

CONNECTICUT WATER SERVICE INC / CT

FORM 8-K/A (Amended Current report filing)

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K/A
(Amendment No. 1)

CURRENT REPORT PURSUANT
TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of report (Date of earliest event reported): November 15, 2012 (November 7, 2012)

Commission File Number 0-8084

Connecticut Water Service, Inc.
(Exact name of registrant as specified in its charter)

Connecticut
(State or other jurisdiction of
incorporation or organization)

06-0739839
(I.R.S. Employer Identification No.)

93 West Main Street, Clinton, CT
(Address of principal executive office)

06413
(Zip Code)

(860) 669-8636
(Registrant's telephone number, including area code)

Not Applicable
(Former name, address and former fiscal year, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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This Amendment No. 1 to current report on Form 8-K/A is being filed by Connecticut Water Service, Inc. to add as Exhibit 10.1 the order of the Maine Public Utilities Commission dated November 7, 2012, and related Stipulation Agreement, which was omitted from the original filing in error.

Item 8.01 Other Events

MPUC Approval Order

As previously disclosed, on July 18, 2012, Connecticut Water Service, Inc. (the "Company") announced that it had reached an agreement to acquire the Biddeford and Saco Water Company ("BSWC"), pending a vote of Biddeford and Saco shareholders, approval by the Maine Public Utilities Commission ("MPUC") and the satisfaction of other various conditions. This acquisition will add approximately 15,500 additional customers in the State of Maine, in the communities of Biddeford, Saco, Old Orchard Beach and Scarborough. Under the terms of the agreement, the acquisition will be executed through a stock-for-stock merger transaction valued at approximately \$11.4 million (the "Merger"). Receipt of an approval order from the MPUC is a condition to the parties obligations to complete the Merger.

On July 24, 2012, BSWC and the Maine Water Company, a wholly-owned subsidiary of the Company ("Maine Water"), filed a joint application with the MPUC under 35-A M.R.S.A. §708(2)(A) requesting MPUC approval for the Company to acquire BSWC and for approval of two affiliate agreements. On September 20, 2012, the City of Biddeford, Maine petitioned the MPUC to intervene in the MPUC proceeding regarding the Merger (Docket No. 2012-365) to protect the interests of the City and its citizens.

On October 23, 2012, BSWC and Maine Water entered into a Stipulation Agreement with the Maine Public Advocate and the City of Biddeford, Maine that contains the agreements of the signatories regarding the completion of the Merger and the MPUC's approval thereof.

On November 7, 2012, the MPUC issued an order approving the Stipulation Agreement and the proposed Merger (the "Approval Order"), on the terms and conditions specified therein. The Approval Order also approved two affiliated agreements; one between the Company and BSWC and a second between BSWC and Maine Water. The MPUC concluded that the overall result of the Stipulation Agreement was reasonable, not contrary to legislative mandate and consistent with the public interest.

The foregoing discussion is qualified in its entirety by reference to the complete text of the MPUC's Approval Order and the Stipulation Agreement,

which are filed as Exhibit 10.1 to this Form 8-K and which is incorporated herein by reference in its entirety.

How to Find Further Information

In connection with the Merger, the Company has filed a registration statement on Form S-4 under the Securities Act of 1933 (File No. 333-183708) with the Securities and Exchange Commission (“SEC”), which was declared effective on November 9, 2012, containing a joint proxy statement of BSWC that also constitutes a prospectus of the Company (the “Joint Proxy Statement/Prospectus”) and other documents regarding the proposed transaction .

Before making any voting or investment decisions, we urge investors and security holders to read the Joint Proxy Statement/Prospectus (including all amendments and supplements thereto) and other documents filed with the SEC carefully and in their entirety when they become available, because they will contain important information about the Company, BSWC and the proposed Merger.

Copies of the Joint Proxy Statement/Prospectus will soon be mailed to BSWC’s shareholders. Copies of the Joint Proxy Statement/Prospectus may be obtained free of charge at the SEC’s web site at www.sec.gov , or by directing a request to the Company’s Corporate Secretary, Kristen A. Johnson, at Connecticut Water Service, Inc., 93 West Main Street, Clinton, Connecticut 06413, or by telephone at 1-800-425-3985, ext. 3056, or on our website at www.ctwater.com . Copies of other documents filed by the Company with the SEC may also be obtained free of charge at the SEC’s web site or by directing a request to the Company at the address provided above.

The Company and BSWC and certain of their directors and executive officers may be deemed to be participants in the solicitation of proxies in connection with the approval of the proposed Merger. CTWS and BSWC and certain of their directors and executive officers may be deemed to be participants in the solicitation of proxies in connection with the approval of the Merger. Information regarding the directors and executive officers of CTWS and BSWC, and their respective interests in CTWS or BSWC, respectively, by security holdings or otherwise is available in the Joint Proxy Statement/Prospectus.

Cautionary Statements

This current report contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 about Connecticut Water’s proposed acquisition of BSWC. These statements include statements regarding the anticipated closing date of the transaction and anticipated future results. Forward-looking statements can be identified by the

fact that they do not relate strictly to historical or current facts. They often include words like "believe," "expect," "anticipate," "estimate," and "intend" or future or conditional verbs such as "will," "would," "should," "could" or "may." Certain factors that could cause actual results to differ materially from expected results include delays in completing the merger, difficulties in achieving anticipated benefits or cost savings from the merger or in achieving such anticipated benefits or cost savings within the expected time frame, difficulties in integrating BSWC into Connecticut Water, increased competitive pressures, changes in general economic conditions, legislative and regulatory changes that adversely affect the business in which the Company and BSWC are engaged, changes in the securities markets and other risks and uncertainties disclosed from time to time in documents that Connecticut Water files with the SEC. We undertake no obligation to update or revise forward-looking statements, whether as a result of new information, future events, or otherwise.

This current report and its exhibits should not be read alone, but should instead be read in conjunction with the other information regarding the Company, BSWC and the Merger that is contained in, or incorporated by reference into, the joint Proxy Statement/Prospectus that the Company has filed with the SEC connection with the Merger, as well as in the Company's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K, as applicable, and other filings that the Company makes with the SEC.

This current report shall not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction. No offer or sale of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act.

Press Releases

On November 9, 2012, the Company issued a press release related to the Company's financial results for the fiscal quarter ended September 30, 2012 and the MPUC Approval Order. A copy of this release is filed herewith as Exhibit 99.1 and is hereby incorporated herein by reference.

