



THOMAS, NIESEN & THOMAS, LLC

*Attorneys and Counsellors at Law*

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February 27, 2018

*Via Electronic Filing*

Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
P. O. Box 3265  
Harrisburg, PA 17105-3265

In re: Dockets Nos. A-2018-2642837 and A-2018-2642839  
Joint Application of Aqua Pennsylvania, Inc. and the Borough of Phoenixville

Dear Secretary Chiavetta:

We are counsel for Aqua Pennsylvania, Inc. in the above matter and are submitting, with this letter via electronic filing, responses to the Bureau of Technical Utility Services Data Request Set 1, Nos. A-2 through A-7, A-9 through A-13 and A-16 through A-18. Responses to the remaining Data Requests will be filed later this week along with a verification for those responses sponsored by the Borough of Phoenixville.

Very truly yours,

THOMAS, NIESEN & THOMAS, LLC

By

Thomas T. Niesen

cc: Clinton McKinley (via email, w/encl.)  
Alexander R. Stahl, Esq. (via email, w/encl.)  
Adeolu A. Bakare, Esq. (via email, w/encl.)  
Christine Maloni Hoover, Esq. (w/encl.)  
David P. Zambito, Esq. (w/encl.)  
Bureau of Investigation and Enforcement (w/encl.)  
Office of Small Business Advocate (w/encl.)

Respondent: Thomas F. Rafferty  
Date: 02/27/2018

**AQUA PENNSYLVANIA, INC.**

**BUREAU OF TECHNICAL UTILITY SERVICES**

**WATER/WASTEWATER DIVISION**

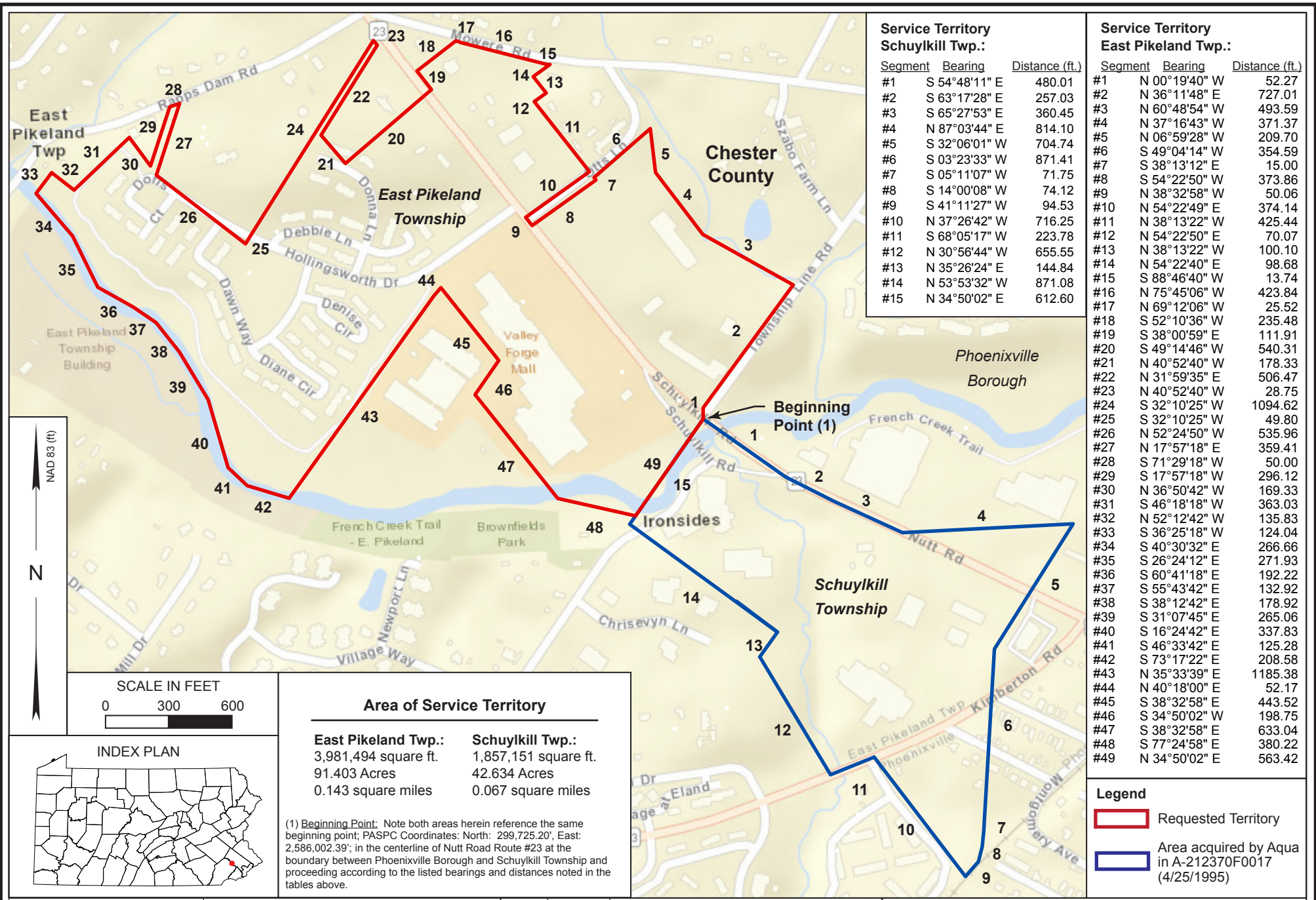
**DOCKET NOS. A-2018-2642837 and A-2018-2642839**

