16/2023	\$159,537.71	\$731.00	\$0.00	\$731.00	\$269.84	\$461.16	\$159,267.87	\$17,308.87
38	9/16/2023	\$159,267.87	\$731.00	\$0.00	\$731.00	\$254.47	\$476.53	\$159,013.40	\$17,785.40

Payment number	Payment date	Beginning balance	Scheduled payment	Extra payment	Total payment	Principal	Interest	Ending balance	Cumulative interest
39	10/17/2023	\$159,013.40	\$731.00	\$0.00	\$731.00	\$254.47	\$476.53	\$158,758.94	\$18,261.94
40	11/16/2023	\$158,758.94	\$731.00	\$0.00	\$731.00	\$269.84	\$461.16	\$158,489.10	\$18,723.10
41	12/17/2023	\$158,489.10	\$731.00	\$0.00	\$731.00	\$254.47	\$476.53	\$158,234.63	\$19,199.63
42	1/16/2024	\$158,234.63	\$731.00	\$0.00	\$731.00	\$269.84	\$461.16	\$157,964.79	\$19,660.79
43	2/16/2024	\$157,964.79	\$731.00	\$0.00	\$731.00	\$254.47	\$476.53	\$157,710.32	\$20,137.32
44	3/18/2024	\$157,710.32	\$731.00	\$0.00	\$731.00	\$254.47	\$476.53	\$157,455.85	\$20,613.85
45	4/16/2024	\$157,455.85	\$731.00	\$0.00	\$731.00	\$285.21	\$445.79	\$157,170.64	\$21,059.64
46	5/17/2024	\$157,170.64	\$731.00	\$0.00	\$731.00	\$254.47	\$476.53	\$156,916.17	\$21,536.17
47	6/16/2024	\$156,916.17	\$731.00	\$0.00	\$731.00	\$269.84	\$461.16	\$156,646.33	\$21,997.33
48	7/17/2024	\$156,646.33	\$731.00	\$0.00	\$731.00	\$254.47	\$476.53	\$156,391.86	\$22,473.86
49	8/16/2024	\$156,391.86	\$731.00	\$0.00	\$731.00	\$269.84	\$461.16	\$156,122.02	\$22,935.02
50	9/16/2024	\$156,122.02	\$731.00	\$0.00	\$731.00	\$254.47	\$476.53	\$155,867.56	\$23,411.56
51	10/17/2024	\$155,867.56	\$731.00	\$0.00	\$731.00	\$254.47	\$476.53	\$155,613.09	\$23,888.09
52	11/16/2024	\$155,613.09	\$731.00	\$0.00	\$731.00	\$269.84	\$461.16	\$155,343.25	\$24,349.25
53	12/17/2024	\$155,343.25	\$731.00	\$0.00	\$731.00	\$254.47	\$476.53	\$155,088.78	\$24,825.78
54	1/16/2025	\$155,088.78	\$731.00	\$0.00	\$731.00	\$269.84	\$461.16	\$154,818.94	\$25,286.94
55	2/16/2025	\$154,818.94	\$731.00	\$0.00	\$731.00	\$254.47	\$476.53	\$154,564.47	\$25,763.47
56	3/19/2025	\$154,564.47	\$731.00	\$0.00	\$731.00	\$254.47	\$476.53	\$154,310.00	\$26,240.00
57	4/16/2025	\$154,310.00	\$731.00	\$0.00	\$731.00	\$300.58	\$430.42	\$154,009.42	\$26,670.42
58	5/17/2025	\$154,009.42	\$731.00	\$0.00	\$731.00	\$254.47	\$476.53	\$153,754.95	\$27,146.95
59	6/16/2025	\$153,754.95	\$731.00	\$0.00	\$731.00	\$269.84	\$461.16	\$153,485.11	\$27,608.11
60	7/17/2025	\$153,485.11	\$731.00	\$0.00	\$731.00	\$254.47	\$476.53	\$153,230.64	\$28,084.64
61	8/16/2025	\$153,230.64	\$731.00	\$0.00	\$731.00	\$269.84	\$461.16	\$152,960.80	\$28,545.80
62	9/16/2025	\$152,960.80	\$731.00	\$0.00	\$731.00	\$254.47	\$476.53	\$152,706.33	\$29,022.33
63	10/17/2025	\$152,706.33	\$731.00	\$0.00	\$731.00	\$254.47	\$476.53	\$152,451.87	\$29,498.87
64	11/16/2025	\$152,451.87	\$731.00	\$0.00	\$731.00	\$269.84	\$461.16	\$152,182.02	\$29,960.02

Payment number	Payment date	Beginning balance	Scheduled payment	Extra payment	Total payment	Principal	Interest	Ending balance	Cumulative interest
65	12/17/2025	\$152,182.02	\$731.00	\$0.00	\$731.00	\$254.47	\$476.53	\$151,927.56	\$30,436.56
66	1/16/2026	\$151,927.56	\$731.00	\$0.00	\$731.00	\$269.84	\$461.16	\$151,657.71	\$30,897.71
67	2/16/2026	\$151,657.71	\$731.00	\$0.00	\$731.00	\$254.47	\$476.53	\$151,403.25	\$31,374.25
68	3/19/2026	\$151,403.25	\$731.00	\$0.00	\$731.00	\$254.47	\$476.53	\$151,148.78	\$31,850.78
69	4/16/2026	\$151,148.78	\$731.00	\$0.00	\$731.00	\$300.58	\$430.42	\$150,848.19	\$32,281.19
70	5/17/2026	\$150,848.19	\$731.00	\$0.00	\$731.00	\$254.47	\$476.53	\$150,593.72	\$32,757.72
71	6/16/2026	\$150,593.72	\$731.00	\$0.00	\$731.00	\$269.84	\$461.16	\$150,323.88	\$33,218.88
72	7/17/2026	\$150,323.88	\$731.00	\$0.00	\$731.00	\$254.47	\$476.53	\$150,069.41	\$33,695.41
73	8/16/2026	\$150,069.41	\$731.00	\$0.00	\$731.00	\$262.03	\$468.97	\$149,807.38	\$34,164.38
74	9/16/2026	\$149,807.38	\$731.00	\$0.00	\$731.00	\$262.85	\$468.15	\$149,544.53	\$34,632.53
75	10/17/2026	\$149,544.53	\$731.00	\$0.00	\$731.00	\$263.67	\$467.33	\$149,280.85	\$35,099.85
76	11/16/2026	\$149,280.85	\$731.00	\$0.00	\$731.00	\$264.50	\$466.50	\$149,016.36	\$35,566.36
77	12/17/2026	\$149,016.36	\$731.00	\$0.00	\$731.00	\$265.32	\$465.68	\$148,751.03	\$36,032.03
78	1/16/2027	\$148,751.03	\$731.00	\$0.00	\$731.00	\$266.15	\$464.85	\$148,484.88	\$36,496.88
79	2/16/2027	\$148,484.88	\$731.00	\$0.00	\$731.00	\$266.98	\$464.02	\$148,217.89	\$36,960.89
80	3/19/2027	\$148,217.89	\$731.00	\$0.00	\$731.00	\$267.82	\$463.18	\$147,950.08	\$37,424.08
81	4/16/2027	\$147,950.08	\$731.00	\$0.00	\$731.00	\$268.66	\$462.34	\$147,681.42	\$37,886.42
82	5/17/2027	\$147,681.42	\$731.00	\$0.00	\$731.00	\$269.50	\$461.50	\$147,411.92	\$38,347.92
83	6/16/2027	\$147,411.92	\$731.00	\$0.00	\$731.00	\$270.34	\$460.66	\$147,141.59	\$38,808.59
84	7/17/2027	\$147,141.59	\$731.00	\$0.00	\$731.00	\$271.18	\$459.82	\$146,870.40	\$39,268.40
85	8/16/2027	\$146,870.40	\$731.00	\$0.00	\$731.00	\$272.03	\$458.97	\$146,598.37	\$39,727.37
86	9/16/2027	\$146,598.37	\$731.00	\$0.00	\$731.00	\$272.88	\$458.12	\$146,325.49	\$40,185.49
87	10/17/2027	\$146,325.49	\$731.00	\$0.00	\$731.00	\$273.73	\$457.27	\$146,051.76	\$40,642.76
88	11/16/2027	\$146,051.76	\$731.00	\$0.00	\$731.00	\$274.59	\$456.41	\$145,777.17	\$41,099.17
89	12/17/2027	\$145,777.17	\$731.00	\$0.00	\$731.00	\$275.45	\$455.55	\$145,501.73	\$41,554.73
90	1/16/2028	\$145,501.73	\$731.00	\$0.00	\$731.00	\$276.31	\$454.69	\$145,225.42	\$42,009.42

Payment number	Payment date	Beginning balance	Scheduled payment	Extra payment	Total payment	Principal	Interest	Ending balance	Cumulative interest
91	2/16/2028	\$145,225.42	\$731.00	\$0.00	\$731.00	\$277.17	\$453.83	\$144,948.25	\$42,463.25
92	3/18/2028	\$144,948.25	\$731.00	\$0.00	\$731.00	\$278.04	\$452.96	\$144,670.21	\$42,916.21
93	4/16/2028	\$144,670.21	\$731.00	\$0.00	\$731.00	\$278.91	\$452.09	\$144,391.31	\$43,368.31
94	5/17/2028	\$144,391.31	\$731.00	\$0.00	\$731.00	\$279.78	\$451.22	\$144,111.53	\$43,819.53
95	6/16/2028	\$144,111.53	\$731.00	\$0.00	\$731.00	\$280.65	\$450.35	\$143,830.88	\$44,269.88
96	7/17/2028	\$143,830.88	\$731.00	\$0.00	\$731.00	\$281.53	\$449.47	\$143,549.35	\$44,719.35
97	8/16/2028	\$143,549.35	\$731.00	\$0.00	\$731.00	\$282.41	\$448.59	\$143,266.94	\$45,167.94
98	9/16/2028	\$143,266.94	\$731.00	\$0.00	\$731.00	\$283.29	\$447.71	\$142,983.65	\$45,615.65
99	10/17/2028	\$142,983.65	\$731.00	\$0.00	\$731.00	\$284.18	\$446.82	\$142,699.47	\$46,062.47
100	11/16/2028	\$142,699.47	\$731.00	\$0.00	\$731.00	\$285.06	\$445.94	\$142,414.41	\$46,508.41
101	12/17/2028	\$142,414.41	\$731.00	\$0.00	\$731.00	\$285.95	\$445.05	\$142,128.46	\$46,953.46
102	1/16/2029	\$142,128.46	\$731.00	\$0.00	\$731.00	\$286.85	\$444.15	\$141,841.61	\$47,397.61
103	2/16/2029	\$141,841.61	\$731.00	\$0.00	\$731.00	\$287.74	\$443.26	\$141,553.86	\$47,840.86
104	3/19/2029	\$141,553.86	\$731.00	\$0.00	\$731.00	\$288.64	\$442.36	\$141,265.22	\$48,283.22
105	4/16/2029	\$141,265.22	\$731.00	\$0.00	\$731.00	\$289.55	\$441.45	\$140,975.67	\$48,724.67
106	5/17/2029	\$140,975.67	\$731.00	\$0.00	\$731.00	\$290.45	\$440.55	\$140,685.22	\$49,165.22
107	6/16/2029	\$140,685.22	\$731.00	\$0.00	\$731.00	\$291.36	\$439.64	\$140,393.86	\$49,604.86
108	7/17/2029	\$140,393.86	\$731.00	\$0.00	\$731.00	\$292.27	\$438.73	\$140,101.59	\$50,043.59
109	8/16/2029	\$140,101.59	\$731.00	\$0.00	\$731.00	\$293.18	\$437.82	\$139,808.41	\$50,481.41
110	9/16/2029	\$139,808.41	\$731.00	\$0.00	\$731.00	\$294.10	\$436.90	\$139,514.31	\$50,918.31
111	10/17/2029	\$139,514.31	\$731.00	\$0.00	\$731.00	\$295.02	\$435.98	\$139,219.29	\$51,354.29
112	11/16/2029	\$139,219.29	\$731.00	\$0.00	\$731.00	\$295.94	\$435.06	\$138,923.35	\$51,789.35
113	12/17/2029	\$138,923.35	\$731.00	\$0.00	\$731.00	\$296.86	\$434.14	\$138,626.49	\$52,223.49
114	1/16/2030	\$138,626.49	\$731.00	\$0.00	\$731.00	\$297.79	\$433.21	\$138,328.70	\$52,656.70
115	2/16/2030	\$138,328.70	\$731.00	\$0.00	\$731.00	\$298.72	\$432.28	\$138,029.97	\$53,088.97
116	3/19/2030	\$138,029.97	\$731.00	\$0.00	\$731.00	\$299.66	\$431.34	\$137,730.32	\$53,520.32