On November 9, 2012, the Company issued a press release related to the MPUC Approval Order. A copy of this release is filed herewith as Exhibit 99.2 and is hereby incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits

The following documents are filed herewith as exhibits hereto:

(d) Exhibits

- 10.1 Approval Order of the Maine Public Utilities Commission, dated November 7, 2012, including the Stipulation Agreement dated October 23, 2012 between the Biddeford and Saco Water Company, The Maine Water Company, The Maine Public Advocate, and the City of Biddeford, Maine.
- 99.1 Press release of the Company, dated November 9, 2012, related to the Company's financial results for the fiscal quarter ended September 30, 2012 and the MPUC Approval Order.
- 99.2 Press release of the Company, dated November 9, 2012, related to the MPUC Approval Order, is filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned hereunto duly authorized.

CONNECTICUT WATER SERVICE, INC.
a Connecticut corporation

Date: November 15, 2012 By: /s/ David C. Benoit

Name: David C. Benoit

Finance and Chief Financial Officer

Title: Vice President –

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
10.1	Approval Order of the Maine Public Utilities Commission, dated November 7, 2012, including the Stipulation Agreement dated October 23, 2012 between the Biddeford and Saco Water Company, The Maine Water Company, The Maine Public Advocate, and the City of Biddeford, Maine, is filed herewith.
99.1	Press release of the Company, dated November 9, 2012, related to the Company's financial results for the fiscal quarter ended September 30, 2012 and the MPUC Approval Order, is filed herewith.
99.2	Press release of the Company, dated November 9, 2012, related to the MPUC Approval Order, is filed herewith.

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On August 6, 2012, the Commission issued a Notice of Proceeding. The Commission received petitions to intervene from the Office of the Public Advocate (OPA) and the City of Biddeford (the City), both of which were granted by the Hearing Examiner. A case conference was held on August 20, 2012, to discuss intervention and schedules for the case. During an initial round of discovery, the Staff, OPA and the City all filed data requests and received responses from BSWC. A technical conference on the initial round of data requests and responses was held on September 27, 2012. Subsequently, on October 1, 2012, BSWC and MWC filed an Integration Plan describing how BSWC and CTWS would integrate their operations and the level of MWC's involvement in that process. A second technical conference was held on October 10, 2010.

On October 23, 2012, BSWC filed a Stipulation between BSWC, MWC, the OPA and the City resolving all issues in this proceeding.

Currently the Company is waiting for the Security and Exchange Commission processes to be completed to allow the Company to move forward with the shareholder vote to authorize the transaction.

III. STIPULATION

The Stipulation contains the following provisions :

1. The parties agree that the "reorganizations" that will occur upon the acquisition by CTWS of the stock of BTWS are consistent with the interests of the ratepayers and investors and should be approved pursuant to 35-A M.R.S.A. (708).

2. The parties agree that the two affiliate agreements between BSWC and CTWS and MWC, respectively (the "Agreement" between BSWC and CTWS, and the "Management Services Agreement" between BSWC and MWC) are not adverse to the public interest and should be approved pursuant to 35-A M.R.S.A. §707(3).

3. BSWC and CTWS agree that they have no plans to, and do not intend to, use the water resource of the Saco River for purposes other than providing water to ratepayers in the communities served by BSWC. Specifically, but without limitation, BSWC and CTWS will not bottle water from the Saco River for commercial sales outside of BSWC service territory.

4. BSWC and CTWS agree that they have no plans to, and will not, use or sell any BSWC real property along the Saco River (Lot 2-40) or adjacent to South Street (Lot 2-19) or adjacent to the Andrews Road (Lot 2-19-1) for commercial development, other than the development of such property for public utility purposes, such as the use of the property for water mains, pump stations, treatment facilities, or other public utility facilities.

5. BSWC will provide water meter reading information to the City of Biddeford for purposes of its wastewater billing.

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6. BSWC will implement a program whereby it will meet, no less than quarterly for two years beginning January 1, 2013, and thereafter no less often than semi-annually, with public works departments, fire departments and municipal engineers in each community served by BSWC, to coordinate yearly capital programs, hear and address operations issues, set priorities for the annual work program, and collaborate on projects where efficiencies can be achieved (e.g. coordination of paving).

7. BSWC will form a Customer Advisory Committee, with up to two representatives from each community served by BSWC, to identify issues and set priorities for capital investment and infrastructure improvement. The Customer Advisory Committee will meet no less than quarterly for two years beginning January 1, 2013, and thereafter no less than semi-annually, and may not be discontinued without Commission approval.

8. BSWC will work with a consulting engineering firm for the completion of an engineering study that will assess the existing water system, including the water treatment plant and the distribution system (including fire hydrants), and make recommendations for replacement and upgrades for the long term sustainability of the entire system and support of the communities' needs. This report will be shared with the Customer Advisory Committee, the City Manager in each municipality served by BSWC, and the Public Advocate, and will become a primary tool to set priorities for infrastructure replacement and capital spending.

9. As a separate corporation, BSWC will be maintained as a separate ratemaking entity.

10. BSWC will not seek, in any future rate proceeding, to recover any "acquisition adjustment" arising out of the transaction.

11. BSWC, MWC and CTWS will track separately both the transition and transaction costs related to the acquisition.

12. BSWC, MWC and CTWS will not seek recovery of transaction costs that are incurred and related to the acquisition.

13. BSWC and CTWS will specifically describe in any rate proceeding occurring over the next three years (2013, 2014, and 2015) costs that have been incurred as a direct result of the acquisition. In those rate proceedings, the Commission will determine whether such transaction costs will be the responsibility of BSWC stockholders and/or ratepayers, and will make that determination based on the CTWS, MWC and BSWC representation in this proceeding that, as a result of the transaction, there will be no short term rate or service adverse impacts on either BSWC or MWC water customers, and no long or short term adverse impact on rates or service as a direct result of the acquisition.

14. BSWC will amortize the curtailment liability, if any, for the pension and post retirement benefit plans in a manner consistent with actuarial rules.

15. If, during a period of two years subsequent to the acquisition, CTWS requires additional employee (s) to implement the transition and/or provide existing

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services to BSWC, then all the costs associated with those additional employee(s) will be assumed by CTWS.

16. BSWC will work with community conservation commissions and land trusts to protect and preserve land that BSWC owns on the Saco River.