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A-2 Please provide a revised copy of the Application's Exhibit A map that clarifies the meaning of the area with the blue boundary by noting it in the map's legend.

**RESPONSE**

Please see the attached revised map.



**Service Territory Schuylkill Twp.:**

Segment	Bearing	Distance (ft.)
#1	S 54°48'11" E	480.01
#2	S 63°17'28" E	257.03
#3	S 65°27'53" E	360.45
#4	N 87°03'44" E	814.10
#5	S 32°06'01" W	704.74
#6	S 03°23'33" W	871.41
#7	S 05°11'07" W	71.75
#8	S 14°00'08" W	74.12
#9	S 41°11'27" W	94.53
#10	N 37°26'42" W	716.25
#11	S 68°05'17" W	223.78
#12	N 30°56'44" W	655.55
#13	N 35°26'24" E	144.84
#14	N 53°53'32" W	871.08
#15	N 34°50'02" E	612.60

**Service Territory East Pikeland Twp.:**

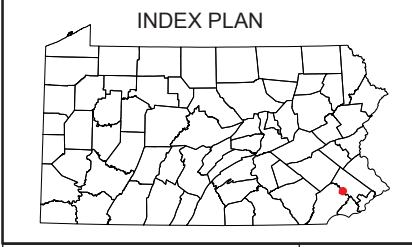
Segment	Bearing	Distance (ft.)
#1	N 00°19'40" W	52.27
#2	N 36°11'48" E	727.01
#3	N 60°48'54" W	493.59
#4	N 37°16'43" W	371.37
#5	N 06°59'28" W	209.70
#6	S 49°04'14" W	354.59
#7	S 38°13'12" E	15.00
#8	S 54°22'50" W	373.86
#9	N 38°32'58" W	50.06
#10	N 54°22'49" E	374.14
#11	N 38°13'22" W	425.44
#12	N 54°22'50" E	70.07
#13	N 38°13'22" W	100.10
#14	N 54°22'40" E	98.68
#15	S 88°46'40" W	13.74
#16	N 75°45'06" W	423.84
#17	N 69°12'06" W	25.52
#18	S 52°10'36" W	235.48
#19	S 38°00'59" E	111.91
#20	S 49°14'46" W	540.31
#21	N 40°52'40" W	178.33
#22	N 31°59'35" E	506.47
#23	N 40°52'40" W	28.75
#24	S 32°10'25" W	1094.62
#25	S 32°10'25" W	49.80
#26	N 52°24'50" W	535.96
#27	N 17°57'18" E	359.41
#28	S 71°29'18" W	50.00
#29	S 17°57'18" W	296.12
#30	N 36°50'42" W	169.33
#31	S 46°18'18" W	363.03
#32	N 52°12'42" W	135.83
#33	S 36°25'18" W	124.04
#34	S 40°30'32" E	266.66
#35	S 26°24'12" E	271.93
#36	S 60°41'18" E	192.22
#37	S 55°43'42" E	132.92
#38	S 38°12'42" E	178.92
#39	S 31°07'45" E	265.06
#40	S 16°24'42" E	337.83
#41	S 46°33'42" E	125.28
#42	S 73°17'22" E	208.58
#43	N 35°33'39" E	1185.38
#44	N 40°18'00" E	52.17
#45	S 38°32'58" E	443.52
#46	S 34°50'02" W	198.75
#47	S 38°32'58" E	633.04
#48	S 77°24'58" E	380.22
#49	N 34°50'02" E	563.42



**Area of Service Territory**

East Pikeland Twp.:	Schuylkill Twp.:
3,981,494 square ft.	1,857,151 square ft.
91.403 Acres	42.634 Acres
0.143 square miles	0.067 square miles

(1) **Beginning Point:** Note both areas herein reference the same beginning point; PASPC Coordinates: North: 299,725.20'; East: 2,586,002.39'; in the centerline of Nutt Road Route #23 at the boundary between Phoenixville Borough and Schuylkill Township and proceeding according to the listed bearings and distances noted in the tables above.



**Note**  
Bearings and distances obtained from Chester County tax parcel data, obtained from [https://arcweb.ches-co.org/cv3/Default\\_CV.html](https://arcweb.ches-co.org/cv3/Default_CV.html). The resultant bearings and distances do not result from a physical survey on the ground and are approximate and not intended to represent a legal description of property.

