

Q & A About the Poland Spring Contract

Why would the Water District consider a contract with Poland Spring? We would only consider a contract if it is good for our customers, area residents and in line with our resource management objectives. We have been seeking additional sources of revenue to control the effect on rates due to rising energy and material costs and to continue efforts to protect the Branch Brook watershed. The space we lease on our water towers is one example of this initiative. When we purchased and conserved land in the Wells Barrens, we recognized this transaction had the potential for additional revenue. This is a unique opportunity, which is why we have taken the time to get it right.

Is there enough water to meet the long term needs of the Water District's customers and area residents? In our opinion, this is the most important issue. We would not even consider selling water if our efforts to expand our sources and the transition to more groundwater sources had not been successful. Within the last several years, we have developed an additional 3 million gallons per day (MGD) of new groundwater sources, in addition to up to 6 MGD we have available from Branch Brook. We also have a total 3 MGD available through interconnection agreements with neighboring utilities. Water is a renewable resource that is plentiful both in Maine and in our district. The amount of water we can sell to Poland Spring is a small percentage in comparison to the water resources under our management.

What are the financial terms of the proposed contract with Poland Spring? We would receive \$250,000 as a one-time payment before one gallon of water is extracted. Poland Spring would then pay twice the PUC approved bulk water rate with a minimum of \$50,000 annually guaranteed. We estimate our annual revenue will be between \$250,000-\$500,000 a year at no cost to the District.

What will the additional revenue be used for? We intend to use the revenues to stabilize rates for our customers, protect the watershed, help develop additional ground water supplies, and address other infrastructure priorities as they arise.

Did the Water District achieve its objectives in the contract? Yes, the Water District retains control over the water, the land, and the permits. This contract will generate a considerable revenue stream at no cost to the District or risk to the watershed or area wells. Our expenses and liabilities are covered completely. In addition, we will require Poland Spring to preserve a key tract of land in our recharge area for as long as Poland Spring owns it. Our bottom line is that this is an excellent deal that will help control costs for our ratepayers and does not threaten our water supply.

What rights is the Water District retaining? The Water District would continue

to control land use on the parcels it owns, thus prohibiting development that could threaten the aquifer. The District would hold the water withdrawal permit, and has the ability to curtail or halt Poland Spring's water withdrawals during periods of emergency. Poland Spring is required to provide annual reports to the Water District regarding its water extraction activities, including its compliance with the terms of the contract and any applicable permits. The Water District would also have full access to Poland Spring's facilities to inspect its operations.

Will Poland Spring's activities be subject to any regulations? Yes. The Maine Department of Environmental Protection (Maine DEP) will regulate Poland Spring's water extraction within the authority of the Water District's permit at this site pursuant to the Natural Resources Protection Act. The Department of Health and Human Services also has review authority with regard to drinking water. In addition, Poland Spring will also be subject to local land use regulation.

What additional permits will be needed? Poland Spring will need to have the Water District obtain a water extraction permit from the Maine DEP, under the Natural Resources Protection Act. The Department of Inland Fisheries and Wildlife will review all the data. They would also need to go through municipal review as part of the local permitting in Wells and Sanford.

What if there is a drought? The contract explicitly gives us the ability to curtail or halt Poland Spring's water withdrawal in the event of an emergency, such as a drought. The needs of the Water District customers and area residents will always come first.

Where would the water from the aquifer go if it is not used by Poland Spring? The aquifer is part of an extensive water system that comprises the Branch Brook watershed. Branch Brook begins in Sanford and flows through Kennebunk and Wells and discharges in to the ocean there. The spring water we propose to sell is a small fraction of the water in the Branch Brook watershed, and, if not utilized, would eventually flow into the sea.

Is this deal privatizing a public source of water? This is a political issue that we have heard raised, but is outside the scope of consideration of the Water District. Under Maine law, groundwater belongs to the owner of the land above the site of the withd

Is Poland Spring making windfall profits? We are not privy to Poland Spring's balance sheet, but we do know something about the costs of providing and protecting water sources. Presumably Poland Spring must pay for the cost of acquiring, monitoring and extracting water, in addition to bottling and transporting it, paying their employees and compensating the vendors who deliver and sell the water. Local jobs are created in this process and we think that is a good thing.

Could the District better protect its water supplies by not selling to Poland Spring? Actually, the reverse is the case. The revenues from Poland Spring help pay for the conservation of the Wells Barrens, and help advance our goal of transitioning

from surface water sources to groundwater sources, which is an expensive proposition.

Why should the Water District sell water for commercial extraction at all? Some may believe that making money by selling water is a bad thing, but as a Water District, we do not share that view. We have the excess water to sell, and it will help stabilize rates for our customers and provide additional funds to help preserve the watershed.

How many additional trucks will this involve? When Poland Spring applies for permits in Sanford and Wells, they will specify the range of likely additional truck traffic. We understand that Poland Spring only uses state roads, and has participated in Traffic Management Committees with the Maine Department of Transportation to help address existing and future local traffic issues. All of Poland Spring's trucks run on bio-diesel fuel.

Is Poland Spring a clean business? Bottling water is reported to be a very clean manufacturing process.

Should the Water District sell water to Poland Spring, given that it is owned by a multi-national company, Nestle? To be clear, we are proposing to sell water to Poland Spring, a Maine company since 1845. Lots of our existing customers are owned by multi-national corporations. It would be completely impractical to censor whom we sell water to. We view Poland Spring as just another customer (albeit a better paying one). Our job is to provide quality water in an economically and environmentally responsible manner, and this contract allows us to do that. We are very proud of how we carry out that mission.

Could Poland Spring's water use adversely affect neighboring Wells? The scientific data and analysis conducted provides us the reasonable certainty that there will be no adverse effects on neighboring wells. However, should a well be adversely affected by Poland Spring's operations, the District assures that a prompt and full remedy will be implemented.

Will the Water District need to buy more water to make up for what Poland Spring would use? No, we have more than sufficient supplies for normal operations for the foreseeable future.

How can the Water District control how much water Poland Spring uses? The Water District will install meters to record water withdrawal and ensure Poland Spring is staying below the limits permitted under the agreement.

Will Poland Spring's data be independently reviewed? Yes, the Water District has hired an independent hydrogeologist to examine all the data, and the Maine DEP will do so as well.

Why is the contract for 30 years? We were comfortable with a 30-year contract because of our ability to curtail or suspend water withdrawals in cases of emergency.

The length of the contract is a benefit to the Water District because we can count on a sustainable revenue stream which helps us with our master planning efforts, and it provides the certainty Poland Spring needs to justify their capital investment.