The Stipulation also specifically states that neither ratepayers nor investors will be adversely affected by the acquisition of BSWC's stock by CTWS. There will be no change in BSWC's rates or its terms and conditions of service as a direct result of this transaction. The Stipulation further states that through the record in this case, MWC and BSWC have shown that the main benefit of the transaction is the substantially enhanced ability of BSWC to obtain capital on more favorable terms, which is necessary to sustain and improve BSWC's water system and service in Biddeford, Saco, Old Orchard Beach and Scarborough. CTWS states that it has ready access to the capital markets, and is committed to investing equity into BSWC as necessary to sustain and improve BSWC system. Further, MWC and BSWC state that the record shows demonstrable net savings to BSWC which are expected to be realized as a result of the acquisition. The Stipulation between the parties projects annual savings of \$ 145,612 (See the Integration Plan at 12 (Paragraph III.J) and supporting calculations provided in response to ODR-001-001) However, as discussed in more detail below, we find the approximate savings in operational costs to be \$5,000 when comparing BSWC's current operational costs to likely operational costs after the acquisition. However, this does not take into consideration any potential changes in rates due to investment in infrastructure.

IV. STANDARD OF APPROVAL

BSWC is seeking approval of a reorganization through the purchase of BSWC's stock under 35-A M.R.S.A. §708. Section 708 states that "no reorganization may be approved by the Commission unless it is established by the applicant for approval that the reorganization is consistent with the interest of the utility's ratepayers and investors." In past cases, the Commission has construed the "consistent with interests" as a "no harm" standard in which the applicant must establish that the transaction will not adversely affect ratepayers and investors. See, e.g. *New England Telephone and Telegraph and NYNEX*, Docket No. 96-388 at 7-8 (Feb. 6, 1997).

In addition, as we have stated on prior occasions, to approve a stipulation the Commission must find that:

1. The parties joining the stipulation represent a sufficiently broad spectrum of interests that the Commission can be sure that there is no appearance or reality of disenfranchisement;

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2. The process that led to the stipulation was fair to all parties; and,
3. The stipulated result is reasonable and not contrary to legislative mandate.

See Central Maine Power Company, Proposed Increase in Rates, Docket No. 92-345(II), Detailed Opinion and Subsidiary Findings (Me. P.U.C. Jan. 10, 1995), and Maine Public Service Company, Proposed Increase in Rates (Rate Design), Docket No. 95-052, Order (Me. P.U.C. June 26, 1996).

In approving stipulations, the Commission is also obligated to ensure that the overall stipulated result is in the public interest. See Northern Utilities, Inc., Proposed Environmental Response Cost Recovery, Docket No. 96-678, Order Approving Stipulation (Me. P.U.C. April 28, 1997).

V. DISCUSSION AND DECISION

This Stipulation was entered into by BSWC, MWC, the OPA and the City. In past cases, we have found that a stipulation between the utility and the OPA constitute a sufficiently broad spectrum on interests in that the OPA represents the interests of ratepayers and is therefore institutionally inclined to challenge assertions made by the utility. See *Public Utilities Commission, Investigation of Stranded Cost Recovery, Transmission and distribution Utility Revenue Requirements and Rate Design of Bangor Hydro-Electric Company (Phase II)*, Docket No. 99-185, Order Approving Stipulation at 3 (Aug. 11, 2000); *Central Maine Power Co. Chapter 120 Information (Post ARP 2000) Transmission and Distribution Revenue Requirement and Rate Design and Request for ARP*, Docket No. 2007-215, Order Approving Stipulation (July 1, 2008). In addition, the participation of the City in the case and the ultimate Stipulation ensures that its interests and concerns were met.

Based upon the record before us, we find the proceeding was appropriately noticed and the process that led to the Stipulations was fair and open. The process of discovery and the technical conferences allowed all parties to gather information regarding the proposed transaction. Accordingly, we conclude that the second criterion for approval has also been satisfied with respect to the Stipulation.

We conclude that the overall result of the Stipulation is reasonable, not contrary to legislative mandate and consistent with the public interest. Pursuant to 35-A M.R.S.A. § 708, to approve the proposed transaction through the adoption of the Stipulation, we must find that the proposed reorganization and stock transaction will not

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adversely affect ratepayers and investors, and is in the public interest. Therefore, in considering the approval of the Stipulation, we must consider the potential benefits of the proposed transaction against possible harms to ratepayers, and determine whether, on balance, the proposed transaction, as conditioned by the provisions in the Stipulation, will not adversely affect ratepayers and will be in the public interest.

We find that the proposed transaction will not result in immediate changes to either the service provided by BSWC or the rates charged to customers. The projected savings of \$145,612 stated in the Stipulation are based on the assumption that BSWC would have filed for a rate change to increase its rates and add an additional percentage point to its approved return on equity. However, we find the likely operational savings will be \$5,000 when calculated using last year's actual operating costs. We note that the Stipulation does not include any stay-out provision. We are not disturbed by this because the Stipulation does state that CTWS will be making investments in BSWC's infrastructure as necessary. Infrastructure investment and rate moratoriums do not usually go hand in hand, especially in a capital-intensive endeavor such as the provision of water service by a public utility. It is likely that investments in infrastructure would lead BSWC to file for approval to increase its rates to recover the costs of such investment. BSWC has stated that while it will work with MWC to develop best practices, any managerial changes will have no detrimental effect upon customers. Accordingly, we find that the rates and services of BSWC will not be adversely affected by the proposed transaction and that the acquisition of BSWC by CTWS and the resulting affiliation with MWC will provide operational benefits to BSWC and its customers.

The record in this matter shows that the primary benefit of this transaction is increased access to the capital markets for BSWC. BSWC currently is at a disadvantage due to its size and the terms of certain of its prior borrowings which limit debt to a specific percentage of its capital structure, thus limiting the prospective borrowing by BSWC. BSWC was able to alleviate this to some degree by its earlier equity issuance, however, because that issuance was not fully subscribed; BSWC's limited access to capital limited its ability to prioritize and complete capital repair and replacement. CTWS has indicated that it will make equity investments as necessary to allow BSWC to move forward with appropriate infrastructure improvements. We believe that CTWS has sufficient access to capital markets to support our finding that no harm will result to customers as a result of this transaction. The provisions in the Stipulation that prohibit the recovery of any acquisition premium or transaction costs from ratepayers further minimize the risks from the proposed transaction. Accordingly, we find that this transaction is in the public interest and approve the proposed reorganization and merger as described in the Stipulation filed on October 23, 2012 pursuant to Sections 708 and 1103.