Payment number	Payment date	Beginning balance	Scheduled payment	Extra payment	Total payment	Principal	Interest	Ending balance	Cumulative interest
117	4/16/2030	\$137,730.32	\$731.00	\$0.00	\$731.00	\$300.59	\$430.41	\$137,429.72	\$53,950.72
118	5/17/2030	\$137,429.72	\$731.00	\$0.00	\$731.00	\$301.53	\$429.47	\$137,128.19	\$54,380.19
119	6/16/2030	\$137,128.19	\$731.00	\$0.00	\$731.00	\$302.47	\$428.53	\$136,825.72	\$54,808.72
120	7/17/2030	\$136,825.72	\$731.00	\$0.00	\$731.00	\$303.42	\$427.58	\$136,522.30	\$55,236.30
121	8/16/2030	\$136,522.30	\$731.00	\$0.00	\$731.00	\$304.37	\$426.63	\$136,217.93	\$55,662.93
122	9/16/2030	\$136,217.93	\$731.00	\$0.00	\$731.00	\$305.32	\$425.68	\$135,912.61	\$56,088.61
123	10/17/2030	\$135,912.61	\$731.00	\$0.00	\$731.00	\$306.27	\$424.73	\$135,606.34	\$56,513.34
124	11/16/2030	\$135,606.34	\$731.00	\$0.00	\$731.00	\$307.23	\$423.77	\$135,299.11	\$56,937.11
125	12/17/2030	\$135,299.11	\$731.00	\$0.00	\$731.00	\$308.19	\$422.81	\$134,990.92	\$57,359.92
126	1/16/2031	\$134,990.92	\$731.00	\$0.00	\$731.00	\$309.15	\$421.85	\$134,681.76	\$57,781.76
127	2/16/2031	\$134,681.76	\$731.00	\$0.00	\$731.00	\$310.12	\$420.88	\$134,371.65	\$58,202.65
128	3/19/2031	\$134,371.65	\$731.00	\$0.00	\$731.00	\$311.09	\$419.91	\$134,060.56	\$58,622.56
129	4/16/2031	\$134,060.56	\$731.00	\$0.00	\$731.00	\$312.06	\$418.94	\$133,748.50	\$59,041.50
130	5/17/2031	\$133,748.50	\$731.00	\$0.00	\$731.00	\$313.04	\$417.96	\$133,435.46	\$59,459.46
131	6/16/2031	\$133,435.46	\$731.00	\$0.00	\$731.00	\$314.01	\$416.99	\$133,121.45	\$59,876.45
132	7/17/2031	\$133,121.45	\$731.00	\$0.00	\$731.00	\$315.00	\$416.00	\$132,806.45	\$60,292.45
133	8/16/2031	\$132,806.45	\$731.00	\$0.00	\$731.00	\$315.98	\$415.02	\$132,490.47	\$60,707.47
134	9/16/2031	\$132,490.47	\$731.00	\$0.00	\$731.00	\$316.97	\$414.03	\$132,173.50	\$61,121.50
135	10/17/2031	\$132,173.50	\$731.00	\$0.00	\$731.00	\$317.96	\$413.04	\$131,855.55	\$61,534.55
136	11/16/2031	\$131,855.55	\$731.00	\$0.00	\$731.00	\$318.95	\$412.05	\$131,536.59	\$61,946.59
137	12/17/2031	\$131,536.59	\$731.00	\$0.00	\$731.00	\$319.95	\$411.05	\$131,216.65	\$62,357.65
138	1/16/2032	\$131,216.65	\$731.00	\$0.00	\$731.00	\$320.95	\$410.05	\$130,895.70	\$62,767.70
139	2/16/2032	\$130,895.70	\$731.00	\$0.00	\$731.00	\$321.95	\$409.05	\$130,573.75	\$63,176.75
140	3/18/2032	\$130,573.75	\$731.00	\$0.00	\$731.00	\$322.96	\$408.04	\$130,250.79	\$63,584.79
141	4/16/2032	\$130,250.79	\$731.00	\$0.00	\$731.00	\$323.97	\$407.03	\$129,926.82	\$63,991.82
142	5/17/2032	\$129,926.82	\$731.00	\$0.00	\$731.00	\$324.98	\$406.02	\$129,601.85	\$64,397.85

Payment number	Payment date	Beginning balance	Scheduled payment	Extra payment	Total payment	Principal	Interest	Ending balance	Cumulative interest
143	6/16/2032	\$129,601.85	\$731.00	\$0.00	\$731.00	\$325.99	\$405.01	\$129,275.85	\$64,802.85
144	7/17/2032	\$129,275.85	\$731.00	\$0.00	\$731.00	\$327.01	\$403.99	\$128,948.84	\$65,206.84
145	8/16/2032	\$128,948.84	\$731.00	\$0.00	\$731.00	\$328.03	\$402.97	\$128,620.80	\$65,609.80
146	9/16/2032	\$128,620.80	\$731.00	\$0.00	\$731.00	\$329.06	\$401.94	\$128,291.74	\$66,011.74
147	10/17/2032	\$128,291.74	\$731.00	\$0.00	\$731.00	\$330.09	\$400.91	\$127,961.65	\$66,412.65
148	11/16/2032	\$127,961.65	\$731.00	\$0.00	\$731.00	\$331.12	\$399.88	\$127,630.53	\$66,812.53
149	12/17/2032	\$127,630.53	\$731.00	\$0.00	\$731.00	\$332.15	\$398.85	\$127,298.38	\$67,211.38
150	1/16/2033	\$127,298.38	\$731.00	\$0.00	\$731.00	\$333.19	\$397.81	\$126,965.19	\$67,609.19
151	2/16/2033	\$126,965.19	\$731.00	\$0.00	\$731.00	\$334.23	\$396.77	\$126,630.95	\$68,005.95
152	3/19/2033	\$126,630.95	\$731.00	\$0.00	\$731.00	\$335.28	\$395.72	\$126,295.68	\$68,401.68
153	4/16/2033	\$126,295.68	\$731.00	\$0.00	\$731.00	\$336.33	\$394.67	\$125,959.35	\$68,796.35
154	5/17/2033	\$125,959.35	\$731.00	\$0.00	\$731.00	\$337.38	\$393.62	\$125,621.97	\$69,189.97
155	6/16/2033	\$125,621.97	\$731.00	\$0.00	\$731.00	\$338.43	\$392.57	\$125,283.54	\$69,582.54
156	7/17/2033	\$125,283.54	\$731.00	\$0.00	\$731.00	\$339.49	\$391.51	\$124,944.05	\$69,974.05
157	8/16/2033	\$124,944.05	\$731.00	\$0.00	\$731.00	\$340.55	\$390.45	\$124,603.50	\$70,364.50
158	9/16/2033	\$124,603.50	\$731.00	\$0.00	\$731.00	\$341.61	\$389.39	\$124,261.89	\$70,753.89
159	10/17/2033	\$124,261.89	\$731.00	\$0.00	\$731.00	\$342.68	\$388.32	\$123,919.21	\$71,142.21
160	11/16/2033	\$123,919.21	\$731.00	\$0.00	\$731.00	\$343.75	\$387.25	\$123,575.45	\$71,529.45
161	12/17/2033	\$123,575.45	\$731.00	\$0.00	\$731.00	\$344.83	\$386.17	\$123,230.63	\$71,915.63
162	1/16/2034	\$123,230.63	\$731.00	\$0.00	\$731.00	\$345.90	\$385.10	\$122,884.72	\$72,300.72
163	2/16/2034	\$122,884.72	\$731.00	\$0.00	\$731.00	\$346.99	\$384.01	\$122,537.74	\$72,684.74
164	3/19/2034	\$122,537.74	\$731.00	\$0.00	\$731.00	\$348.07	\$382.93	\$122,189.67	\$73,067.67
165	4/16/2034	\$122,189.67	\$731.00	\$0.00	\$731.00	\$349.16	\$381.84	\$121,840.51	\$73,449.51
166	5/17/2034	\$121,840.51	\$731.00	\$0.00	\$731.00	\$350.25	\$380.75	\$121,490.26	\$73,830.26
167	6/16/2034	\$121,490.26	\$731.00	\$0.00	\$731.00	\$351.34	\$379.66	\$121,138.92	\$74,209.92
168	7/17/2034	\$121,138.92	\$731.00	\$0.00	\$731.00	\$352.44	\$378.56	\$120,786.48	\$74,588.48