REV.	DATE	DESCRIPTION
3.	2/13/18	Noted Area Acquired by Aqua in Legend
2.	9/26/17	Expanded E. Pikeland Area (add'l. hydrants)
1.	8/23/17	Expanded E. Pikeland Area (Vail Property)

**Proposed Service Territory**  
Schuylkill and E. Pikeland Twps., Chester County, Pennsylvania

DATE: 7/14/17      SCALE: 1" = 600 FT      EXHIBIT: **A**

Respondent: William C. Packer  
Date: 02/27/2018

**AQUA PENNSYLVANIA, INC.**

**BUREAU OF TECHNICAL UTILITY SERVICES**

**WATER/WASTEWATER DIVISION**

**DOCKET NOS. A-2018-2642837 and A-2018-2642839**

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A-3 As per Section 1327 of the Public Utility Code, 66 Pa. C.S. § 1327(a)(6), please provide evidence that the purchase price is reasonable (i.e., provide a comparison of the proposed purchase price and estimated original cost less depreciation).

**RESPONSE**

Aqua is not applying for Section 1327 inclusion in rate base as part of this application proceeding. Aqua submits, therefore, that questions concerning Section 1327 are neither relevant nor material. The Company submits, nevertheless, that the purchase price is reasonable as it is the result of an arms' length negotiation between a willing buyer and willing seller. To the extent that this question asks for an analysis that involves original cost less depreciation, the Company will not have an original cost study until one is completed and submitted in the next base rate case that includes the acquired Phoenixville system as addressed in the response to A-4.

Respondent: William C. Packer  
Date: 02/27/2018

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A-4 Please provide the original cost, by year and major plant category, of used and useful plant in service and related accrued depreciation calculations for the assets to be transferred as part of this transaction.

**RESPONSE**

The Company will complete an original cost study and submit it in the next base rate case that includes the acquired system.

Respondent: E. Jean Krack  
Borough Manager, Borough of Phoenixville  
Date: 02/27/2018

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A-5 Please provide a breakdown of the sources of funds used to finance the construction of Phoenixville's assets to be acquired by Aqua as part of this proposed transaction.

**RESPONSE**

The Borough does not have a comprehensive breakdown of the funds used to finance construction of the assets to be acquired by Aqua; however, as set forth in the Application, the Borough has not relied on PENNVEST loans to fund construction of its water system assets.

Respondent: E. Jean Krack  
Borough Manager, Borough of Phoenixville  
Date: 02/27/2018

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A-6 Please state if any of Phoenixville's water system assets to be acquired by Aqua were contributed.

**RESPONSE**

In 1997, the Borough received an \$84,967.51 reimbursement from PennDOT in connection with a highway construction project requiring relocation of a Borough water main on Route 29 in Upper Providence Township.

The Borough is also in possession of the Amendment to Water Supply Agreement attached to the Protest filed by Pennsylvania American Water Company, which includes an agreed-upon reimbursement for design and construction of water main assets in Upper Providence Township.

Respondent: William C. Packer  
Date: 02/27/2018

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A-7 The Application's Section 34 indicates an estimated annual operating and maintenance expense of \$181,000, exclusive of depreciation. Please provide an estimate of annual depreciation that is in addition to the \$181,000 estimate.

**RESPONSE**

The Company estimates depreciation expense on the acquired system assets of \$75,000-\$100,000 annually. A more precise number cannot be determined until the Company completes a full original cost study on the system.



Respondent: William C. Packer  
Date: 02/27/2018

**AQUA PENNSYLVANIA, INC.**  
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A-9 Please provide revised annual revenue calculation if the number fire hydrants that Aqua will acquire from Phoenixville does not equal 39.

**RESPONSE**

Please see the below table:

507 - 3/4" Customers at \$10.00 per quarter X 4 quarters	\$20,280
21 - 1" Customers at \$20.00 per quarter X 4 quarters	\$1,680
12 - 1 1/2" Customers at \$35.00 per quarter X 4 quarters	\$1,680
11 - 2" Customers at \$75.00 per quarter X 4 quarters	\$3,300
0 - 3" Customers at \$125.00 per quarter X 4 quarters	\$0
2 - 4" Customers at \$250.00 per quarter X 4 quarters	\$2,000
1 - 6" Customers at \$400.00 per quarter X 4 quarters	\$1,600
2 - 8" Customers at \$850.00 per quarter X 4 quarters	\$6,800
	<hr/>
	\$37,340
Annual Consumption Charges	\$250,000
Annual Fire Protection Service Charges	\$13,770
	<hr/>
<b>Total Annual Revenue</b>	<b>\$301,110</b>

Respondent: E. Jean Krack  
Borough Manager, Borough of Phoenixville  
Date: 02/27/2018

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A-10 Section 1.4(a) of the Application's APA referenced a Cash Deposit Escrow Agreement dated November 17, 2016, between Aqua and Phoenixville. Please provide a copy of this agreement.