Similarly, 35-A M.R.S.A. § 707 requires the Commission to find that agreements between affiliates receive approval from the Commission. In granting such approval, the Commission is must find that such contracts or arrangements are not adverse to the public interest. As described above, the primary benefit of this transaction to BSWC, and its customers, is the enhanced ability that BSWC will have to gain capital for infrastructure improvements through access to capital markets. This access will inherently require the type of arrangement that implicates Section 707. As we found above, this enhanced access to capital is in the public interest and supports the

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approval of the affiliated agreement with CTWS just as it supports approval of the reorganization. To a lesser degree, although not insignificantly, the affiliate agreement with MWC will allow greater integration of the two entities, thus increasing BSWC's access to administrative resources, expertise, and other economies of scope and scale. Accordingly, we find both affiliate agreements are in the public interest and approve them.

We note that BSWC's shareholders must authorize this transaction and therefore, our approval is conditioned upon that authorization being received. BSWC should file evidence of this approval within 15 days of the vote.

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Accordingly, we

O R D E R

(a) That the Stipulation filed on October 23, 2012 and attached to this Order is hereby approved;

(b) That the affiliated agreements between Biddeford & Saco Water Company and Connecticut Water Services Company and the Management Services Agreement between Biddeford & Saco Water Company and The Maine Water Company are not adverse to the public interest and are approved pursuant to 35-A M.R.S.A. §707(3); and

3. That Biddeford & Saco Water Company shall file with the Commission evidence of its shareholder approval of this transaction within 15 days of the vote.

Dated at Hallowell, Maine, this 7th day of November, 2012.

BY ORDER OF THE COMMISSION

/s/ Karen Geraghty

Karen Geraghty

Administrative Director

COMMISSIONERS VOTING FOR: Welch

Littell

Vannoy

NOTICE OF RIGHTS TO REVIEW OR APPEAL

5 M.R.S.A. § 9061 requires the Public Utilities Commission to give each party to an adjudicatory proceeding written notice of the party's rights to review or appeal of its decision made at the conclusion of the adjudicatory proceeding. The methods of review or appeal of PUC decisions at the conclusion of an adjudicatory proceeding are as follows:

1. Reconsideration of the Commission's Order may be requested under Section 1004 of the Commission's Rules of Practice and Procedure (65-407 C.M.R.110) within **20** days of the date of the Order by filing a petition with the Commission stating the grounds upon which reconsideration is sought. Any petition not granted within 20 days from the date of filing is denied.
2. Appeal of a final decision of the Commission may be taken to the Law Court by filing, within **21** days of the date of the Order, a Notice of Appeal with the Administrative Director of the Commission, pursuant to 35-A M.R.S.A. § 1320(1)-(4) and the Maine Rules of Appellate Procedure.
3. Additional court review of constitutional issues or issues involving the justness or reasonableness of rates may be had by the filing of an appeal with the Law Court, pursuant to 35-A M.R.S.A. § 1320(5).

Note : The attachment of this Notice to a document does not indicate the Commission's view that the particular document may be subject to review or appeal. Similarly, the failure of the Commission to attach a copy of this Notice to a document does not indicate the Commission's view that the document is not subject to review or appeal.

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

Docket No. 2012-00365
STIPULATION

BIDDEFORD & SACO WATER COMPANY
Request for Approval of Reorganization Pertaining to Biddeford
& Saco Water Company

October 23, 2012

It is understood and agreed by and between Maine Water Company (MWC), Biddeford & Saco Water Company (BSWC), the City of Biddeford, and the Public Advocate as follows:

I. Purpose

The purpose of this Stipulation is to settle all issues with respect to this proceeding, to eliminate the need to hold evidentiary hearings and to expedite the Public Utilities Commission's consideration and resolution of this proceeding. The provisions agreed to herein have been reached as a result of information gathered through the discovery process and discussions and negotiations with the companies.

II. Procedural History

On July 24, 2012, MWC and BSWC filed a Request for Approval of Reorganization and Approval of Affiliate Agreements. MWC and BSWC are Maine water utilities subject to regulation by the Commission. The proposed transaction involved in this proceeding is the acquisition by Connecticut Water Service, Inc. (CTWS) of the outstanding stock of BSWC. The transaction will result in the creation of new affiliated interests:

- a. CTWS will become an affiliated interest of BSWC, as it will own all of BSWC's stock;
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- b. The Connecticut Water Company, a wholly-owned subsidiary of CTWS and a Connecticut water utility regulated by the Connecticut Public Utilities Regulatory Authority, will become an affiliated interest of BSWC;
- c. MWC and BSWC will become affiliated interests of each other.

The Petition sought Commission approval of the creation of these new affiliated interests of MWC and BSWC. The Petition also sought approval of an affiliated interest agreement between BSWC and CTWS, and an affiliated interest agreement between BSWC and MWC. In support of their Petition, MWC and BSWC submitted the Merger Agreement between CTWS and BSWC, the proposed affiliated interest agreements, and the pre-filed Direct Testimony and Exhibits of Judy Wallingford, Jerry Mansfield, Eric Thornburg, and David Benoit.

The Public Advocate and the City of Biddeford intervened in the case. Responses to data requests from the Advisors and the Public Advocate were provided by MWC and BSWC, a technical conference was held on September 24, 2012, and MWC and BSWC filed their Integration Plan on October 1, 2012. Responses to data requests from the City of Biddeford were provided by MWC and BSWC, a second technical conference was held on October 10, 2012, and MWC responded to oral data requests on October 12, 2012. Settlement discussions were held thereafter.