Payment number	Payment date	Beginning balance	Scheduled payment	Extra payment	Total payment	Principal	Interest	Ending balance	Cumulative interest
169	8/16/2034	\$120,786.48	\$731.00	\$0.00	\$731.00	\$353.54	\$377.46	\$120,432.94	\$74,965.94
170	9/16/2034	\$120,432.94	\$731.00	\$0.00	\$731.00	\$354.65	\$376.35	\$120,078.29	\$75,342.29
171	10/17/2034	\$120,078.29	\$731.00	\$0.00	\$731.00	\$355.76	\$375.24	\$119,722.53	\$75,717.53
172	11/16/2034	\$119,722.53	\$731.00	\$0.00	\$731.00	\$356.87	\$374.13	\$119,365.67	\$76,091.67
173	12/17/2034	\$119,365.67	\$731.00	\$0.00	\$731.00	\$357.98	\$373.02	\$119,007.69	\$76,464.69
174	1/16/2035	\$119,007.69	\$731.00	\$0.00	\$731.00	\$359.10	\$371.90	\$118,648.58	\$76,836.58
175	2/16/2035	\$118,648.58	\$731.00	\$0.00	\$731.00	\$360.22	\$370.78	\$118,288.36	\$77,207.36
176	3/19/2035	\$118,288.36	\$731.00	\$0.00	\$731.00	\$361.35	\$369.65	\$117,927.01	\$77,577.01
177	4/16/2035	\$117,927.01	\$731.00	\$0.00	\$731.00	\$362.48	\$368.52	\$117,564.53	\$77,945.53
178	5/17/2035	\$117,564.53	\$731.00	\$0.00	\$731.00	\$363.61	\$367.39	\$117,200.92	\$78,312.92
179	6/16/2035	\$117,200.92	\$731.00	\$0.00	\$731.00	\$364.75	\$366.25	\$116,836.18	\$78,679.18
180	7/17/2035	\$116,836.18	\$731.00	\$0.00	\$731.00	\$365.89	\$365.11	\$116,470.29	\$79,044.29
181	8/16/2035	\$116,470.29	\$731.00	\$0.00	\$731.00	\$367.03	\$363.97	\$116,103.26	\$79,408.26
182	9/16/2035	\$116,103.26	\$731.00	\$0.00	\$731.00	\$368.18	\$362.82	\$115,735.08	\$79,771.08
183	10/17/2035	\$115,735.08	\$731.00	\$0.00	\$731.00	\$369.33	\$361.67	\$115,365.75	\$80,132.75
184	11/16/2035	\$115,365.75	\$731.00	\$0.00	\$731.00	\$370.48	\$360.52	\$114,995.27	\$80,493.27
185	12/17/2035	\$114,995.27	\$731.00	\$0.00	\$731.00	\$371.64	\$359.36	\$114,623.63	\$80,852.63
186	1/16/2036	\$114,623.63	\$731.00	\$0.00	\$731.00	\$372.80	\$358.20	\$114,250.83	\$81,210.83
187	2/16/2036	\$114,250.83	\$731.00	\$0.00	\$731.00	\$373.97	\$357.03	\$113,876.86	\$81,567.86
188	3/18/2036	\$113,876.86	\$731.00	\$0.00	\$731.00	\$375.13	\$355.87	\$113,501.73	\$81,923.73
189	4/16/2036	\$113,501.73	\$731.00	\$0.00	\$731.00	\$376.31	\$354.69	\$113,125.42	\$82,278.42
190	5/17/2036	\$113,125.42	\$731.00	\$0.00	\$731.00	\$377.48	\$353.52	\$112,747.94	\$82,631.94
191	6/16/2036	\$112,747.94	\$731.00	\$0.00	\$731.00	\$378.66	\$352.34	\$112,369.28	\$82,984.28
192	7/17/2036	\$112,369.28	\$731.00	\$0.00	\$731.00	\$379.85	\$351.15	\$111,989.43	\$83,335.43
193	8/16/2036	\$111,989.43	\$731.00	\$0.00	\$731.00	\$381.03	\$349.97	\$111,608.40	\$83,685.40
194	9/16/2036	\$111,608.40	\$731.00	\$0.00	\$731.00	\$382.22	\$348.78	\$111,226.17	\$84,034.17

Payment number	Payment date	Beginning balance	Scheduled payment	Extra payment	Total payment	Principal	Interest	Ending balance	Cumulative interest
195	10/17/2036	\$111,226.17	\$731.00	\$0.00	\$731.00	\$383.42	\$347.58	\$110,842.76	\$84,381.76
196	11/16/2036	\$110,842.76	\$731.00	\$0.00	\$731.00	\$384.62	\$346.38	\$110,458.14	\$84,728.14
197	12/17/2036	\$110,458.14	\$731.00	\$0.00	\$731.00	\$385.82	\$345.18	\$110,072.32	\$85,073.32
198	1/16/2037	\$110,072.32	\$731.00	\$0.00	\$731.00	\$387.02	\$343.98	\$109,685.30	\$85,417.30
199	2/16/2037	\$109,685.30	\$731.00	\$0.00	\$731.00	\$388.23	\$342.77	\$109,297.06	\$85,760.06
200	3/19/2037	\$109,297.06	\$731.00	\$0.00	\$731.00	\$389.45	\$341.55	\$108,907.62	\$86,101.62
201	4/16/2037	\$108,907.62	\$731.00	\$0.00	\$731.00	\$390.66	\$340.34	\$108,516.95	\$86,441.95
202	5/17/2037	\$108,516.95	\$731.00	\$0.00	\$731.00	\$391.88	\$339.12	\$108,125.07	\$86,781.07
203	6/16/2037	\$108,125.07	\$731.00	\$0.00	\$731.00	\$393.11	\$337.89	\$107,731.96	\$87,118.96
204	7/17/2037	\$107,731.96	\$731.00	\$0.00	\$731.00	\$394.34	\$336.66	\$107,337.62	\$87,455.62
205	8/16/2037	\$107,337.62	\$731.00	\$0.00	\$731.00	\$395.57	\$335.43	\$106,942.05	\$87,791.05
206	9/16/2037	\$106,942.05	\$731.00	\$0.00	\$731.00	\$396.81	\$334.19	\$106,545.25	\$88,125.25
207	10/17/2037	\$106,545.25	\$731.00	\$0.00	\$731.00	\$398.05	\$332.95	\$106,147.20	\$88,458.20
208	11/16/2037	\$106,147.20	\$731.00	\$0.00	\$731.00	\$399.29	\$331.71	\$105,747.91	\$88,789.91
209	12/17/2037	\$105,747.91	\$731.00	\$0.00	\$731.00	\$400.54	\$330.46	\$105,347.37	\$89,120.37
210	1/16/2038	\$105,347.37	\$731.00	\$0.00	\$731.00	\$401.79	\$329.21	\$104,945.58	\$89,449.58
211	2/16/2038	\$104,945.58	\$731.00	\$0.00	\$731.00	\$403.05	\$327.95	\$104,542.54	\$89,777.54
212	3/19/2038	\$104,542.54	\$731.00	\$0.00	\$731.00	\$404.30	\$326.70	\$104,138.23	\$90,104.23
213	4/16/2038	\$104,138.23	\$731.00	\$0.00	\$731.00	\$405.57	\$325.43	\$103,732.66	\$90,429.66
214	5/17/2038	\$103,732.66	\$731.00	\$0.00	\$731.00	\$406.84	\$324.16	\$103,325.83	\$90,753.83
215	6/16/2038	\$103,325.83	\$731.00	\$0.00	\$731.00	\$408.11	\$322.89	\$102,917.72	\$91,076.72
216	7/17/2038	\$102,917.72	\$731.00	\$0.00	\$731.00	\$409.38	\$321.62	\$102,508.34	\$91,398.34
217	8/16/2038	\$102,508.34	\$731.00	\$0.00	\$731.00	\$410.66	\$320.34	\$102,097.68	\$91,718.68
218	9/16/2038	\$102,097.68	\$731.00	\$0.00	\$731.00	\$411.94	\$319.06	\$101,685.73	\$92,037.73
219	10/17/2038	\$101,685.73	\$731.00	\$0.00	\$731.00	\$413.23	\$317.77	\$101,272.50	\$92,355.50
220	11/16/2038	\$101,272.50	\$731.00	\$0.00	\$731.00	\$414.52	\$316.48	\$100,857.98	\$92,671.98

Payment number	Payment date	Beginning balance	Scheduled payment	Extra payment	Total payment	Principal	Interest	Ending balance	Cumulative interest
221	12/17/2038	\$100,857.98	\$731.00	\$0.00	\$731.00	\$415.82	\$315.18	\$100,442.16	\$92,987.16
222	1/16/2039	\$100,442.16	\$731.00	\$0.00	\$731.00	\$417.12	\$313.88	\$100,025.04	\$93,301.04
223	2/16/2039	\$100,025.04	\$731.00	\$0.00	\$731.00	\$418.42	\$312.58	\$99,606.62	\$93,613.62
224	3/19/2039	\$99,606.62	\$731.00	\$0.00	\$731.00	\$419.73	\$311.27	\$99,186.89	\$93,924.89
225	4/16/2039	\$99,186.89	\$731.00	\$0.00	\$731.00	\$421.04	\$309.96	\$98,765.85	\$94,234.85
226	5/17/2039	\$98,765.85	\$731.00	\$0.00	\$731.00	\$422.36	\$308.64	\$98,343.49	\$94,543.49
227	6/16/2039	\$98,343.49	\$731.00	\$0.00	\$731.00	\$423.68	\$307.32	\$97,919.82	\$94,850.82
228	7/17/2039	\$97,919.82	\$731.00	\$0.00	\$731.00	\$425.00	\$306.00	\$97,494.82	\$95,156.82
229	8/16/2039	\$97,494.82	\$731.00	\$0.00	\$731.00	\$426.33	\$304.67	\$97,068.49	\$95,461.49
230	9/16/2039	\$97,068.49	\$731.00	\$0.00	\$731.00	\$427.66	\$303.34	\$96,640.83	\$95,764.83
231	10/17/2039	\$96,640.83	\$731.00	\$0.00	\$731.00	\$429.00	\$302.00	\$96,211.83	\$96,066.83
232	11/16/2039	\$96,211.83	\$731.00	\$0.00	\$731.00	\$430.34	\$300.66	\$95,781.49	\$96,367.49
233	12/17/2039	\$95,781.49	\$731.00	\$0.00	\$731.00	\$431.68	\$299.32	\$95,349.81	\$96,666.81
234	1/16/2040	\$95,349.81	\$731.00	\$0.00	\$731.00	\$433.03	\$297.97	\$94,916.78	\$96,964.78
235	2/16/2040	\$94,916.78	\$731.00	\$0.00	\$731.00	\$434.39	\$296.61	\$94,482.39	\$97,261.39
236	3/18/2040	\$94,482.39	\$731.00	\$0.00	\$731.00	\$435.74	\$295.26	\$94,046.65	\$97,556.65
237	4/16/2040	\$94,046.65	\$731.00	\$0.00	\$731.00	\$437.10	\$293.90	\$93,609.54	\$97,850.54
238	5/17/2040	\$93,609.54	\$731.00	\$0.00	\$731.00	\$438.47	\$292.53	\$93,171.07	\$98,143.07
239	6/16/2040	\$93,171.07	\$731.00	\$0.00	\$731.00	\$439.84	\$291.16	\$92,731.23	\$98,434.23
240	7/17/2040	\$92,731.23	\$731.00	\$0.00	\$731.00	\$441.21	\$289.79	\$92,290.02	\$98,724.02
241	8/16/2040	\$92,290.02	\$731.00	\$0.00	\$731.00	\$442.59	\$288.41	\$91,847.43	\$99,012.43
242	9/16/2040	\$91,847.43	\$731.00	\$0.00	\$731.00	\$443.98	\$287.02	\$91,403.45	\$99,299.45
243	10/17/2040	\$91,403.45	\$731.00	\$0.00	\$731.00	\$445.36	\$285.64	\$90,958.08	\$99,585.08
244	11/16/2040	\$90,958.08	\$731.00	\$0.00	\$731.00	\$446.76	\$284.24	\$90,511.33	\$99,869.33
245	12/17/2040	\$90,511.33	\$731.00	\$0.00	\$731.00	\$448.15	\$282.85	\$90,063.18	\$100,152.18
246	1/16/2041	\$90,063.18	\$731.00	\$0.00	\$731.00	\$449.55	\$281.45	\$89,613.62	\$100,433.62

