

DEFINITIONS

“Arrearage” means any amount due to the Company for basic utility service which remains unpaid after the due date printed on the original bill.

“Basic Utility Service” means any tariffed fee or rate that has been filed with and approved by the "Commission".

“CIAC” means Contributions in Aid of Construction as defined in 26 CFR §1.118.2.

“Commission” means the New Hampshire Public Utilities Commission.

“Complaint” means an expression of dissatisfaction by a customer which the Company failed to resolve to the customer's satisfaction after the intervention of a supervisory employee of the Company.

“Current Bill” means the amount of money due to the Company for basic utility service, including all applicable state and federal taxes, rendered in the most recent billing period.

“Customer” means any person, firm, partnership, corporation, cooperative marketing association, tenant, governmental unit, or a subdivision of a municipality, or the State of New Hampshire, except for the purpose of Section 33 of this Tariff.

“Customer Service Pipe” means that section of service pipe from the customer's property line or the curb stop to the meter.

“Disconnection” means a technological function which occurs when a customer is physically or effectively separated or "shut off" from the Company service.

“Due Date” means the date no less than 25 days from the date the bill is mailed by the Company.

“Franchise” means the right to conduct business as a public utility pursuant to RSA 374:22 and RSA 374:26.

“Late Payment” means any payment made to the Company or its authorized agent after the due date printed on the bill.

“Main Pipe” means the supply pipe from which service connections are made to supply water to customer.

“Prime rate” means the rate reported in the Wall Street Journal on the first business day of month preceding the beginning of each calendar quarter, or the average of the rates so reported on that day.

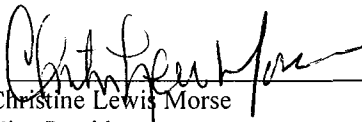
“Service Connection” means the point of connection between the customer's service line and the utility's service line.

“Service Pipe” means the pipe running from the main pipe to inside the cellar wall of the customer's building or point of property entrance.

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“State” means both the State of New Hampshire plus any State Agency or fund created by or under State Agency oversight.

“Tariff” means the current schedule of rates, charges, terms and conditions filed by the Company and either approved by the "Commission" or effective by operation of law.

“Termination” means a bookkeeping function which occurs when a customer's account is closed permanently.

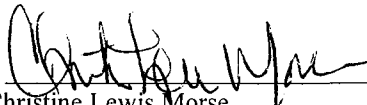
“Undue delay” means more than 3 business days from the date for which service was requested, except during severe storms, heavy seasonal activity, and other similar unforeseeable circumstances.

“Utility” means The Hampstead Area Water Company, Inc., (the Company) a water utility under New Hampshire statutes.

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TERMS & CONDITIONS, con't

- A. Application for water service may be made by the owner or his agent. Whether or not a signed application for service is made by the Customer and accepted by the Company, the rendering of service by the Company and its use by the Customer shall be deemed a contract between the parties and subject to all provisions of the tariff applicable to the service. The Company may refuse to render service:
  - 1. Where the applicant fails to make any deposit or to execute any agreement as is required by the provisions of Section 33 of this Tariff.
  - 2. In any other case where the estimated revenue from the applicant is expected to be insufficient to warrant the Company making the investment necessary to supply the desired service under the applicable rate and the applicant refuses to negotiate an equitable agreement for the desired service, which agreement would usually require a contribution from the applicant for the capital cost of construction to render the desired service.

19. SERVICE PIPE

A. Location

- 1. Service pipe connections normally will be made only from the street which is the legal address of the premises served.

B. Installation, Ownership and Maintenance

1. Main-to-Stop:

- a. For Single-Family Residential Owners -All service pipes within the limits of the highway including the service from the main to the curb stop (the "Main-to-Stop"), shall be installed, owned, and maintained by the utility.
- b. For Developers and Non-Residential Customers - Main-to-Stop portion of a service pipe requested to provide service to a prospective housing development or for other purposes of a speculative nature, as determined by the Company, will be treated as a "developer" main-to-stop subject to terms and conditions set forth below:
  - i) All service pipes within the limits of the highway including the service from the main to the curb stop (the "Main-to-Stop"), shall be installed by the Customer or the Company at the Customer's expense. For services installed by the Company at the time application for service is made a deposit will be required based upon the estimated cost of construction. For services installed by either the Company or the Customer, the Customer shall, at the time of application, pay any fees to the Company as set forth in this tariff's rate schedules to recover the costs of State and Federal taxes on CIAC payments. Thereafter, the main-to-stop shall be owned and maintained by the Utility.