III. Approvals and Findings

Based upon the record in this case, the parties to this Stipulation agree that the Petition, and the approvals and authorizations requested therein, satisfy the applicable statutory criteria and should be granted by the Commission by an order that approves, accepts and adopts this Stipulation and all of the provisions thereof, including the following findings and provisions:

- A. The granting of the Petition shall include all authorizations, approvals, and findings requested in the Petition, including specifically a finding that the reorganizations that will occur upon the acquisition by CTWS of the stock of BSWC are consistent with the interests of BSWC's and MWC's ratepayers and investors and are approved pursuant to 35-A M.R.S.A. §708.
- B. The granting of the Petition shall include a specific finding that the two affiliate agreements between BSWC and CTWS and MWC, respectively (the "Agreement" between BSWC and CTWS, and the "Management Services Agreement" between BSWC and MWC) are not adverse to the public interest and are approved pursuant to 35-A M.R.S.A. § 707(3).
- C. The Commission shall have reasonable access to the books, records, documents and other information relating to MWC and BSWC or any of their affiliated interests, including the books, records, documents and other information relating to CTWS or Connecticut Water Company, subject to those exceptions set forth in 35-A M.R.S. § 708(2)(A)(1).
- D. The Commission will retain all reasonable powers to detect, identify, review and approve or disapprove all transactions between MWC, BSWC and CTWS or the subsidiaries of CTWS.
- E. MWC's ability to attract capital on reasonable terms, and its ability to maintain a reasonable capital structure, will not be impaired, and BSWC's ability to attract capital on reasonable terms, and its ability to maintain a reasonable capital structure, will be improved.
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- F. MWC's and BSWC's ability to provide safe, reasonable and adequate service to their customers will not be impaired. MWC's and BSWC's customer service operations will continue to be performed by their respective personnel. There is not expected to be any change, in the near term, in the software programs used by BSWC to open customer accounts, close customer accounts, respond to customer inquiries and complaints, and issue bills to customers. In addition, BSWC (and CTWS) have represented to the Commission that they do not plan to make any changes in employees in BSWC as a result of the transaction, which will enable BSWC to continue to provide safe, reasonable and adequate service to its customers.
- G. MWC and BSWC will continue to be subject to applicable laws, principles and rules governing the regulation of public utilities in Maine.
- H. Neither MWC's nor BSWC's credit will be impaired or adversely affected.
- I. The Commission retains the ability to order divestiture pursuant to Maine law if necessary to protect the interest of MWC, BSWC, their ratepayers or investors.
- J. Neither ratepayers nor investors will be adversely affected by the acquisition of BSWC's stock by CTWS. There will be no change in BSWC's rates or its terms and conditions of service as a direct result of this transaction. Through the record in this case, MWC and BSWC have shown that the main benefit of the transaction is the substantially enhanced ability of BSWC to obtain capital on more favorable terms, which is necessary to sustain and improve BSWC's water system and service in Biddeford, Saco, Old Orchard Beach and Scarborough. The Commission authorized BSWC in 2010 to issue up to 35,000 shares of common
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stock to increase equity investment by up to \$2.1 million. BSWC was unable to attract sufficient investment interest through the issuance, and generated gross proceeds of only \$1,012,230 (net proceeds of \$858,312). CTWS has ready access to the capital markets, and is committed to investing equity into BSWC as necessary to sustain and improve the BSWC system. In addition, MWC and BSWC have shown demonstrable net savings to BSWC which are expected to be realized as a result of the acquisition. The total projected annual savings are \$145,612 – savings that are expected to benefit the ratepayers in the short term and long term.

- K. BSWC and CTWS have represented that they have no plans to, and do not intend to, use the water resource of the Saco River for purposes other than providing water to ratepayers in the communities served by BSWC. Specifically, but without limitation, BSWC and CTWS will not bottle water from the Saco River for commercial sales outside of the BSWC service territory.
 - L. BSWC and CTWS have represented that they have no plans to, and will not, use or sell any BSWC real property along the Saco River (Lot 2-40) or adjacent to South Street (Lot 2-19) or adjacent to the Andrews Road (Lot 2-19-1) for commercial development, other than the development of such property for public utility purposes, such as the use of the property for water mains, pump stations, treatment facilities, or other public utility facilities.
 - M. BSWC will provide water meter reading information to the City of Biddeford for purposes of its wastewater billing.
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IV. Conditions of Approval

In addition to the findings, approvals and authorizations set forth above, the parties further agree to the following conditions of approval:

- A. BSWC will implement a program whereby it will meet regularly, no less than quarterly for two years beginning January 1, 2013, and thereafter no less often than semi-annually, with public works departments, fire departments and municipal engineers in each community served by the Company, to coordinate yearly capital programs, hear and address operations issues, set priorities for the annual work program, and collaborate on projects where efficiencies can be achieved (*e.g.* coordination of paving).
 - B. BSWC will form a Customer Advisory Committee, with up to two representatives from each community served by BSWC, to identify issues and set priorities for capital investment and infrastructure improvement. The selection of the members will be decided by each community, although a diverse representation of municipal, residential, business and industrial customers is encouraged. The Advisory Committee will meet no less than quarterly for two years beginning January 1, 2013, and thereafter no less than semi-annually, and may not be discontinued without Commission approval.
 - C. BSWC will work with a consulting engineering firm for the completion of an engineering study that will assess the existing water system, including the water treatment plant and the distribution system (including fire hydrants), and make recommendations for replacement and upgrades for the long term
-

sustainability of the entire system and support of the communities' needs. This report will be shared with the Customer Advisory Committee, the City Manager in each municipality served by BSWC, and the Public Advocate, and will become a primary tool to set priorities for infrastructure replacement and capital spending. The target date for completion of the engineering study will be on or before June 30, 2013.

- D. After the acquisition by CTWS, BSWC and MWC will continue to comply with all Commission orders applicable to the Company as a whole or to any division of the Company.
 - E. As a separate corporation, BSWC will be maintained as a separate ratemaking entity.
 - F. BSWC will not seek, in any future rate proceeding, to recover any "acquisition adjustment" arising out of the transaction.
 - G. BSWC, MWC and CTWS will track separately both the transition and transaction costs related to the acquisition.
 - H. BSWC, MWC and CTWS will not seek recovery of transaction costs that are incurred and related to the acquisition.
 - I. BSWC and CTWS will specifically outline in any rate proceeding occurring over the next three years (2013, 2014, and 2015) costs that have been incurred as a direct result of the acquisition. In those rate proceedings, the Commission will determine whether such transaction costs will be the responsibility of BSWC stockholders and/or ratepayers, and will make that determination based on the CTWS, MWC and BSWC representation in this
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proceeding that, as a result of the transaction, there will be no short term rate or service adverse impacts on either BSWC or MWC water customers, and no long or short term adverse impact on rates or service as a direct result of the acquisition.

J. BSWC will amortize the curtailment liability, if any, for the pension and post retirement benefit plans in a manner consistent with actuarial rules.