Payment number	Payment date	Beginning balance	Scheduled payment	Extra payment	Total payment	Principal	Interest	Ending balance	Cumulative interest
247	2/16/2041	\$89,613.62	\$731.00	\$0.00	\$731.00	\$450.96	\$280.04	\$89,162.67	\$100,713.67
248	3/19/2041	\$89,162.67	\$731.00	\$0.00	\$731.00	\$452.37	\$278.63	\$88,710.30	\$100,992.30
249	4/16/2041	\$88,710.30	\$731.00	\$0.00	\$731.00	\$453.78	\$277.22	\$88,256.52	\$101,269.52
250	5/17/2041	\$88,256.52	\$731.00	\$0.00	\$731.00	\$455.20	\$275.80	\$87,801.32	\$101,545.32
251	6/16/2041	\$87,801.32	\$731.00	\$0.00	\$731.00	\$456.62	\$274.38	\$87,344.70	\$101,819.70
252	7/17/2041	\$87,344.70	\$731.00	\$0.00	\$731.00	\$458.05	\$272.95	\$86,886.65	\$102,092.65
253	8/16/2041	\$86,886.65	\$731.00	\$0.00	\$731.00	\$459.48	\$271.52	\$86,427.17	\$102,364.17
254	9/16/2041	\$86,427.17	\$731.00	\$0.00	\$731.00	\$460.92	\$270.08	\$85,966.26	\$102,634.26
255	10/17/2041	\$85,966.26	\$731.00	\$0.00	\$731.00	\$462.36	\$268.64	\$85,503.90	\$102,902.90
256	11/16/2041	\$85,503.90	\$731.00	\$0.00	\$731.00	\$463.80	\$267.20	\$85,040.10	\$103,170.10
257	12/17/2041	\$85,040.10	\$731.00	\$0.00	\$731.00	\$465.25	\$265.75	\$84,574.85	\$103,435.85
258	1/16/2042	\$84,574.85	\$731.00	\$0.00	\$731.00	\$466.70	\$264.30	\$84,108.15	\$103,700.15
259	2/16/2042	\$84,108.15	\$731.00	\$0.00	\$731.00	\$468.16	\$262.84	\$83,639.99	\$103,962.99
260	3/19/2042	\$83,639.99	\$731.00	\$0.00	\$731.00	\$469.63	\$261.37	\$83,170.36	\$104,224.36
261	4/16/2042	\$83,170.36	\$731.00	\$0.00	\$731.00	\$471.09	\$259.91	\$82,699.27	\$104,484.27
262	5/17/2042	\$82,699.27	\$731.00	\$0.00	\$731.00	\$472.56	\$258.44	\$82,226.70	\$104,742.70
263	6/16/2042	\$82,226.70	\$731.00	\$0.00	\$731.00	\$474.04	\$256.96	\$81,752.66	\$104,999.66
264	7/17/2042	\$81,752.66	\$731.00	\$0.00	\$731.00	\$475.52	\$255.48	\$81,277.14	\$105,255.14
265	8/16/2042	\$81,277.14	\$731.00	\$0.00	\$731.00	\$477.01	\$253.99	\$80,800.13	\$105,509.13
266	9/16/2042	\$80,800.13	\$731.00	\$0.00	\$731.00	\$478.50	\$252.50	\$80,321.63	\$105,761.63
267	10/17/2042	\$80,321.63	\$731.00	\$0.00	\$731.00	\$479.99	\$251.01	\$79,841.64	\$106,012.64
268	11/16/2042	\$79,841.64	\$731.00	\$0.00	\$731.00	\$481.49	\$249.51	\$79,360.14	\$106,262.14
269	12/17/2042	\$79,360.14	\$731.00	\$0.00	\$731.00	\$483.00	\$248.00	\$78,877.14	\$106,510.14
270	1/16/2043	\$78,877.14	\$731.00	\$0.00	\$731.00	\$484.51	\$246.49	\$78,392.63	\$106,756.63
271	2/16/2043	\$78,392.63	\$731.00	\$0.00	\$731.00	\$486.02	\$244.98	\$77,906.61	\$107,001.61
272	3/19/2043	\$77,906.61	\$731.00	\$0.00	\$731.00	\$487.54	\$243.46	\$77,419.07	\$107,245.07

Payment number	Payment date	Beginning balance	Scheduled payment	Extra payment	Total payment	Principal	Interest	Ending balance	Cumulative interest
273	4/16/2043	\$77,419.07	\$731.00	\$0.00	\$731.00	\$489.07	\$241.93	\$76,930.00	\$107,487.00
274	5/17/2043	\$76,930.00	\$731.00	\$0.00	\$731.00	\$490.59	\$240.41	\$76,439.41	\$107,727.41
275	6/16/2043	\$76,439.41	\$731.00	\$0.00	\$731.00	\$492.13	\$238.87	\$75,947.28	\$107,966.28
276	7/17/2043	\$75,947.28	\$731.00	\$0.00	\$731.00	\$493.66	\$237.34	\$75,453.62	\$108,203.62
277	8/16/2043	\$75,453.62	\$731.00	\$0.00	\$731.00	\$495.21	\$235.79	\$74,958.41	\$108,439.41
278	9/16/2043	\$74,958.41	\$731.00	\$0.00	\$731.00	\$496.75	\$234.25	\$74,461.65	\$108,673.65
279	10/17/2043	\$74,461.65	\$731.00	\$0.00	\$731.00	\$498.31	\$232.69	\$73,963.35	\$108,906.35
280	11/16/2043	\$73,963.35	\$731.00	\$0.00	\$731.00	\$499.86	\$231.14	\$73,463.48	\$109,137.48
281	12/17/2043	\$73,463.48	\$731.00	\$0.00	\$731.00	\$501.43	\$229.57	\$72,962.06	\$109,367.06
282	1/16/2044	\$72,962.06	\$731.00	\$0.00	\$731.00	\$502.99	\$228.01	\$72,459.06	\$109,595.06
283	2/16/2044	\$72,459.06	\$731.00	\$0.00	\$731.00	\$504.57	\$226.43	\$71,954.50	\$109,821.50
284	3/18/2044	\$71,954.50	\$731.00	\$0.00	\$731.00	\$506.14	\$224.86	\$71,448.36	\$110,046.36
285	4/16/2044	\$71,448.36	\$731.00	\$0.00	\$731.00	\$507.72	\$223.28	\$70,940.63	\$110,269.63
286	5/17/2044	\$70,940.63	\$731.00	\$0.00	\$731.00	\$509.31	\$221.69	\$70,431.32	\$110,491.32
287	6/16/2044	\$70,431.32	\$731.00	\$0.00	\$731.00	\$510.90	\$220.10	\$69,920.42	\$110,711.42
288	7/17/2044	\$69,920.42	\$731.00	\$0.00	\$731.00	\$512.50	\$218.50	\$69,407.92	\$110,929.92
289	8/16/2044	\$69,407.92	\$731.00	\$0.00	\$731.00	\$514.10	\$216.90	\$68,893.82	\$111,146.82
290	9/16/2044	\$68,893.82	\$731.00	\$0.00	\$731.00	\$515.71	\$215.29	\$68,378.11	\$111,362.11
291	10/17/2044	\$68,378.11	\$731.00	\$0.00	\$731.00	\$517.32	\$213.68	\$67,860.79	\$111,575.79
292	11/16/2044	\$67,860.79	\$731.00	\$0.00	\$731.00	\$518.94	\$212.06	\$67,341.86	\$111,787.86
293	12/17/2044	\$67,341.86	\$731.00	\$0.00	\$731.00	\$520.56	\$210.44	\$66,821.30	\$111,998.30
294	1/16/2045	\$66,821.30	\$731.00	\$0.00	\$731.00	\$522.18	\$208.82	\$66,299.12	\$112,207.12
295	2/16/2045	\$66,299.12	\$731.00	\$0.00	\$731.00	\$523.82	\$207.18	\$65,775.30	\$112,414.30
296	3/19/2045	\$65,775.30	\$731.00	\$0.00	\$731.00	\$525.45	\$205.55	\$65,249.85	\$112,619.85
297	4/16/2045	\$65,249.85	\$731.00	\$0.00	\$731.00	\$527.09	\$203.91	\$64,722.76	\$112,823.76
298	5/17/2045	\$64,722.76	\$731.00	\$0.00	\$731.00	\$528.74	\$202.26	\$64,194.02	\$113,026.02

Payment number	Payment date	Beginning balance	Scheduled payment	Extra payment	Total payment	Principal	Interest	Ending balance	Cumulative interest
299	6/16/2045	\$64,194.02	\$731.00	\$0.00	\$731.00	\$530.39	\$200.61	\$63,663.62	\$113,226.62
300	7/17/2045	\$63,663.62	\$731.00	\$0.00	\$731.00	\$532.05	\$198.95	\$63,131.57	\$113,425.57
301	8/16/2045	\$63,131.57	\$731.00	\$0.00	\$731.00	\$533.71	\$197.29	\$62,597.86	\$113,622.86
302	9/16/2045	\$62,597.86	\$731.00	\$0.00	\$731.00	\$535.38	\$195.62	\$62,062.48	\$113,818.48
303	10/17/2045	\$62,062.48	\$731.00	\$0.00	\$731.00	\$537.05	\$193.95	\$61,525.42	\$114,012.42
304	11/16/2045	\$61,525.42	\$731.00	\$0.00	\$731.00	\$538.73	\$192.27	\$60,986.69	\$114,204.69
305	12/17/2045	\$60,986.69	\$731.00	\$0.00	\$731.00	\$540.42	\$190.58	\$60,446.27	\$114,395.27
306	1/16/2046	\$60,446.27	\$731.00	\$0.00	\$731.00	\$542.11	\$188.89	\$59,904.17	\$114,584.17
307	2/16/2046	\$59,904.17	\$731.00	\$0.00	\$731.00	\$543.80	\$187.20	\$59,360.37	\$114,771.37
308	3/19/2046	\$59,360.37	\$731.00	\$0.00	\$731.00	\$545.50	\$185.50	\$58,814.87	\$114,956.87
309	4/16/2046	\$58,814.87	\$731.00	\$0.00	\$731.00	\$547.20	\$183.80	\$58,267.66	\$115,140.66
310	5/17/2046	\$58,267.66	\$731.00	\$0.00	\$731.00	\$548.91	\$182.09	\$57,718.75	\$115,322.75
311	6/16/2046	\$57,718.75	\$731.00	\$0.00	\$731.00	\$550.63	\$180.37	\$57,168.12	\$115,503.12
312	7/17/2046	\$57,168.12	\$731.00	\$0.00	\$731.00	\$552.35	\$178.65	\$56,615.77	\$115,681.77
313	8/16/2046	\$56,615.77	\$731.00	\$0.00	\$731.00	\$554.08	\$176.92	\$56,061.70	\$115,858.70
314	9/16/2046	\$56,061.70	\$731.00	\$0.00	\$731.00	\$555.81	\$175.19	\$55,505.89	\$116,033.89
315	10/17/2046	\$55,505.89	\$731.00	\$0.00	\$731.00	\$557.54	\$173.46	\$54,948.35	\$116,207.35
316	11/16/2046	\$54,948.35	\$731.00	\$0.00	\$731.00	\$559.29	\$171.71	\$54,389.06	\$116,379.06
317	12/17/2046	\$54,389.06	\$731.00	\$0.00	\$731.00	\$561.03	\$169.97	\$53,828.02	\$116,549.02
318	1/16/2047	\$53,828.02	\$731.00	\$0.00	\$731.00	\$562.79	\$168.21	\$53,265.24	\$116,717.24
319	2/16/2047	\$53,265.24	\$731.00	\$0.00	\$731.00	\$564.55	\$166.45	\$52,700.69	\$116,883.69
320	3/19/2047	\$52,700.69	\$731.00	\$0.00	\$731.00	\$566.31	\$164.69	\$52,134.38	\$117,048.38
321	4/16/2047	\$52,134.38	\$731.00	\$0.00	\$731.00	\$568.08	\$162.92	\$51,566.30	\$117,211.30
322	5/17/2047	\$51,566.30	\$731.00	\$0.00	\$731.00	\$569.86	\$161.14	\$50,996.45	\$117,372.45
323	6/16/2047	\$50,996.45	\$731.00	\$0.00	\$731.00	\$571.64	\$159.36	\$50,424.81	\$117,531.81
324	7/17/2047	\$50,424.81	\$731.00	\$0.00	\$731.00	\$573.42	\$157.58	\$49,851.39	\$117,689.39