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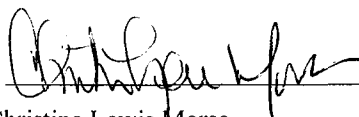
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- ii) From the limits of the highway to the premises served (the "Stop-to-End): The service pipe may be installed by the Company at the Customers expense or, at the Customer's option, this portion of the service pipe may be installed by the Customer subject to the Company's "Hampstead Area Water Company, Inc., Water System Standards & Technical Specifications". For services installed by the Company, at the time application for service is made a deposit will be required based upon the estimated cost of construction. For services installed by either the Customer or the Company, the Customer shall, at the time of application, pay any fees including a service connection fee to the Company, as set forth in this tariff's rate schedules, to recover the costs of engineering, administration, ~~and~~ inspection, and State and Federal Taxes on CIAC payments.
- iii) The utility reserves the right to refuse water service to any location until such time as the utility shall decide that there is sufficient progress to show that the building will be completed and occupied.
- iv) On future installations, or re-installations, or service lines, only one customer will be supplied through one service pipe. Where more than one customer is now supplied through one service pipe and under control of one curb-cock any violation

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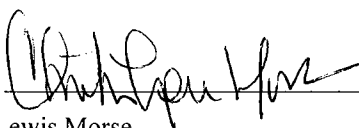
TERMS & CONDITIONS, con't

- a. necessary permits, consents, and easements providing suitable legal rights for the construction, maintenance, repair, replacement, and operation of pipelines, and equipment, including the right to excavate whenever necessary.
2. Main pipe extensions shall be installed by the Company or its authorized representative, and shall be the property of the Company, except that main pipe extensions on private property may be installed by the Customer at the Company's option, and, if installed by the Customer on private property, may be owned by the Customer at the discretion of the Company. For extensions installed by the Customer on private property, the Company may at its discretion require an inspection of such work, in which event it will require in advance of construction payment of an Inspection Fee as set forth in Paragraph E on Page 33 to defray the Company's costs of engineering, inspection and administration associated with the main extension. For extensions installed by the Company or its authorized representative the Customer shall pay the Company a fee in accordance with the Rate Schedules Miscellaneous Utility Service Fees on Page 34 to cover the cost of state and federal taxes on CIAC payments.
3. In all cases, the size and material of the pipe shall be determined by the Company in accordance with conditions surrounding the extension, including the possibility of future expansion and fire protection. Normally, main pipe extensions shall be made with ductile iron pipe of 8" inside diameter. If in the sole discretion of the Company a pipe larger or smaller than 8" in diameter and/or of different material than ductile iron is required or sufficient, the Company may install such larger or smaller pipe and/or different material pipe and the cost will be based upon the size and type of the pipe installed, provided that if a larger size is required by the Company for reasons other than the sufficiency of service to the Customer (i.e. in anticipations of future development), the Company shall pay the costs in excess of the costs of 8" pipe.
4. Unless expressly otherwise provided below, if the Company is installing the main pipe extension the Customer shall pay in advance ("Initial Customer Advance") the estimated construction cost which shall be based on the average cost of similar pipe (generally 8" ductile iron) installed during the previous year plus 10%. Where it is anticipated that abnormal costs will be encountered, the Initial Customer Advance will be based on 150% of the previous yearly average. The Initial Customer Advance will be adjusted to the actual cost, when the actual costs are known ("Customer Advance"). The construction cost referred to above shall include mains, and related appurtenances, and such fire hydrants as may be required by the municipality or the Company. Where applicable, construction cost will also include permits, ledge removal, and disinfection, pressure testing, corrections, insurance, bonds, paving, and state and federal taxes on CIAC payments or the CIAC value created by the contribution of Customer constructed facilities contributed to the Company.
5. Special contracts will be negotiated whenever in the opinion of the Company this regular extension tariff should not be used or is not feasible or economical. Each special contract shall be submitted to the Commission for approval.

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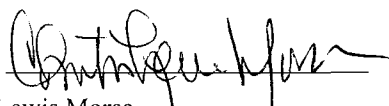
TERMS & CONDITIONS, con't

6. All main pipe extensions will comply with the specifications and standards set forth in the Company's "Hampstead Area Water Company, Inc. Water System Standards & Technical Specifications" and with the specifications and standards of the Commission's rules. The referenced technical specifications can be found on the Company's website, [www.hampsteadwater.com](http://www.hampsteadwater.com).
  7. No interest shall be paid by the Company on any amount credited or refunded pursuant to the General Terms set forth above and the Specific Terms set forth below.
- B. Specific Terms regarding Credits and Refunds
1. For each Customer served from the main pipe extension at the regular filed and published tariff rates including the Customer Advance provisions of Section 33, Paragraph (A)(4) above, the Company will credit or refund to the original Customer a portion of the Customer Advance (if installed by the Company) or a portion of the installation cost of the main pipe extension (if installed by the Customer) in an amount computed by capitalizing the projected net operating income from such Customer in accordance with Paragraph (B)(2)

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- i) restrictions to existing customers.
- 2. For the purpose of this Section 33 of the Tariff, the term "Customer" shall mean the person who signs the service application requesting water service for a particular property.
- 3. Notwithstanding the provisions of Section 33(C)(1), no system upgrade fee shall be assessed to the owner of an existing single family residential home that elects to connect to a water main extension for which a system upgrade fee exists.