K. If, during a period of two years subsequent to the acquisition, CTWS requires additional employee(s) to implement the transition and/or provide existing services to BSWC, then all the costs associated with those additional employee(s) will be assumed by CTWS.

L. BSWC will work with community conservation commissions and land trusts to protect and preserve land that BSWC owns on the Saco River.

V. Procedural Stipulations

A. It is agreed that the record on which the Commission may base its determination in this matter shall consist of this Stipulation, the Petition and Exhibits, the Direct Testimony and Exhibits of Judy Wallingford, Jerry Mansfield, Eric Thornburg and David Benoit, all data requests and responses thereto, the record of the Technical Conferences, the Integration Plan filed on October 1, 2012, and any other material furnished by the Advisory Staff to the Commission, either orally or in writing, at the time of the Commission's consideration of this proceeding.

B. The parties to the Stipulation hereby waive any rights they have under 5 M.R.S. § 9062(4) and Section 742 of the Commission's Rules of Practice and Procedure to the extent necessary to permit the Advisory Staff to discuss this Stipulation and

the resolution of the case with the Commissioners and at scheduled deliberations, without providing to the parties an Examiners' Report or the opportunity to file Exceptions.

- C. It is agreed that the Stipulation shall not be considered legal precedent, nor shall it preclude a party from raising issues that were identified during this proceeding in any other Commission proceeding or investigation.
- D. If this Stipulation is not accepted by the Commission in accordance with all of the provisions hereof and without modification, this Stipulation is voidable by any party hereto, and if voided it shall be of no further effect and shall not prejudice any position taken by any party before the Commission in this proceeding and shall not be admissible in evidence therein or in any other proceeding before the Commission.

Respectfully submitted this 23rd day of October, 2012.

THE MAINE WATER COMPANY

/s/ Judy Wallingford
Judy Wallingford, President

BIDDEFORD & SACO WATER
COMPANY

/s/ Jerry Mansfield
Jerry Mansfield, President

PUBLIC ADVOCATE

/s/ William C. Black 10/23/2012

Its Attorney

CITY OF BIDDEFORD

/s/ Keith R. Jacques
Its Attorney

93 West Main Street, Clinton, CT 06413

**Connecticut Water Service, Inc. Reports
Third-Quarter and Nine Month Earnings;
Reports on Pending Acquisition
*Earnings Total \$0.69 per Share in the Third Quarter***

Clinton, Connecticut, November 9, 2012 – Connecticut Water Service, Inc. (NASDAQ GS: CTWS) (“CTWS” or the “Company”) announced net income of \$6 million, or earnings per basic average share (EPS) of \$0.69, on total revenues of \$26.5 million in the third quarter of 2012. This was an increase in income of \$4.3 million, or EPS of \$0.26, from total revenues of \$22.2 million recorded in the third quarter of 2011. Total revenues include all revenues generated by the Company’s three business segments: Water Activities, Services and Rentals, and Real Estate.

CTWS’s results for the third quarter of 2012 include a contribution of \$567,000 to net income, or EPS of \$0.07, from The Maine Water Company, excluding CTWS’s approximately \$274,000 of financing costs of the acquisition.

Maine Water Acquisition and Q2 Results

On January 1, 2012, CTWS acquired from Aqua America, Inc. its former Maine subsidiary, Aqua Maine, Inc., which was renamed The Maine Water Company (“Maine Water”). The third quarter 2011 results do not include Maine Water.

Eric W. Thornburg, Chairman, President and Chief Executive Officer, stated: “The integration of Maine Water into CTWS continues to be seamless and customers and shareholders are benefiting from the sharing of resources and best practices among our operations.”

Third Quarter Operating Results

In the third quarter of 2012, net income in the Company’s core business, the Water Activities Segment, was \$5.7 million, or EPS of \$0.65, on revenues of \$24.9 million. In the same period of 2011, net income from the segment totaled \$3.3 million, or EPS of \$0.39, on revenues of \$21.0 million. Excluding Maine Water, CTWS saw an increase in revenue from the Water

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Activities Segment of \$838,000, which was largely attributable to warm, dry weather in the quarter and a 2.6% increase in the WICA (Water Infrastructure and Conservation Adjustment) surcharge since the third quarter of 2011.

The Company saw consistent performance from its Services and Rentals Segment in the third quarter of 2012, which contributed \$329,000 to net income, or EPS of \$0.04, compared to \$296,000, or EPS of \$0.03, in the third quarter of 2011.

Operating expenses increased \$0.9 million to \$16.7 million in the third quarter of 2012. Excluding the operating expenses attributable to Maine Water, operating expenses for the Company decreased \$1.3 million, or 8.4%. The decrease was primarily related to tax benefits associated with the recently completed refinancing of long-term debt of The Connecticut Water Company.

Mr. Thornburg stated, "Favorable summer weather and cost containment in our Water Activities segment drove our increased earnings for the quarter. In October, the Company completed a refinancing of \$54.6 million in long-term debt that is anticipated to reduce expenses by approximately \$1 million annually, benefiting customers and shareholders." Mr. Thornburg added, "I am extremely proud of our people who maintained safe, reliable water service to families and communities during Hurricane Sandy. Despite prolonged power outages, our capable staff provided uninterrupted service to more than 99 percent of our customers and no customer was without water service for more than a half-day."

Nine Month Operating Results

For the first nine months of 2012, the Company reported net income of \$12 million and EPS of \$1.39, compared to net income of \$9.5 million and EPS of \$1.10 for the same period of 2011. Total revenue for the nine month period grew by \$12.7 million to \$71.2 million compared to the first nine months of 2011. CTWS's results for the first nine months of 2012 include a contribution of \$1.3 million in net income, or EPS of \$0.15, from Maine Water, excluding CTWS's approximately \$820,000 of financing costs of the acquisition. The nine month results for 2012 include EPS of \$0.11 generated by the Real Estate segment through a sale of protected open space land to the Town of Plymouth, Connecticut.

Operating expenses in the first nine months increased \$6.7 million to \$48.1 million compared to \$41.4 million for the same period in 2011, which was largely attributable to the Maine Water acquisition. Excluding the operating expenses attributable to Maine Water,

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operating expenses increased \$85,000 over the first nine months of 2011. As with the three month results, a decrease in tax expense associated with the refinancing of long-term debt offset increased pension and other benefits costs.