Payment number	Payment date	Beginning balance	Scheduled payment	Extra payment	Total payment	Principal	Interest	Ending balance	Cumulative interest
325	8/16/2047	\$49,851.39	\$731.00	\$0.00	\$731.00	\$575.21	\$155.79	\$49,276.17	\$117,845.17
326	9/16/2047	\$49,276.17	\$731.00	\$0.00	\$731.00	\$577.01	\$153.99	\$48,699.16	\$117,999.16
327	10/17/2047	\$48,699.16	\$731.00	\$0.00	\$731.00	\$578.82	\$152.18	\$48,120.35	\$118,151.35
328	11/16/2047	\$48,120.35	\$731.00	\$0.00	\$731.00	\$580.62	\$150.38	\$47,539.72	\$118,301.72
329	12/17/2047	\$47,539.72	\$731.00	\$0.00	\$731.00	\$582.44	\$148.56	\$46,957.28	\$118,450.28
330	1/16/2048	\$46,957.28	\$731.00	\$0.00	\$731.00	\$584.26	\$146.74	\$46,373.02	\$118,597.02
331	2/16/2048	\$46,373.02	\$731.00	\$0.00	\$731.00	\$586.08	\$144.92	\$45,786.94	\$118,741.94
332	3/18/2048	\$45,786.94	\$731.00	\$0.00	\$731.00	\$587.92	\$143.08	\$45,199.02	\$118,885.02
333	4/16/2048	\$45,199.02	\$731.00	\$0.00	\$731.00	\$589.75	\$141.25	\$44,609.27	\$119,026.27
334	5/17/2048	\$44,609.27	\$731.00	\$0.00	\$731.00	\$591.60	\$139.40	\$44,017.68	\$119,165.68
335	6/16/2048	\$44,017.68	\$731.00	\$0.00	\$731.00	\$593.44	\$137.56	\$43,424.23	\$119,303.23
336	7/17/2048	\$43,424.23	\$731.00	\$0.00	\$731.00	\$595.30	\$135.70	\$42,828.93	\$119,438.93
337	8/16/2048	\$42,828.93	\$731.00	\$0.00	\$731.00	\$597.16	\$133.84	\$42,231.77	\$119,572.77
338	9/16/2048	\$42,231.77	\$731.00	\$0.00	\$731.00	\$599.03	\$131.97	\$41,632.75	\$119,704.75
339	10/17/2048	\$41,632.75	\$731.00	\$0.00	\$731.00	\$600.90	\$130.10	\$41,031.85	\$119,834.85
340	11/16/2048	\$41,031.85	\$731.00	\$0.00	\$731.00	\$602.78	\$128.22	\$40,429.07	\$119,963.07
341	12/17/2048	\$40,429.07	\$731.00	\$0.00	\$731.00	\$604.66	\$126.34	\$39,824.41	\$120,089.41
342	1/16/2049	\$39,824.41	\$731.00	\$0.00	\$731.00	\$606.55	\$124.45	\$39,217.86	\$120,213.86
343	2/16/2049	\$39,217.86	\$731.00	\$0.00	\$731.00	\$608.44	\$122.56	\$38,609.42	\$120,336.42
344	3/19/2049	\$38,609.42	\$731.00	\$0.00	\$731.00	\$610.35	\$120.65	\$37,999.08	\$120,457.08
345	4/16/2049	\$37,999.08	\$731.00	\$0.00	\$731.00	\$612.25	\$118.75	\$37,386.82	\$120,575.82
346	5/17/2049	\$37,386.82	\$731.00	\$0.00	\$731.00	\$614.17	\$116.83	\$36,772.66	\$120,692.66
347	6/16/2049	\$36,772.66	\$731.00	\$0.00	\$731.00	\$616.09	\$114.91	\$36,156.57	\$120,807.57
348	7/17/2049	\$36,156.57	\$731.00	\$0.00	\$731.00	\$618.01	\$112.99	\$35,538.56	\$120,920.56
349	8/16/2049	\$35,538.56	\$731.00	\$0.00	\$731.00	\$619.94	\$111.06	\$34,918.62	\$121,031.62
350	9/16/2049	\$34,918.62	\$731.00	\$0.00	\$731.00	\$621.88	\$109.12	\$34,296.74	\$121,140.74

Payment number	Payment date	Beginning balance	Scheduled payment	Extra payment	Total payment	Principal	Interest	Ending balance	Cumulative interest
351	10/17/2049	\$34,296.74	\$731.00	\$0.00	\$731.00	\$623.82	\$107.18	\$33,672.92	\$121,247.92
352	11/16/2049	\$33,672.92	\$731.00	\$0.00	\$731.00	\$625.77	\$105.23	\$33,047.14	\$121,353.14
353	12/17/2049	\$33,047.14	\$731.00	\$0.00	\$731.00	\$627.73	\$103.27	\$32,419.42	\$121,456.42
354	1/16/2050	\$32,419.42	\$731.00	\$0.00	\$731.00	\$629.69	\$101.31	\$31,789.73	\$121,557.73
355	2/16/2050	\$31,789.73	\$731.00	\$0.00	\$731.00	\$631.66	\$99.34	\$31,158.07	\$121,657.07
356	3/19/2050	\$31,158.07	\$731.00	\$0.00	\$731.00	\$633.63	\$97.37	\$30,524.44	\$121,754.44
357	4/16/2050	\$30,524.44	\$731.00	\$0.00	\$731.00	\$635.61	\$95.39	\$29,888.83	\$121,849.83
358	5/17/2050	\$29,888.83	\$731.00	\$0.00	\$731.00	\$637.60	\$93.40	\$29,251.23	\$121,943.23
359	6/16/2050	\$29,251.23	\$731.00	\$0.00	\$731.00	\$639.59	\$91.41	\$28,611.64	\$122,034.64
360	7/17/2050	\$28,611.64	\$731.00	\$0.00	\$731.00	\$641.59	\$89.41	\$27,970.05	\$122,124.05

Payment number	Payment date	Beginning balance	Scheduled payment	Extra payment	Total payment	Principal	Interest	Ending balance	Cumulative interest
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Payment number	Payment date	Beginning balance	Scheduled payment	Extra payment	Total payment	Principal	Interest	Ending balance	Cumulative interest
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HWWC-JJM-7

HOUSATONIC WATER WORKS COMPANY
12/31/2024 RECLASSIFYING JOURNAL ENTRY

Line	JE				
No.	No.	Account	Debit	Credit	
1					
2		<u>To correct the year-end balance of the SBA loan</u>			
3	1	Long Term Notes	\$ 578	\$ -	
4	1	Profit & Loss Balance	-	578	
5			<u>\$ 578</u>	<u>\$ 578</u>	
6					
7		<u>To reclassify pre-construction and engineering costs as construction work in progress</u>			
8	2	Unfinished Construction	\$ 293,404	\$ -	
9	2	Other Unadjusted Debits	-	293,404	
10			<u>\$ 293,404</u>	<u>\$ 293,404</u>	
11					
12		<u>To reclassify financing from SBA Loan</u>			
13	3	Long Term Notes	\$ 155,089	\$ -	
14	3	Matured Interest Unpaid	-	5,089	
15	3	Cash	-	150,000	
16			<u>\$ 155,089</u>	<u>\$ 155,089</u>	
17					
18					
19		Total	<u>\$ 449,071</u>	<u>\$ 449,071</u>	
20					

HWWC-JJM-8

HOUSATONIC WATER WORKS COMPANY
BALANCE SHEETS

Actual and Pro Forma

Line No.		12/31/2024 Actual**	Pro Forma Adjustments	12/31/2024 Pro Forma	DJS-4 JE Reference
1					
2					
3	Assets				
4	Plant Investments	101 \$ 2,866,589	\$ -	\$ 2,866,589	
5	General Equipment	114 239,953	-	239,953	
6	Unfinished Construction	201 293,404	1,448,239	1,741,643	(1) (2) (3)
7	Other Investments	203 131,413	-	131,413	
8	Investments	\$ 3,531,359	\$ 1,448,239	\$ 4,979,598	
9					
10	Cash	204 \$ (8,826)	\$ -	\$ (8,826)	
11	Notes Receivable	206 524,937	-	524,937	
12	Accounts Receivable	207 215,692	-	215,692	
13	Materials and Supplies	209 22,296	-	22,296	
14	Other Current Assets	210 4,988	-	4,988	
15	Current Assets	\$ 759,087	\$ -	\$ 759,087	
16					
17	Prepaid Insurance	213 \$ 6,191	\$ -	\$ 6,191	
18	Other Prepayments	214 3,768	-	3,768	
19	Prepaid Accounts	\$ 9,959	\$ -	\$ 9,959	
20					
21	Unamortized Debt Discount Exp	216 \$ 10,645	\$ 4,000	\$ 14,645	(1)
22	Other Unadjusted Debits	218 620,487	-	620,487	
23	Unadjusted Debits	\$ 631,132	\$ 4,000	\$ 635,132	
24					
25	Total Assets	\$ 4,931,537	\$ 1,452,239	\$ 6,383,776	
26					
27					
28	Liabilities and Equity				
29	Common Stock	301 \$ 40,000	\$ -	\$ 40,000	
30	Capital Stock	\$ 40,000	\$ -	\$ 40,000	
31					
32	Coupon and Long Term Notes	306 \$ 550,017	\$ 1,155,089	\$ 1,705,106	(1) (2)
33	Long Term Notes and Bonds	\$ 550,017	\$ 1,155,089	\$ 1,705,106	
34					
35	Accounts Payable	308 \$ 92,723	\$ -	\$ 92,723	
36	Matured Interest Unpaid	310 \$ 5,089	\$ (5,089)	\$ -	(2)
37	Current Liabilities	\$ 97,812	\$ (5,089)	\$ 92,723	
38					
39	Tax Liability	313 \$ (1,214)	\$ -	\$ (1,214)	
40	Interest Accrued	314 2,795	-	2,795	
41	Other Accrued Liabilities	315 2,533,567	-	2,533,567	
42	Accrued Liabilities	\$ 2,535,148	\$ -	\$ 2,535,148	
43					
44	Other Unadjusted Credits	317 \$ 76,971	\$ -	\$ 76,971	
45	Unadjusted Credits	\$ 76,971	\$ -	\$ 76,971	
46					
47	Depreciation Reserve	319 \$ 1,627,195	\$ -	\$ 1,627,195	
48	Reserves	\$ 1,627,195	\$ -	\$ 1,627,195	
49					
50	Contributions for Extensions	323 \$ 135,117	\$ -	\$ 135,117	
51	Profit and Loss Balance	400 (130,723)	302,239	171,516	(3)
52	Corporate Surplus	\$ 4,394	\$ 302,239	\$ 306,633	
53					
54	Total Liabilities and Equity	\$ 4,931,537	\$ 1,452,239	\$ 6,383,776	