**RESPONSE**

See Attachment A-10.

## CASH DEPOSIT ESCROW AGREEMENT

THIS CASH DEPOSIT ESCROW AGREEMENT (this "Escrow Agreement") is made and entered into this 27th day of October, 2016 (the "Commencement Date") by and among BB&T as escrow agent (the "Escrow Agent"), The Borough of Phoenixville, Chester County, Pennsylvania (the "Borough"), a political subdivision of the Commonwealth of Pennsylvania organized under the Borough Code, Act 37 of 2014, 8 Pa. Cons. Stat. § 101, and the entity identified as the Respondent on the signature page hereto (the "Respondent").

### RECITALS

WHEREAS, the Borough has solicited offers from respondents to enter into an Asset Purchase Agreement (the "Agreement") regarding the Borough's water system customers and assets located in (i) East Pikeland Township, Chester County; (ii) Schuylkill Township, Chester County; and (iii) Upper Providence Township, Montgomery County (the "Assets") in accordance with a certain Request for Proposals, dated April 1, 2016 (the "RFP" and, together with the Purchase Agreement, the "Bid Documents"), and, for the avoidance of doubt, the Escrow Agent is not a party to the Bid Documents or any document related thereto other than this Escrow Agreement; and

WHEREAS, the Respondent intends to submit an offer in response to the RFP; and

WHEREAS, the Respondent's offer will be secured by a cash deposit in the amount of \$500,000 (the "Cash Deposit"); and

WHEREAS, the Respondent's offer will be unconditional and irrevocable until 5:00 p.m. Eastern Time on April 26, 2017 (the "Offer Termination Date").

NOW THEREFORE, in consideration of the foregoing premises and the mutual covenants contained herein, the parties hereto intending to be legally bound do hereby agree as follows:

**Section 1.** For a period commencing on the Commencement Date and terminating 10 days after the final disbursement of all of the Cash Deposit deposited hereunder and any earnings thereon (the "Funds") in accordance with the terms hereof, the Escrow Agent agrees to act as escrow agent for the Funds when received by the Escrow Agent and to promptly deposit the Cash Deposit into a segregated escrow account (the "Escrow Account") to be established hereunder and to be held in trust for the Respondent and the Borough pursuant to the terms of this Escrow Agreement.

**Section 2.** On or before 2:00 p.m. Eastern Time on the Commencement Date, the Cash Deposit will be provided to the Escrow Agent by the Respondent and deposited into the Escrow Account. Upon receipt of the Cash Deposit, the Escrow Agent shall immediately issue a receipt to the Respondent, confirming that the Escrow Agent has received the Cash Deposit in the form attached hereto as Schedule 2. **All risk of loss, if any, in regard to such investments or**

**reduction of the Cash Deposit resulting from such investments shall be borne solely by the Respondent, other than losses arising from the Escrow Agent's gross negligence, fraud, bad faith or willful misconduct.**

**Section 3.** The Escrow Agent shall invest and reinvest the Cash Deposit in Eligible Investments (as defined in Schedule 4 hereto) at the written direction of an Authorized Respondent Representative (as defined below) without distinction between principal and income. The Escrow Agent may conclusively rely upon such written instructions as to the suitability of the directed investments hereunder. Ratings of Eligible Investments shall be determined at the time of purchase of such Eligible Investments and without regard to ratings subcategories. The Escrow Agent may make any and all such investments through its own investment department or that of its affiliates or subsidiaries, and may charge its ordinary and customary fees for such trades, including cash sweep account fees. In the absence of investment instructions from the Authorized Respondent Representative (as defined below), the Escrow Agent shall not be responsible or liable for keeping the moneys held by it hereunder fully invested in Eligible Investments. The "Authorized Respondent Representatives" are set forth on the signature page hereto. Any interest or other earnings on the Funds shall become part of the Cash Deposit and shall be disbursed in accordance with the provisions of this Escrow Agreement. The Escrow Agent will provide monthly statements to the Borough and the Respondent that will show accrued interest along with any deposits and withdrawals from the Escrow Account. It is further understood and agreed by all parties hereto that the Borough is not responsible in any way for the investments by the Escrow Agent of the Cash Deposit or the investment earnings thereon, nor is the Borough responsible for the actions of the Escrow Agent.

**Section 4.** The Funds shall at all times be held in a separate account by the Escrow Agent and shall be disbursed only pursuant to the terms and conditions of Section 5 below.