34. WATER RESTRICTIONS

- a. The Company retains the right to establish restrictions on outside water use as required to maintain an adequate supply of potable water for domestic use. When the Company determines that restrictions on outside water use are required it will notify the affected customers through at least one of the following media:
  - 1. Mail or on-site notice
  - 2. Newspaper of local circulation
  - 3. Radio
  - 4. Television
  - 5. Company website
  - 6. E-mail
  - 7. Automated notification system

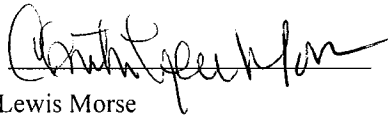
35. COMMUNITY WATER SYSTEMS

- a. General Terms: Community Water System developments will be made upon petition of prospective Customers, subject to the following general terms and conditions:
  - 1. Community Water Systems Wells, Pump Houses and Water Storage tanks are to be constructed in accordance with the construction standards of Hampstead Area Water Company, Inc. and will comply with the specifications and standards set forth in the Company's "Hampstead Area Water Company, Inc., Technical Specifications for Community Water System Construction" and in accordance with the New Hampshire Department of Environmental Services rules and regulations. The referenced Company specifications can be found on the Company's Web site.
  - 2. Community Water System Main pipe extensions shall be installed in accordance with the Company's main pipe extension policy as defined by Section 33 of this Tariff.
  - 3. Special contracts for the Construction of Community Water Systems may be negotiated whenever in the opinion of the Company this regular Community Water System tariff should not be used or is not feasible. Each special contract shall be submitted to the Commission for approval.
  - 4. Customer shall pay all state and federal CIAC taxes for all Community Water Systems including wells, pump houses, water storage tanks, main pipe, and all related infrastructure it contributes to the Company.

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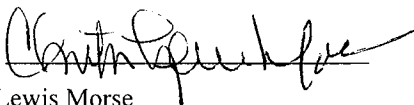
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- b. Specific Terms regarding Credits and Refunds
  - 1. Credits or refunds to the developer of the Community Water System shall be made via the "terms of Section 33, Main Pipe Extensions" of this tariff.

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RATE SCHEDULES

MISCELLANEOUS UTILITY SERVICE FEES

RATE SCHEDULE

The following fees are associated with miscellaneous services that the Company may provide from time to time:

Type of Service:	Amount
A. Initiation or transfer of service (Section 30, Paragraph D)	\$20.00
B. Service pipe connection (Section 19, Paragraph B.1.b.ii)	\$160.00
C. Service Calls; Connection and Disconnections of water service; Collection charge (Section 30, Paragraphs A and B)	
During Regular Hours:	\$45.00
Non-Regular Hours	\$67.50
D. Returned Check Fee – Administrative Cost (Section 8, Paragraph, B, and C) (Section 30, Paragraph C.1)	\$5.00 or the bank charge, whichever is greater
E. Inspection Fee of Main Pipe Extensions (Section 33, Paragraph A.2 and Section 19 Paragraph B.1.b.ii)	\$3.00 per linear foot
F. Contributions in Aid of Construction (CIAC) payments Tax	

The formula for calculating the tax costs associated with CIAC is as follows:

Current Effective Tax Rate:

Current BPT Rate + (Current Federal Tax Rate \* (1-Current BPT Rate))

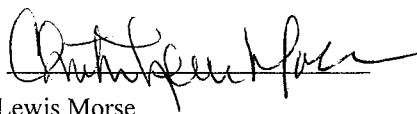
Plant or Equipment Tax Cost:

$((CIAC - [CIAC * (1/Tax Rate) * .5]) / (1 - Current Effective Tax Rate)) - CIAC$   
Value

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Land or Cash Tax Cost:  
 $((CIAC)/(1-Current\ Effective\ Tax\ Rate)) - CIAC\ value$

CIAC Tax Rate:  
Tax Cost/CIAC value

Examples of proposed formulas based upon 1) \$1,000 of plant and equipment contributions and 2) \$1,000 of cash or land contributions:

Effective Tax Rate (as of 1/1/2020):  
 $.077+(.21*(1-.077))=27.08\%$

1) Contributed Plant or Equipment example:  
Tax Cost:  $(\$1,000-[\$1,000*(1/23)*.5]) / (1-.2708)-\$1,000 = \$343.94$

2) Contributed Land or Cash example:  
Tax Cost:  $(\$1,000/1-.2708) - \$1,000 = \$371.37$   
CIAC Tax Rate:  $\$371.37/\$1,000 = 37.14\%$

The above examples describe how this calculation is made based on proforma property value of \$1,000 and using for example purposes only, tax rates effective as of January 1, 2020. These examples are for demonstrative purposes only – actual tax rates and property values are subject to change and will be determined at the time the CIAC payment is calculated.

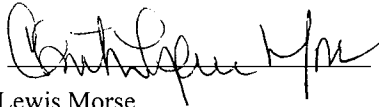
Information about the Federal Corporate Tax Rate as of January 1, 2020 can be found at <http://www.irs.gov/pub/irs-pdf/p542.pdf>

Information about the State of NH BPT rate can be found at <https://www.revenue.nh.gov/transparency/business-tax.htm>

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