** Actual differs from the 2024 annual return due to reclassifications
(Accounts #201, #204, #218, #306, #310, #400)

HWWC-JJM-9



6340 South Fiddlers Green Circle
Greenwood Village, CO 80111
800-542-8072
www.cobank.com

CONFIDENTIAL

August 11, 2025

Mr. James Mercer, President
Housatonic Water Works Company
Great Barrington, MA

Dear Mr. Mercer:

This Non-Binding Summary of Terms and Conditions (this "Summary") is being presented to Housatonic Water Works Company (the "Company") by CoBank, ACB ("CoBank") for information and discussion purposes only. This Summary is neither a commitment nor an offer to extend credit and does not create any obligation on the part of CoBank. This Summary is intended to provide a summary of the primary terms and conditions of the proposed transaction between CoBank and the Company; however, this Summary does not contain all of the terms and conditions applicable to a credit facility provided by CoBank and ultimately contained in any loan documentation. CoBank's decision to extend credit to the Company is contingent upon completion to CoBank's satisfaction of all necessary due diligence, receipt of internal credit approvals, and the preparation of final documentation in form and substance satisfactory to CoBank. All figures, terms, and conditions are subject to change at any time. A commitment by CoBank will exist only if a formal, written commitment letter or definitive loan documents are prepared and executed by CoBank and the Company, and not otherwise. This Summary is strictly confidential and may not be released to or discussed with any third party without the prior written consent of CoBank.

Borrower:	Housatonic Water Works Company ("Company" or "Borrower")
Lender:	CoBank, ACB
Type of Credit Facilities:	Up to a \$1,000,000.00 fully amortizing senior secured term loan (the "Loan").
Purpose:	To fund infrastructure capex related to the new manganese water treatment facility.
Availability:	Funds will be available for up to 1 year from closing.
Closing Date:	Shall be the date of execution and delivery of definitive loan documents and satisfaction or waiver of all condition precedent to the Term Loan.
Loan Maturity Date:	Up to 20 years from the end of the availability period (the "Loan Maturity Date").

Interest: The Company will pay interest on the outstanding balance of the Term Loan in accordance with one or more of the following interest rate options, as selected by the Company:

Weekly Quoted Variable Rate Option: At a rate per annum equal at all times to the rate of interest established by CoBank on the first business day of each week. The rate established by CoBank shall be effective until the first business day of the next week. Each change in the rate shall be applicable to all balances subject to this option and information about the then current rate shall be made available upon telephonic request.

Quoted Fixed Rate Option. At a fixed rate per annum to be quoted by CoBank in its sole discretion in each instance. Under this option, rates may be fixed on such balances and for such periods, as may be agreeable to CoBank in its sole discretion in each instance, provided that (1) such interest period shall not exceed the maturity date of the Term Loan; (2) the minimum fixed period shall be 1 year; (3) amounts may be fixed in increments of \$100,000.00 or multiples thereof; and (4) the maximum number of fixes in place at any one time shall be 5.

Interest will be calculated on the actual number of days elapsed on the basis of a year consisting of 360 days and shall be payable monthly in arrears by the 20th day of the following month.

Default Interest: Upon the occurrence and during the continuance of an event of default, a default rate of interest shall apply in an amount equal to 2% above the interest rate then in effect. Such interest will be payable on demand.

Origination Fees: \$4,000.

Principal Repayment: Consecutive monthly installments of principal, payable on the 20th of each month, with the first installment due on the second month following closing and the last installment due on the maturity date. The amount of each installment shall be the same principal amount that would be due and payable if the loan was payable in level installments of principal and interest and such schedule was calculated using the interest rate applicable on the date of amortization; provided, however, that if on the date the loan is made, the Company fixes the rate of interest on the entire principal amount of the loan to the final maturity date thereof, then the rate utilized in calculating the amortization schedule may be the rate of interest accruing on the loan.

Prepayment: Any prepayment of any portion of the Term Loan accruing interest pursuant to any fixed rate option prior to the last day of the applicable interest period will be subject to a surcharge equal to the greater of (a) the sum of: (i) the present value of any funding losses sustained by CoBank as a result of such prepayment, plus (ii) a per annum yield of .5% of the amount repaid for the period such amount was scheduled to have been outstanding at such fixed rate, or (b) \$300.

Collateral:	<p>The Borrower's obligations under the Loan will be secured by a statutory first lien on all equity that the Borrower may now own or hereafter acquire or be allocated in CoBank.</p> <p>In addition, the Borrower's obligations will be secured under the existing mortgage and security agreement.</p> <p>The Borrower will execute and record or file, as applicable, such deeds of trust, mortgages, security agreements, financing statements, and such other instruments and documents, including amendments to existing filings, as CoBank may require to enable CoBank to obtain, perfect, and maintain a lien on the collateral described above.</p>
Documentation:	<p>The existing Credit Agreement (SLA), and any such amendments there to, will remain in effect and govern the Loan. The SLA contains conditions precedent, representations and warranties, covenants, events of default, remedies upon default, and various miscellaneous provisions.</p>
Representations and Warranties:	<p>As per the existing SLA.</p>
Conditions Precedent.	<p>As per the existing SLA. Additionally, the Borrower shall provide evidence the Loan has been authorized by the Massachusetts Public Service Commission and sufficient water rates (tariff) have been approved to enable repayment of the Loan.</p>
Financial Covenants:	<p>As provided in the current SLA subject to amendment as needed (in CoBank's discretion).</p>
Affirmative Covenants:	<p>As provided in the current SLA subject to amendment as needed (in CoBank's discretion).</p>
Negative covenants:	<p>As provided in the current SLA subject to amendment as needed (in CoBank's discretion).</p>
Reporting Requirements:	<p>As provided in the current SLA subject to amendment as needed (in CoBank's discretion).</p>
Events of Default:	<p>As provided in the current SLA subject to amendment as needed (in CoBank's discretion).</p>
Expenses and Indemnification:	<p>The Company will pay all out-of-pocket costs and expenses of CoBank related to the negotiation, drafting, execution and administration of all loans. Typical expenses include without limitation due diligence expenses, legal fees and expenses, filing fees, lien search fees, appraisal fees, mortgage fees, title insurance and collateral inspection fees. The foregoing fees and expenses shall be due and payable regardless of whether the loans described herein close.</p>

4

The Company will pay, and hold CoBank and its officers, directors, employees, agents, and attorneys (the “**Indemnitees**”) harmless from and against, any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, and claims of any kind or nature whatsoever that may be imposed on, incurred by, or asserted against the Indemnitees as a result of its being a party to the credit agreement, except with respect to liabilities arising from the gross negligence or willful misconduct of that Indemnatee as determined by a final non appealable judgment of a court of competent jurisdiction.

Patronage:

At the sole discretion of CoBank’s Board of Directors, each year eligible customers may qualify under CoBank’s patronage plan for patronage certificates and distributions. CoBank reserves the right to sell, assign and/or participate in credit facilities discussed hereunder on a non-patronage basis.

Capitalization:

The Term Loan will be capitalized in accordance with CoBank’s bylaws and will be eligible for patronage. As a current borrower, no additional capital is required.

Governing Law:

The loan documents will be governed by and construed in accordance with the laws of the State of Colorado. The Company will submit to the nonexclusive jurisdiction and venue of the federal and state courts of the State of Colorado and will waive any rights to a trial by jury in respect of any litigation arising out of or in connection with this financing.

HWWC-JJM-10

HOUSATONIC WATER WORKS COMPANY
STATEMENT OF CAPITALIZATION

Actual and Pro Forma to reflect issuance of Long-Term Debt

Line No.		12/31/2024 Actual**		Financing Impact	12/31/2024 Pro Forma	
1	Common Equity					
2	Common Stock	\$ 40,000		\$ -	\$ 40,000	
3	Contributions for Extensions	135,117		-	135,117	
4	Retained Earnings	(130,723)		302,239	171,516	
5	Total Common Equity	\$ 44,394	7.5%	\$ 302,239	\$ 346,633	16.9%
6						
7	Long Term Debt		Maturity			
8	CoBank Infrastructure (5.55%)	1/20/2038	\$ 538,516	\$ -	\$ 538,516	
9	Ford Credit Financing (4.74%)	3/12/2026	11,501	-	11,501	
10	US Small Business Administration (3.75%)	6/15/2050	-	155,089	155,089	
11	CoBank Infrastructure (x.xx%)	TBD	-	1,000,000	1,000,000	
12	Total Long Term Debt		\$ 550,017	92.5%	\$ 1,155,089	\$ 1,705,106 83.1%
13						
14	Total Capitalization		\$ 594,411	100.0%	\$ 1,457,328	\$ 2,051,739 100.0%
15						
16	** Actual differs from the 2024 annual return due to reclassifications					

HWWC-JJM-11

HOUSATONIC WATER WORKS COMPANY
PRO FORMA JOURNAL ENTRIES

Line No.	JE No.	Account	Debit	Credit
1				
2		<u>To record proceeds from CoBank Loan</u>		
3	1	Long Term Notes	\$ -	\$ 1,000,000
4	1	Unamortized Debt Discount	4,000	-
5	1	Unfinished Construction	996,000	-
6			<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>
7				
8		<u>To record proceeds used from SBA Loan</u>		
9	2	Long Term Notes	\$ -	\$ 155,089
10	2	Matured Interest Unpaid	5,089	-
11	2	Unfinished Construction	150,000	-
12			<u>\$ 155,089</u>	<u>\$ 155,089</u>
13				
14		<u>To record proceeds from MA DEP Grant</u>		
15	3	Grant Income	\$ -	\$ 302,239
16	3	Unfinished Construction	302,239	-
17			<u>\$ 302,239</u>	<u>\$ 302,239</u>
18				
19		Total	<u><u>\$ 1,457,328</u></u>	<u><u>\$ 1,457,328</u></u>
20				

HWWC-JJM-12

HWWC-JJM-13

**COMMONWEALTH OF MASSACHUSETTS
EXECUTIVE OFFICE OF ENERGY AND ENVIRONMENTAL AFFAIRS
DEPARTMENT OF ENVIRONMENTAL PROTECTION**

In the matter of:
Housatonic Water Works Company

Enforcement Document Number:
00016953
Issuing Bureau: BWR
Issuing Region/Office: WERO
Issuing Program: DWP
Primary Program Cited: DWP
PWS ID Number: 1113003

**ADMINISTRATIVE CONSENT ORDER WITH PENALTY
AND
NOTICE OF NONCOMPLIANCE**

I. THE PARTIES

1. The Department of Environmental Protection ("Department" or "MassDEP") is a duly constituted agency of the Commonwealth of Massachusetts established pursuant to M.G.L. c. 21A, § 7. MassDEP maintains its principal office at 100 Cambridge Street, Boston, Massachusetts 02114, and its Western Regional Office at 436 Dwight Street, Springfield, Massachusetts 01103.