**Section 5.** The Escrow Agent shall, as soon as practicable, but no sooner than 5:00 p.m. Eastern Time on December 12, 2016, liquidate all applicable investments and pay to the Respondent (as directed in writing by the Respondent) all Funds in the Escrow Account upon the occurrence of any one of the following conditions: (i) upon receipt of a statement signed by the Borough Authorized Representative (as defined below) addressed to the Respondent and the Escrow Agent to the effect that the Respondent *has not* been selected as the potential Purchaser of the Assets; or (ii) upon receipt of a statement signed by the Borough Authorized Representative at any time, and addressed to the Respondent and the Escrow Agent, to the effect that the Respondent did not tender a bid by 2:00 p.m. Eastern Time on October 28, 2016 (which statement the Borough Authorized Representative (as defined below) shall be required to deliver promptly after such date and time); or (iii) upon the failure of the Borough Authorized Representative to provide by 5:00 p.m. Eastern Time on December 22, 2016, or such later time as may be determined by mutual consent of both the Borough Authorized Representative and the Respondent (the "Escrow Deadline"), a statement signed by the Borough Authorized Representative addressed to the Escrow Agent that any entity has been selected as the potential Purchaser for the Assets pursuant to the Bid Documents. The "Borough Authorized Representative" is the Borough Manager.

The Escrow Agent shall (as directed in writing by the Borough Authorized Representative), liquidate all applicable investments and pay to the Borough all Funds in the Escrow Account upon the occurrence of any one of the following conditions: (a) upon receipt of a statement, in a form substantially similar to that attached hereto as Schedule 5 (a "Borough Statement"), signed by the Borough Authorized Representative directing disbursement to the Borough of the Funds in accordance with the applicable terms or provisions of the Bid Documents; or (b) upon receipt of a statement signed by the Borough Authorized Representative and signed by an Authorized Respondent Representative that the closing is taking place under the Agreement; or (c) as soon as possible after 5:00 p.m. Eastern Time on the Offer Termination Date (the "Closing Escrow Deadline").

Notwithstanding anything in this Escrow Agreement to the contrary, the selection, or the identification in any statement by the Borough of the Respondent or any other entity as the potential Purchaser shall in no way obligate the Borough to enter into any agreement, or close the Purchase transaction, with such potential Purchaser.

If the Borough Authorized Representative and the Respondent mutually consent to extend the Offer Termination Date, the Escrow Deadline or the Closing Escrow Deadline to a date certain (the later of which, the "Extended Escrow Deadline"), the Borough Authorized Representative must provide prompt, but in any event prior to the termination of this Escrow Agreement, notice in writing to the Escrow Agent of such Extended Escrow Deadline, and the term of this Escrow Agreement shall thereby automatically be extended to coincide with the Extended Escrow Deadline.

**Section 6.** All disbursements by the Escrow Agent pursuant to this Escrow Agreement shall be made by wire transfer in immediately available funds to such account or accounts as the party entitled to receive the Funds pursuant to this Escrow Agreement shall designate in writing to the Escrow Agent. The Escrow Agent undertakes to perform such duties and only such duties as are expressly set forth herein, and no implied duties or obligations may be read into this Escrow Agreement other than as may be required by applicable law. The Escrow Agent has not examined and is in no way responsible for the contents of the Bid Documents. By accepting the position of escrow agent hereunder, the Escrow Agent, the Borough, and the Respondent agree that the Escrow Agent's duties and obligations are solely those set forth in this Escrow Agreement other than as may be required by applicable law.

**Section 7.** The Escrow Agent shall be responsible, in fulfilling its duties under this Escrow Agreement, to a standard of care that could fairly be attributable to an experienced corporate escrow agent. The Escrow Agent shall have only those duties as are specifically provided herein, which shall be deemed purely ministerial in nature. This Escrow Agreement sets forth all matters pertinent to the escrow contemplated hereunder, and no additional obligations of the Escrow Agent shall be inferred from the terms of this Escrow Agreement or any other agreement. In no event shall the Escrow Agent be liable, directly or indirectly, for any (i) damages or expenses arising out of the services provided hereunder, other than damages which result from the Escrow Agent's failure to act in accordance with the standards set forth in this agreement, or (ii) special, punitive, remote or speculative damages, even if the Escrow Agent has been advised of the possibility of such damages, except in cases of its gross negligence, fraud,

bad faith or willful misconduct. This Escrow Agreement and all information received by the Escrow Agent is sensitive (in that it pertains to information which may be pertinent to public bidding), is confidential and may not be disclosed by the Escrow Agent to any third party without the express written permission of the Borough Authorized Representative and the Respondent, except as set forth in this Section 7. To the extent that the Escrow Agent deems it necessary in the carrying out of its duties to consult with its outside counsel, such outside counsel shall be informed by the Escrow Agent of the confidentiality of such information and directed to keep it confidential pursuant to the terms of this Section 7. In the event the Escrow Agent is presented with a request or demand for information or documents by any court or other administrative or governmental agency regarding this Escrow Agreement or any information or documents related thereto that may be known to the Escrow Agent or be in its possession, the Escrow Agent shall immediately give notice to the Borough and the Respondent, and the Borough and the Respondent shall each have the opportunity to contest such request, demand or process by any means available to them before such information or documents are released or communicated by the Escrow Agent; *provided, however*, that the Escrow Agent shall not be obligated to withhold such release beyond that time as may be ordered by the court or agency, unless the demand or request is quashed or the time to produce it otherwise extended. Such confidentiality provisions shall survive the termination of this Escrow Agreement and any breach thereof may subject the Escrow Agent or its agents, attorneys, custodians or nominees (collectively, "Agents") to liability. The Escrow Agent has the right to perform any of its duties hereunder through the Agents appointed by it with due care, so long as such Agents are informed of the confidentiality obligations of the Escrow Agent imposed by this Escrow Agreement and agree to abide by such obligations.