Further Expansion in the State of Maine

On July 19, 2012, CTWS announced that it had reached an agreement to acquire the Biddeford and Saco Water Company that serves nearly 16,000 customers in southern Maine. Under the agreement, the acquisition will be executed through a stock-for-stock merger transaction valued (as of July 18, 2012) at approximately \$11.4 million. Holders of Biddeford and Saco Water Company common stock will receive shares of CTWS common stock in a tax-free exchange. CTWS will also assume approximately \$8.4 million in debt of Biddeford and Saco Water Company. The transaction reflects a total enterprise value of approximately \$19.8 million (as of July 18, 2012).

On November 7, 2012, the Maine Public Utilities Commission approved a stipulation agreement between the Biddeford and Saco Water Company, Maine Water, the City of Biddeford and Public Advocate that provides the required state regulatory approval. The approval of the shareholders of the Biddeford and Saco Water Company is required. CTWS anticipates a closing in the fourth quarter of 2012. When the closing is completed, CTWS will serve nearly 32,000 customers, or a population of about 100,000 people, in Maine making it the largest investor-owned water utility in the state, and New England's fastest growing water utility company.

Mr. Thornburg stated, "I am pleased that we were able to secure regulatory approval in under four months by working closely with all of the stakeholders. Over the long-term, we expect to leverage the economies of scale and seek opportunities to share staff, resources, systems and services between Maine Water and Biddeford and Saco Water Company to provide the best, most cost effective service for customers. In addition, CTWS will provide Biddeford and Saco Water Company with access to capital to make important investments in its water system and infrastructure to maintain water quality and enhance reliability of service."

Connecticut Water Service, Inc. is the largest publicly traded water company based in New England. Through its wholly-owned public water utility subsidiaries, The Connecticut

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Water Company and The Maine Water Company, the Company provides drinking water to 106,000 customers, or about 350,000 people, throughout the states of Connecticut and Maine.

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Forward Looking Statements

This news release contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 about Connecticut Water's proposed acquisition of the Biddeford and Saco Water Company. These statements include statements regarding the anticipated closing date of the transaction and anticipated future results. Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts. They often include words like "believe," "expect," "anticipate," "estimate," and "intend" or future or conditional verbs such as "will," "would," "should," "could" or "may." Certain factors that could cause actual results to differ materially from expected results include delays in completing the merger, difficulties in achieving anticipated benefits or cost savings from the merger or in achieving such anticipated benefits or cost savings within the expected time frame, difficulties in integrating Biddeford and Saco Water into Connecticut Water, increased competitive pressures, changes in general economic conditions, legislative and regulatory changes that adversely affect the business in which the Company and Biddeford and Saco Water are engaged, changes in the securities markets and other risks and uncertainties disclosed from time to time in documents that Connecticut Water files with the Securities and Exchange Commission ("SEC"). We undertake no obligation to update or revise forward-looking statements, whether as a result of new information, future events, or otherwise.

Additional Information About the Merger and Where to Find It

In connection with the pending acquisition of BSWC, CTWS has filed a registration statement on Form S-4 with the SEC under the Securities Act of 1933 (File No. 333-183708), containing a joint proxy statement of BSWC that also constitutes a prospectus of CTWS (the "Joint Proxy Statement/Prospectus") and other documents regarding the proposed transaction.

Before making any voting or investment decisions, we urge investors and security holders to read the Joint Proxy Statement/Prospectus (including all amendments and supplements thereto) and other documents filed with the SEC carefully and in their entirety when they become available, because they will contain important information about CTWS, BSWC and the proposed merger.

When available, copies of the Joint Proxy Statement/Prospectus will be mailed to BSWC's shareholders. Copies of the Joint Proxy Statement/Prospectus may be obtained free of charge at the SEC's web site at www.sec.gov, or by directing a request to CTWS's Corporate Secretary, Kristen A. Johnson, at Connecticut Water Service, Inc., 93 West Main Street, Clinton, Connecticut 06413, or by telephone at 1-800-428-3985, ext. 3056, or on our website at www.ctwater.com. Copies of other documents filed by

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CTWS with the SEC may also be obtained free of charge at the SEC's web site or by directing a request to CTWS at the address provided above.

CTWS and BSWC and certain of their directors and executive officers may be deemed to be participants in the solicitation of proxies in connection with the approval of the proposed merger. Information regarding the directors and executive officers of CTWS and BSWC, and their respective interests in CTWS or BSWC, respectively, by security holdings or otherwise is available in the Joint Proxy Statement/Prospectus.

This press release shall not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction. No offer or sale of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act of 1933.

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Connecticut Water Service, Inc. & Subsidiaries

Condensed Consolidated Statements of Income (unaudited)

(In thousands except per share amounts)	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2012	2011	2012	2011
Operating Revenues	\$ 24,461	\$ 20,628	\$ 64,349	\$ 53,976
Other Water Activities Revenues	458	412	1,131	1,112
Real Estate Revenues	--	--	1,450	--
Service and Rentals Revenues	1,586	1,194	4,287	3,457
Total Revenues	\$ 26,505	\$ 22,234	\$ 71,217	\$ 58,545
Operating Expenses	\$ 16,743	\$ 15,799	\$ 48,069	\$ 41,417
Other Utility Income, Net of Taxes	\$ 243	\$ 225	\$ 607	\$ 613
Total Utility Operating Income	\$ 7,961	\$ 5,054	\$ 16,887	\$ 13,172
(Loss) Gain on Property Transactions, Net of Taxes	\$ (31)	\$ 114	\$ 951	\$ 114
Non-Water Sales Earnings (Services and Rentals), Net of Taxes	\$ 329	\$ 296	\$ 1,012	\$ 708
Net Income	\$ 5,974	\$ 3,734	\$ 12,047	\$ 9,472
Net Income Applicable to Common Shareholders	\$ 5,964	\$ 3,724	\$ 12,018	\$ 9,443
Basic Earnings Per Average Common Share	\$ 0.69	\$ 0.43	\$ 1.39	\$ 1.1
Diluted Earnings Per Average Common Share	\$ 0.67	\$ 0.42	\$ 1.36	\$ 1.08
Basic Weighted Average Common Shares Outstanding	8,689	8,622	8,669	8,601
Diluted Weighted Average Common Shares Outstanding	8,829	8,729	8,805	8,711
Book Value Per Share	\$ 14.30	\$ 13.50	\$ 14.30	\$ 13.50