2. Housatonic Water Works Company ("Respondent" or "HWWC") is a Massachusetts corporation. HWWC owns and operates a community public water system, which is a type of Public Water System (PWS), as defined in 310 CMR 22.02, and therefore is a Supplier of Water, as defined in 310 CMR 22.02. The PWS is located at 80 Maple Avenue Suite 1, Great Barrington, Massachusetts 01230. HWWC's mailing address for purposes of this Order is 80 Maple Street, Great Barrington, Massachusetts 01230.

II. STATEMENT OF FACTS AND LAW

3. MassDEP has primary enforcement responsibility for the requirements of the Federal Safe Drinking Water Act, 42 U.S.C. §300f *et seq.*, and the regulations promulgated thereunder. MassDEP implements and enforces statutes and regulations of the Commonwealth of Massachusetts for the protection of the public drinking water supply, including, without limitation, M.G.L. c. 111, §5G and §160, and the Drinking Water Regulations at 310 CMR 22.00; the Cross Connections, Distribution System Protection Regulations at 310 CMR 22.22; and the Underground Injection Control Regulations at 310 CMR 27.00. MassDEP, pursuant to M.G.L. c. 111, §160, may issue such orders as it deems necessary to ensure the delivery of fit and pure drinking water by public water systems to all consumers. MassDEP, pursuant to M.G.L. c. 111, §5G, may require by order the provision and operation of such treatment facilities as it deems necessary to ensure the delivery of a safe water supply to all consumers.

In the Matter of: Housatonic Water Works Company
Enforcement Document Number:00016953
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MassDEP's Drinking Water Regulations at 310 CMR 22.02 define a public water system as a system for the provision to the public of water for human consumption, through pipes or other constructed conveyances, if such system has at least 15 service connections or regularly serves an average of at least 25 individuals daily at least 60 days of the year. 310 CMR 22.02 also defines a supplier of water as "any person who owns or operates a public water system."

MassDEP has authority under M.G.L. c. 21A §16, and the Administrative Penalty Regulations at 310 CMR 5.00 to assess civil administrative penalties to persons in noncompliance with the laws and regulations set forth above.

4. Respondent is a Public Water System pursuant to 310 CMR 22.00 et seq.
5. The following facts and allegations have led MassDEP to issue this Consent Order:
 - A. MassDEP issued a Unilateral Administrative Order (UAO) (UAO# 00016912) to Respondent on October 8, 2024. Respondent did not appeal the UAO. The following requirements were established in the UAO and are therefore undisputed.
 - (1) By no later than thirty (30) days from the date of issuance of UAO# 00016912, Respondent was to submit to MassDEP, for review and approval, a complete WS-25 permit application with any associated fees, prepared by a Massachusetts licensed professional engineer, for the design of a manganese treatment system using the treatment methodology approved in MassDEP's March 25, 2024, WS-22 permit approval letter.
 - (2) By no later than thirty (30) days from the date of issuance of UAO# 00016912, Respondent was to submit to MassDEP, for review and approval, a Corrective Action Plan that includes a schedule for the construction, and activation, of a treatment facility as described in the WS-25 permit submittal. Construction shall commence within ninety (90) days of MassDEP's approval.
 - B. On November 27, 2024, Respondent submitted a Corrective Action Plan to MassDEP which included an anticipated schedule for the construction and activation of a treatment facility as described in the WS-25 permit submittal. Being later than thirty (30) days from the issuance of UAO# 00016912, this submittal is in violation of the UAO and 310 CMR 22.03(1)(b).
 - C. On December 11, 2024, Respondent submitted a complete WS-25 permit application for the design of a manganese treatment system, and associated fees, to MassDEP. Being later than thirty (30) days from the issuance of UAO# 00016912, this submittal is in violation of the UAO and 310 CMR 22.03(1)(b).

In the Matter of: Housatonic Water Works Company
Enforcement Document Number:00016953
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- D. On December 13, 2024, MassDEP issued a conditional approval to construct a Greensand Plus Treatment System. Certain conditions within that approval required Respondent to provide additional permit-design information within ninety (90) days.
- E. On February 13, 2025, MassDEP issued correspondence that reminded Respondent of the deadlines associated with both the UAO and permit approval and required Respondent to submit routine progress reports on the project pursuant to its authority conferred by 310 CMR 22.03(1).
- F. On March 11, 2025, Respondent submitted a response to MassDEP's December 13, 2024 conditional permit approval, addressing those conditions requiring additional permit-design information.
- G. As of ninety (90) days from MassDEP's December 13, 2024, conditional approval of the WS-25 permit application, Respondent had not yet begun site work at the location of the treatment plant building, in violation of 310 CMR 22.03(1)(c).
- H. On March 13, 2025, MassDEP met with Respondent to discuss the deadlines associated with the construction of the manganese treatment system and actions that could be taken in the short term to mitigate the potential for discoloration issues during the summer of 2025. Respondent indicated that they were committed to the installation of the manganese treatment system, and commencement of operations, by March 1, 2026, provided that financing for the project could be obtained. Respondent indicated that its lender had approved financing for the manganese treatment project, but before funds could be advanced both the Order issued by the Great Barrington Board of Health and associated litigation, as well as litigation associated with utility-rate increases, would need resolution to allow Respondent to obtain the necessary financing. Without financing, Respondent indicated that installation of the manganese treatment system cannot proceed. Respondent also indicated that they were committed to taking short-term actions to mitigate the potential for discoloration issues during the summer of 2025 to the extent feasible. MassDEP acknowledges that the Board of Health Order and associated litigation, as well as the litigation associated with utility-rate increases adversely affect the ability of the Respondent to obtain financing to complete the manganese treatment project.
- I. Within a March 18, 2025 correspondence, MassDEP evaluated the additional permit design information included within Respondent's March 11, 2025 response letter, and included further requirements for Respondent to provide additional permit design information. Respondent has responded on the issues of pump design and manganese treatment system efficiency.

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- J. Respondent has offered to install a water-filter/treatment system at the Housatonic Community House, subject to the Town's acceptance of that offer.

Regulations:

- K. 310 CMR 22.03(1) states in part: "the Department may establish a schedule for compliance within an administrative consent order or other enforceable document that may include interim measures that the Supplier of Water must take..."
- L. 310 CMR 22.03(1)(b) states: It shall be a violation of 310 CMR 22.00 to fail to comply with "a schedule for compliance, including any interim measures required by the Department in an administrative consent order or other enforceable document."
- M. 310 CMR 22.03(1)(c) states: It shall be a violation of 310 CMR 22.00 to fail to comply with "any term or condition of a permit, written approval, registration, certification or order issued by the Department pursuant to M.G.L. c. 111, § 160 or 310 CMR 22.00."

III. DISPOSITION AND ORDER

For the reasons set forth above, MassDEP hereby issues, and Respondent hereby consents to, this Order:

6. The parties have agreed to enter into this Consent Order because they agree that it is in their own interests, and in the public interest, to proceed promptly with the actions called for herein rather than to expend additional time and resources litigating the matters set forth above. Respondent enters into this Consent Order without admitting or denying the facts or allegations set forth herein. However, Respondent agrees not to contest such facts and allegations for purposes of the issuance or enforcement of this Consent Order.
7. MassDEP's authority to issue this Consent Order is conferred by the Statutes and Regulations cited in Part II of this Consent Order.
8. Respondent shall perform the following actions:
- A. By no later than the 15th day of each month, Respondent shall submit monthly status reports to MassDEP for the preceding calendar month. Each report shall provide a log of all water-discoloration complaints received; a summary of equipment order status, construction activities completed, and the planned activities for the next calendar month; and a summary of the status of all items identified in the overall projected construction schedule. The initial status report shall be submitted within the first month following the month within which this Consent Order becomes effective. Status

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reports shall then be submitted each subsequent month until construction of the project is complete and MassDEP states in writing that the status reports are no longer required.

- B. The constructed manganese treatment system shall consistently meet the manufacturer warranted treatment level of 0.030 mg/l. manganese with a stated treatment goal of 0.015 mg/L manganese.
- C. By no later than March 1, 2026, Respondent shall complete all construction of the manganese treatment plant and shall provide written notification to MassDEP that the facility is ready for operation and final inspection. Respondent shall also meet the following interim deadlines.
 - 1. Respondent shall commence construction of the manganese treatment plant building by no later than July 31, 2025.
 - 2. Respondent shall complete the construction of the manganese treatment plant building structure by no later than December 1, 2025.
 - 3. Respondent shall complete the construction of the internal components (walls, electrical, lighting, HVAC, etc.) of the manganese treatment building construction by no later than January 15, 2026.
 - 4. Respondent shall accept physical delivery of all manganese treatment process components by no later than January 1, 2026.
 - 5. Respondent shall complete installation of all of treatment plant components (inclusive of electrical service, plumbing, controls, standby generator delivery/installation, etc.) by no later than February 1, 2026.
 - 6. Respondent shall have the manganese treatment plant ready for use and operational by no later than March 1, 2026.
- D. Respondent shall, by no later than August 15, 2025, install a water blow-off valve at the end of Wright Lane (a private way), provided that those owners grant access; if such permission is denied, this installation shall not be required. Respondent shall also, by August 15, 2025, identify to both the Great Barrington Board of Health and MassDEP any other sections of the water distribution network that currently lack flushing capability.
- E. Respondent shall offer to install a water-filter/treatment system at the Housatonic Community House or other municipal facility, subject to the Town's acceptance of that offer. If the Town accepts, Respondent shall provide and maintain that system at no cost to customers experiencing discolored water until such time as the manganese treatment plant is complete and operational, thereby ensuring access to water free of discoloration.