**Section 8.** Except as to matters covered in Section 7, to the fullest extent permitted by law, the Escrow Agent shall not be liable for any action taken by it without gross negligence, willful misconduct or fraud, and in good faith, and believed by it to be authorized or within the rights or powers conferred upon it by this Escrow Agreement, and may consult with legal counsel of its own choice (whether specially retained or regularly employed) and shall have full and complete authorization and protection for any action so taken or suffered by it in accordance with the terms of this Escrow Agreement, upon such advice of such counsel. The Respondent shall be liable for and shall reimburse and indemnify the Escrow Agent and hold the Escrow Agent harmless from and against any and all claims, losses, liabilities, costs, damages or expenses (including reasonable out-of-pocket attorney's fees and expenses) (collectively, "Losses") arising from or in connection with or related to this Escrow Agreement or being Escrow Agent hereunder (including Losses incurred by Escrow Agent in connection with its successful defense, in whole or in part, of any claim of or based on gross negligence, fraud, bad faith or willful misconduct on its part); *provided* that nothing contained herein shall require Escrow Agent to be indemnified for Losses caused by its gross negligence, fraud, bad faith or willful misconduct. The terms of this indemnification shall survive the termination of the Escrow Agreement and the resignation or removal of the Escrow Agent.

**Section 9.** The Escrow Agent shall charge the escrow fees pursuant to its schedule of fees attached as Schedule 1. The full amount of the Initial Escrow Agent Fee and the full amount of one year's Annual Escrow Agent Fee shall be payable by the Respondent to Escrow Agent at as set forth on such Schedule 1. Except as otherwise expressly provided in this Escrow

Agreement, each party hereto shall be responsible for its own costs and expenses incurred in connection with performing and observing its obligations and covenants under this Escrow Agreement.

**Section 10.** The Escrow Agent may rely and shall be protected in acting or refraining from acting upon any written notice, instruction or request furnished to it hereunder and reasonably believed by it to be genuine and to have been signed or presented by the proper party or parties. The Escrow Agent shall not be entitled to any portion of the Funds in the Escrow Account under any circumstances except as provided herein. The Borough hereby agrees that any actions taken by the Borough Authorized Representative with respect to the Funds in the Escrow Account shall be consistent with the Bid Documents.

**Section 11.** Neither the Respondent nor the Borough hereto shall have any right, title or interest in or possession of the Funds except as specifically provided in this Escrow Agreement and shall not have the ability to pledge, convey, hypothecate or grant as security the Funds unless and until such Funds have been paid or are required to be paid to such party or parties pursuant hereto. Accordingly, the Escrow Agent shall be in sole possession of the Funds and will not act as custodian of any of the parties under this Escrow Agreement for the purposes of perfecting a security interest therein, and no creditor of any party hereto shall have any right to have or to hold the Funds as collateral for any obligation and shall not be able to obtain a security interest in any assets (tangible or intangible) contained in or relating to the Funds.

**Section 12.** There shall not be any, and the Escrow Agent shall not be bound by any, amendment, modification, cancellation or rescission of this Escrow Agreement unless the same shall be in writing and signed by the Escrow Agent, the Borough and the Respondent. Any waiver of, or consent to depart from, the requirements of any provision of this Escrow Agreement shall be effective only if it is in writing and signed by (i) the Borough on behalf of the Borough, (ii) the Escrow Agent on behalf of the Escrow Agent or (iii) the Respondent on behalf of the Respondent, and only in the specific instance and for the specific purpose for which it has been given. No failure on the part of any party hereto to exercise, and no delay in exercising, any right under this Escrow Agreement shall operate as a waiver of such right. No single or partial exercise of any such right shall preclude any other or further exercise of such right or the exercise of any other right.