Condensed Consolidated Balance Sheets (unaudited)

(In thousands)	September 30, 2012		September 30, 2011	
ASSETS				
Net Utility Plant	\$	422,582	\$	354,555
Current Assets		31,741		24,172
Other Assets		107,154		56,866
Total Assets	\$	561,477	\$	435,593
CAPITALIZATION AND LIABILITIES				
Shareholders' Equity	\$	126,575	\$	117,986
Preferred Stock		772		772
Long-Term Debt		187,334		111,305
Current Liabilities		35,785		39,587
Other Liabilities and Deferred Credits		211,011		165,943
Total Capitalization and Liabilities	\$	561,477	\$	435,593



Maine PUC approves Biddeford and Saco Water Company Agreement

Clinton, Connecticut, November 9, 2012 — Connecticut Water Service, Inc. (NASDAQ: CTWS) announced today that the State of Maine Public Utilities Commission (MPUC) has approved a Stipulation Agreement entered into by the Biddeford and Saco Water Company (the “Company”), The Maine Water Company (“Maine Water”), the Public Advocate of Maine, and the City of Biddeford that clears the way for the Biddeford and Saco Water Company to join forces with Maine Water and The Connecticut Water Company (“Connecticut Water”).

The Company serves nearly 16,000 customers in the Maine communities of Biddeford, Saco, Old Orchard Beach, and Scarborough. Maine Water serves nearly 16,000 customers, or about 50,000 people, in 17 communities throughout Maine, and is a subsidiary of CTWS and sister company to Connecticut Water that serves more than 90,000 customers, or 300,000 people in Connecticut.

In its decision, the MPUC concluded that the terms of the Stipulation Agreement “...are not adverse to the public interest...” Among the items included in the Agreement are provisions to create a customer advisory council to assist the Company in identifying and prioritizing capital investment and infrastructure needs, and to hold regular meetings with municipal leaders to coordinate annual capital spending plans and address operational issues. Further, the Company affirmed its commitment to the water resources of the Saco River for public water service to protect and preserve Company-owned land on the Saco River. The complete MPUC Order and the Stipulation Agreement can be found at the MPUC’s Web site: www.maine.gov/mpuc.

According to Judy E. Wallingford, President of Maine Water, “The Agreement aligns well with Maine Water’s core values of serving customers and our communities, while being

responsible stewards of the environment. In particular, I am delighted that a Customer Advisory Council is being established to help prioritize infrastructure investment in the water system.”

Jerry Mansfield, President of the Biddeford and Saco Water Company, stated, “The increased access to capital by becoming a part of Maine Water and CTWS allows for greater infrastructure investment to maintain and improve the system, which is needed for future economic development as well public health and safety.”

According to Eric W. Thornburg, President of CTWS, the Agreement and its approval by the MPUC is good for all of the Company’s stakeholders. He stated, “A robust, reliable water system is vital to the quality of life of our families, the economic development of our communities, and public safety. We are eager to work in the communities to deliver on our commitment to customer service and investing in critical infrastructure.”

A closing of the merger of a CTWS subsidiary with and into the Company is planned for December 2012, pending approval of the shareholders of the Biddeford and Saco Water Company. The transaction reflects a total enterprise value of approximately \$19.8 million (as of July 18, 2012).

When the transaction is completed, CTWS’s overall customer base would grow by 16,000 customers, or approximately 15 percent, and it would be the fastest growing investor-owned water utility in New England with 122,000 customers, or a population of 400,000 people, in the states of Connecticut and Maine. CTWS would also become the largest investor-owned water utility in the State of Maine with nearly 32,000 customers serving close to 100,000 people between Maine Water and the Biddeford and Saco Water Company.

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Forward Looking Statements

This news release contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 about Connecticut Water's proposed acquisition of the Biddeford and Saco Water Company. These statements include statements regarding the anticipated closing date of the transaction and anticipated future results. Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts. They often include words like "believe," "expect," "anticipate," "estimate," and "intend" or future or conditional verbs such as "will," "would," "should," "could" or "may." Certain factors that could cause actual results to differ materially from expected results include delays in completing the merger, difficulties in achieving anticipated benefits or cost savings from the merger or in achieving such anticipated benefits or cost savings within the expected time frame, difficulties in integrating Biddeford and Saco Water into Connecticut Water, increased competitive pressures, changes in general economic conditions, legislative and regulatory changes that adversely affect the business in which the Company and Biddeford and Saco Water are engaged, changes in the securities markets and other risks and uncertainties disclosed from time to time in documents that Connecticut Water files with the Securities and Exchange Commission ("SEC"). We undertake no obligation to update or revise forward-looking statements, whether as a result of new information, future events, or otherwise.

Additional Information About the Merger and Where to Find It

In connection with the pending acquisition of BSWC, CTWS has filed a registration statement on Form S-4 with the SEC under the Securities Act of 1933 (File No. 333-183708), containing a joint proxy statement of BSWC that also constitutes a prospectus of CTWS (the "Joint Proxy Statement/Prospectus") and other documents regarding the proposed transaction.

Before making any voting or investment decisions, we urge investors and security holders to read the Joint Proxy Statement/Prospectus (including all amendments and supplements thereto) and other documents filed with the SEC carefully and in their entirety when they become available, because they will contain important information about CTWS, BSWC and the proposed merger.

When available, copies of the Joint Proxy Statement/Prospectus will be mailed to BSWC's shareholders. Copies of the Joint Proxy Statement/Prospectus may be obtained free of charge at the SEC's web site at www.sec.gov, or by directing a request to CTWS's Corporate Secretary, Kristen A. Johnson, at Connecticut Water Service, Inc., 93 West Main Street, Clinton, Connecticut 06413, or by telephone at 1-800-428-3985, ext. 3056, or on our website at www.ctwater.com. Copies of other documents filed by CTWS with the SEC may also be obtained free of charge at the SEC's web site or by directing a request to CTWS at the address provided above.

CTWS and BSWC and certain of their directors and executive officers may be deemed to be participants in the solicitation of proxies in connection with the approval of the proposed merger. Information regarding the directors and executive officers of CTWS and BSWC, and their respective interests in CTWS or BSWC, respectively, by security holdings or otherwise is available in the Joint Proxy Statement/Prospectus.

This press release shall not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction. No offer or sale of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act of 1933.