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- F. Respondent shall conduct special water sampling for those parameters, at a frequency, and at locations as directed by MassDEP. Until such time as the manganese treatment plant is complete and operational, Respondent shall within 5 days of receipt post all water quality results in a tabular form with the respective water quality standards on the Respondent's website. Concurrently, Respondent shall provide an electronic copy of the same results in tabular form to the Great Barrington Board of Health so that they may be posted on the Town's website if the Board of Health so chooses. For privacy reasons, Respondent shall not include any personally identifiable information about customers in any such reports or postings.
- G. Respondent shall maintain a log of all water-discoloration complaints and both provide the log to, and confer with, both MassDEP and the Great Barrington Board of Health on a weekly basis to ensure that the log is complete. The log shall identify the nature/details of the complaint, the date/time the discoloration was observed, and the address at which the discoloration was observed. Respondent shall also include a copy of the complete complaint log in the monthly reports submitted pursuant to Paragraph 8.A above. For privacy reasons, Respondent shall not include any personally identifiable information about customers in any such reports or postings.
- H. Respondent shall by no later than August 1, 2025 submit to MassDEP for review and approval a scope of work providing for the representative sampling of tap water at residential locations from which water discoloration complaints have been received. The intent of this scope of work is to correlate manganese values at complaint locations within the distribution system to values observed at Long Pond and within the treatment plant in a representative manner. The scope of work does not need to provide for sampling in response to all complaints received.
- I. In the event that the ongoing litigation is the sole reason that Respondent is unable to obtain financing necessary to meet the deadlines contained in Paragraph 8.C above, should Respondent make a reasonable request for an extension of said deadlines, MassDEP will consider said request, provided that Respondent makes such request at least fifteen (15) days prior to the expiration of said deadline and demonstrates to MassDEP's satisfaction that financing has been denied solely for reasons outside of Respondent's fault or control and that it has pursued all reasonable and available avenues for obtaining financing, including, but not limited to, outreach to multiple potential lenders. Respondent acknowledges that lack of financing does not relieve its obligation to comply with all applicable statutory, regulatory, and permit obligations.

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J. Respondent agrees that any penalties assessed under this Consent Order will not be passed along to, or in any way covered by, its ratepayers.

9. Unless submitted via eDEP or except as otherwise provided, all notices, submittals and other communications required by this Consent Order shall be directed to:

MassDEP - Douglas Paine
436 Dwight Street
Springfield, MA 01103
Douglas.Paine@mass.gov

Such notices, submittals and other communications shall be considered delivered by Respondent upon receipt by MassDEP.

10. Actions required by this Consent Order shall be taken in accordance with all applicable federal, state, and local laws, regulations and approvals. This Consent Order shall not be construed as, nor operate as, relieving Respondent or any other person of the necessity of complying with all applicable federal, state, and local laws, regulations and approvals.

11. For purposes of M.G.L. c. 21A, §16 and 310 CMR 5.00, this Consent Order shall also serve as a Notice of Noncompliance for Respondent's noncompliance with the requirements cited in Part II, 5.B, C, and G above. MassDEP hereby determines, and Respondent hereby agrees, that any deadlines set forth in this Consent Order constitute reasonable periods of time for Respondent to take the actions described.

12. The Commonwealth assesses a civil administrative penalty in the amount twelve thousand three hundred sixty dollars (\$12,360.00) for the violations identified in Part II above. MassDEP hereby agrees to suspend payment of the entire penalty amount; provided, however, that if Respondent violates any provision of this Consent Order, Respondent shall pay to the Commonwealth the full amount of twelve thousand three hundred sixty dollars (\$12,360.00) within thirty (30) days of the date MassDEP issues Respondent a written demand for payment. This paragraph shall not be construed or operate to bar, diminish, adjudicate, or in any way affect, any legal or equitable right of MassDEP to assess Respondent additional civil administrative penalties, or to seek any other relief, with respect to any future violation of any provision of this Consent Order or any law or regulation.

13. Respondent understands, and hereby waives, its right to an adjudicatory hearing before MassDEP on, and judicial review of, the issuance and terms of this Consent Order and to notice of any such rights of review. This waiver does not extend to any other order issued by the MassDEP.

14. MassDEP hereby determines, and Respondent hereby agrees, that any deadlines set forth in this Consent Order constitute reasonable periods of time for Respondent to take the actions described.

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15. This Consent Order may be modified only by written agreement of the parties hereto.
16. The provisions of this Consent Order are severable, and if any provision of this Consent Order or the application thereof is held invalid, such invalidity shall not affect the validity of other provisions of this Consent Order, or the application of such other provisions, which can be given effect without the invalid provision or application, provided however, that MassDEP shall have the discretion to void this Consent Order in the event of any such invalidity.
17. Nothing in this Consent Order shall be construed or operate as barring, diminishing, adjudicating or in any way affecting (i) any legal or equitable right of MassDEP to issue any additional order or to seek any other relief with respect to the subject matter covered by this Consent Order, or (ii) any legal or equitable right of MassDEP to pursue any other claim, action, suit, cause of action, or demand which MassDEP may have with respect to the subject matter covered by this Consent Order, including, without limitation, any action to enforce this Consent Order in an administrative or judicial proceeding.
18. This Consent Order shall not be construed or operate as barring, diminishing, adjudicating, or in any way affecting, any legal or equitable right of MassDEP or Respondent with respect to any subject matter not covered by this Consent Order.
19. This Consent Order shall be binding upon Respondent and upon Respondent's successors and assigns. Respondent shall not violate this Consent Order and shall not allow or suffer Respondent's directors, officers, employees, agents, contractors or consultants to violate this Consent Order. Until Respondent has fully complied with this Consent Order, Respondent shall provide a copy of this Consent Order to each successor or assignee at such time that any succession or assignment occurs.
20. In addition to the penalty set forth in this Consent Order, if any (including any suspended penalty), if Respondent violates any provision of the Consent Order, Respondent shall pay stipulated civil administrative penalties to the Commonwealth in the amount of \$500 per day for each day, or portion thereof, each such violation continues.

Stipulated civil administrative penalties shall begin to accrue on the day a violation occurs and shall continue to accrue until the day Respondent corrects the violation or completes performance, whichever is applicable. Stipulated civil administrative penalties shall accrue regardless of whether MassDEP has notified Respondent of a violation or act of noncompliance. All stipulated civil administrative penalties accruing under this Consent Order shall be paid within thirty (30) days of the date MassDEP issues Respondent a written demand for payment. If simultaneous violations occur, separate penalties shall accrue for separate violations of this Consent Order. The payment of stipulated civil administrative penalties shall not alter in any way Respondent's obligation to complete performance as required by this Consent Order. MassDEP reserves its right to elect to pursue alternative remedies and alternative civil and criminal penalties which may be available by reason of Respondent's failure to comply with the requirements of this Consent Order. In the event MassDEP collects alternative civil administrative penalties, Respondent shall not be

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required to pay stipulated civil administrative penalties pursuant to this Consent Order for the same violations.

Respondent reserves whatever rights it may have to contest MassDEP's determination that Respondent failed to comply with the Consent Order and/or to contest the accuracy of MassDEP's calculation of the amount of the stipulated civil administrative penalty. Upon exhaustion of such rights, if any, Respondent agrees to assent to the entry of a court judgment if such court judgment is necessary to execute a claim for stipulated penalties under this Consent Order.

21. The Respondent shall pay all civil administrative penalties due under this Consent Order, including suspended; or stipulated penalties and/or any associated fees, as provided in "Respondent Payment Options," attached hereto and incorporated by reference herein. In the event Respondent fails to pay in full any civil administrative penalty as required by this Consent Order, then pursuant to M.G.L. c. 21A, § 16, Respondent shall be liable to the Commonwealth for up to three (3) times the amount of the civil administrative penalty, together with costs, plus interest on the balance due from the time such penalty became due and attorneys' fees, including all costs and attorneys' fees incurred in the collection thereof. The rate of interest shall be the rate set forth in M.G.L. c. 231, § 6C.

Respondent Payment Options

The Respondent has five options for payment;

Option 1: certified check;

Option 2: cashier's check;

Option 3: company/corporate check;

Option 4: on-line payment using a credit card (not available for payment plan) or

Option 5: electronic transfer.

Options 1, 2, and 3:

Certified, cashier's, company/corporate checks must be made payable to the Commonwealth of Massachusetts and paid as provided in the Consent Order.

If payment is made by certified check, cashier's, company/corporate check, the Respondent shall clearly print on the face of its payment Respondent's full name, the enforcement document number appearing on the first page of this Consent Order, and Respondent's Federal Employer Identification Number, and shall mail it to:

Commonwealth of Massachusetts
Department of Environmental Protection
Commonwealth Master Lockbox

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P.O. Box 3982
Boston, Massachusetts 02241-3982

(IMPORTANT NOTE: DO NOT INCLUDE THE SIGNED ACOP WITH PAYMENT BY CHECK)

Option 4:

On-line Payment Using Credit Card (not available for payment plan)

Once you receive the Consent Order, if you wish to make your on-line payment, please contact the Revenue Department at dep.admp@mass.gov or 800-248-1645 for assistance. After contacting the Revenue Department, you will receive information needed to use the below link to pay.

LOG ONTO THE MassDEP e-PAYMENT WEB SITE AT:
[HTTPS://WWW.MASSPAYS.COM/dep](https://www.masspays.com/dep)

On-line payment using credit card is due as provided in the Consent Order.

Contact the Revenue Department at dep.admp@mass.gov or **800-248-1645** if you have questions about paying on-line.

Option 5:

Electronic Funds Transfer

Respondent must complete the Administrative Penalty Notification Form found at <https://massgov.formstack.com/forms/apn> to request payment by Electronic Funds Transfer. The form can also be used to correct any information on the invoice, including billing name, address, etc. MassDEP will respond by email with all the information needed to set up the EFT payments. EFT payment is due as provided in the Consent Order.

In the event Respondent fails to pay in full any civil administrative penalty as required by this Consent Order, then pursuant to M.G.L. c. 21A, § 16, Respondent shall be liable to the Commonwealth for up to three (3) times the amount of the civil administrative penalty, together with costs, plus interest on the balance due from the time such penalty became due and attorneys' fees, including all costs and attorneys' fees incurred in the collection thereof. The rate of interest shall be the rate set forth in M.G.L. c. 231, § 6C.

22. Failure on the part of MassDEP to complain of any action or inaction on the part of Respondent shall not constitute a waiver by MassDEP of any of its rights under this Consent Order. Further, no waiver by MassDEP of any provision of this Consent Order shall be construed as a waiver of any other provision of this Consent Order.

23. To the extent authorized by the current owner, Respondent agrees to provide MassDEP, and MassDEP's employees, representatives and contractors, access at all reasonable times to the Public Water Supply, water treatment locations and distribution equipment locations as well as all

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related infrastructure for purposes of conducting any activity related to its oversight of this Consent Order. Notwithstanding any provision of this Consent Order, MassDEP retains all of its access authorities and rights under applicable state and federal law.

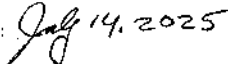
24. This Consent Order may be executed in one or more counterpart originals, all of which when executed shall constitute a single Consent Order.

25. The undersigned certify that they are fully authorized to enter into the terms and conditions of this Consent Order and to legally bind the party on whose behalf they are signing this Consent Order.

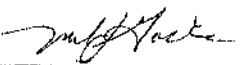
26. This Consent Order shall become effective on the date that it is executed by MassDEP.

Consented To:
HOUSATONIC WATER WORKS COMPANY

By: 
James Mercer
Treasurer

Date: 

Issued By:
DEPARTMENT OF ENVIRONMENTAL PROTECTION

By: 
Michael Gorski
Regional Director
MassDEP

Date: 