**Section 13.** All notices hereunder shall be in writing and personally delivered, sent by a nationally recognized overnight delivery service, postage prepaid, sent via United States certified mail, return receipt requested, postage prepaid, or sent by PDF or other electronic attachment via email, and addressed to the applicable party at its address in this Escrow Agreement, or at such other address as any party, by written notice in the manner specified in this Section to the other parties, may designate from time to time. All such notices shall be deemed to have been given and received upon receipt of the notice as an attachment via email and one of the following: (i) upon receipt (or refusal of receipt) if given in person or personally delivered by courier, (ii) two business days after being sent by a nationally recognized overnight delivery service with postage prepaid, (iii) five business days after being sent in the United States mail, certified, return receipt requested with postage prepaid, or (iv) upon acknowledgement of receipt by the receiving party in writing (including acknowledgment by confirmatory email from the receiving party) to the

sending party. Copies of any notice may be sent by facsimile or by PDF or other electronic attachment via email, but such notice shall not be deemed to have been given unless also validly given and received as specified in the immediately preceding sentence.

If to the Escrow Agent:

BB&T  
223 West Nash Street  
Wilson, NC 27893  
Attn: Ms. Marsha Hart  
Phone: 252 246-2126  
Fax: 252 246-4303  
Email: mrhart@bbandt.com

If to the Borough:

The Borough of Phoenixville  
351 Bridge St.  
Phoenixville, PA 19460  
Attn: Monica A. Koza-Lubinsky  
Phone: 610-933-8801  
Email: mlubinsky@phoenixville.org

and:

E. Jean Krack, Borough Manager  
Borough of Phoenixville  
351 Bridge Street, Second Floor  
Phoenixville, PA 19460  
ejkrack@phoenixville.org  
(610) 933-8801

If to the Respondent: As set forth on the signature page hereto.

Notwithstanding anything herein to the contrary, the Escrow Agent agrees to accept and act upon instructions or directions pursuant to this Escrow Agreement sent by facsimile transmission or by PDF or other electronic attachment via email; *provided, however*, that each of the parties hereto desiring to provide any directions or instructions by facsimile or via email shall provide to the Escrow Agent an executed incumbency certificate in the form attached hereto as Schedule 6 listing the names, titles, email addresses and telephone numbers of the persons with authority to act hereunder, which incumbency certificate shall be amended and restated and re-executed whenever such party determines to add or a delete a person from the listing. If the Respondent or the Borough elects to give the Escrow Agent instructions or directions by facsimile or via email, and the Escrow Agent acts upon such instructions or directions, the Escrow Agent's understanding of such instructions and directions shall be deemed controlling; *provided* that such instructions or directions are consistent with the applicable provisions of this Escrow Agreement.



The Escrow Agent shall not be liable for any losses, costs or expenses arising, directly or indirectly, from the Escrow Agent's reliance upon and compliance with such instructions or directions notwithstanding whether such instructions or directions conflict or are inconsistent with a subsequent written instruction, other than any losses which result from the Escrow Agent's gross negligence, fraud, bad faith or willful misconduct; *provided* that the instructions or directions being complied with are consistent with the applicable provisions of this Escrow Agreement. The Respondent and the Borough agree to assume all risks arising out of the use of the foregoing electronic methods to submit instructions and directions to the Escrow Agent, including without limitation the risk of the Escrow Agent acting on unauthorized instructions, and the risk of interception and misuse by third parties.

**Section 14.** This Escrow Agreement and all rights and obligations of the parties hereto arising out of or relating to this Escrow Agreement or the negotiation, execution or performance hereof, including any tort obligations, are governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania, without giving effect to any conflict or choice of law rule or principle that would result in the imposition of the laws of another jurisdiction. ALL PARTIES HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVE, TO THE EXTENT PERMITTED BY LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LEGAL ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT. Any action or proceeding against any party hereto relating to this Escrow Agreement may be brought and enforced in the federal or state courts in the Commonwealth of Pennsylvania in Chester County, and each of the parties hereto hereby irrevocably submits to the jurisdiction of such courts with regard to any such action or proceeding, and irrevocably waives, to the fullest extent permitted by applicable law, any objection it may have now or hereafter have to the laying of venue of any such action or proceeding in such courts and any claim that any such action or proceeding brought in any such court has been brought in an inconvenient forum.

**Section 15.** No assignment of the interest of any of the parties hereto shall be binding upon the Escrow Agent unless and until written evidence of such assignment in form satisfactory to the Escrow Agent shall be submitted to and accepted by the Escrow Agent and the parties hereto provide their written consent.

**Section 16.** The Escrow Agent reserves the right to resign at any time by giving written notice of resignation, specifying the effective date thereof. Within 30 days after receiving the aforesaid notice, the parties to this Escrow Agreement agree to appoint a successor escrow agent to which the Escrow Agent shall distribute the Funds then held hereunder, less the Escrow Agent's fees hereunder. If a successor escrow agent has not been appointed and has not accepted such appointment by the end of the 30-day period, the Escrow Agent may apply to a court of competent jurisdiction for the appointment of a successor escrow agent, and the costs, expenses and reasonable out-of-pocket attorneys' fees which are incurred in connection with such a proceeding shall be paid, one-half by the Borough and one-half by the Respondent.

Any banking association or corporation into which the Escrow Agent may be merged, converted or with which the Escrow Agent may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Escrow Agent shall be a party, or any banking association or corporation to which all or substantially all of the corporate trust business

of the Escrow Agent shall be transferred, shall succeed to all the Escrow Agent's rights, obligations and immunities hereunder without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

**Section 17.** If any one or more of the covenants or agreements provided in this Escrow Agreement on the part of the Respondent, the Borough or the Escrow Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Escrow Agreement.

**Section 18.** Nothing contained in this Escrow Agreement shall constitute or be deemed to create a partnership, joint venture or principal and agent relationship between or among any of the parties hereto. Except as expressly provided herein to the contrary, no term or provision hereof shall be construed in any way to grant, convey or create any rights or interests to any person or entity not a party to this Escrow Agreement.

**Section 19.** This Escrow Agreement may be executed in any number of counterparts which, taken together, shall constitute one and the same agreement. A signature to this Escrow Agreement delivered by facsimile or email of a PDF document shall be deemed an original signature hereto and such delivery shall be deemed to have the same legal effect as delivery of an original signed copy of this Escrow Agreement.

**Section 20.** Notwithstanding anything to the contrary contained herein, parties hereto hereby acknowledge that, for federal, state and local income tax purposes, any interest, income and gain earned on or derived from the Cash Deposit or the Funds (the "Income") shall be income of the Respondent. All taxes payable on the Income shall be paid by the Respondent, whether or not the Income was distributed by the Escrow Agent during any particular year, as and to the extent required under the provisions of the U.S. Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder (the "Code") and other applicable tax law. The Escrow Agent shall, within the time period required by applicable law, file all required reports required to be filed by the U.S. Internal Revenue Service with respect to all Income hereunder. The Respondent agrees to provide to the Escrow Agent all forms and information necessary to accomplish such reporting or as reasonably requested by the Escrow Agent. The Escrow Agent shall, for each calendar year-end (and fiscal year-end(s) of the Respondent and the Borough) (or portion(s) thereof) that it holds the Escrow Amount, report the Income of the Escrow Amount on IRS Forms 1099 which shall show the Respondent as "payee." On or before the execution and delivery of this Escrow Agreement, the Respondent has provided to the Escrow Agent a properly completed Form W-9. Notwithstanding anything to the contrary herein, the Escrow Agent shall have no duty to prepare or file any other federal or state tax report or return with respect to any funds held pursuant to this Escrow Agreement or any income earned thereon. The Respondent is required to prepare and file any and all income or other tax returns applicable to the Escrowed Funds with all applicable federal, state and local departments of revenue in all years income is earned in any particular tax year as and to the extent required under the provisions of the Code, and other applicable tax law. The Escrow Agent shall have no

responsibility for the preparation or filing of any tax or information return with respect to any transaction, whether or not related to the Agreement, that occurs outside the Escrowed Funds.

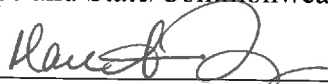
*[signature pages follow]*

IN WITNESS WHEREOF, the parties hereto each has caused this Escrow Agreement to be duly executed as of the date first hereinabove written.

**RESPONDENT:**

Aqua Pennsylvania, Inc.  
(full legal name with applicable entity suffix)

A(n) C-Corporation/Commonwealth of PA  
(entity type and State/Commonwealth of formation)

By: 

Print Name: Marc A. Lucca

Print Title: President

Address for Notices:

Aqua Pennsylvania, Inc.

762 W. Lancaster Avenue

Bryn Mawr, PA 19010

Email: malucca@aquaamerica.com

Facsimile: (610) 645-1172

Phone: (610) 645-1059

Federal Employer ID #: 23-2297407

For purposes of the Agreement, the "Authorized Respondent Representatives" are:

<u>Name(s)</u>	<u>Title(s)</u>
<u>Marc A. Lucca</u>	<u>President</u>
<u>Christopher P. Luning</u>	<u>Sr. Vice President</u>
<u>Daniel J. Schuller</u>	<u>Exec. Vice President</u>

*[Signature Page to Cash Deposit Escrow Agreement]*

IN WITNESS WHEREOF, the parties hereto each has caused this Escrow Agreement to be duly executed as of the date first hereinabove written.

**ESCROW AGENT:**

BB&T

By: \_\_\_\_\_

Name:

Title:

**BOROUGH:**

THE BOROUGH OF PHOENIXVILLE

By:  \_\_\_\_\_

Name: E. Jean Krack

Title: Borough Manager

*[Signature Page to Cash Deposit Escrow Agreement]*

**SCHEDULE 1**

**ESCROW AGENT SCHEDULE OF FEES**

Escrow Agent Fees (per Escrow Account required):

Initial Escrow Agent Fee \$ [     ]  
- Payable by the Respondent at the inception of the  
Escrow Account

Annual Escrow Agent Fee (rate guaranteed for a period of 3 years) \$2,000.00  
- Payable by the Respondent annually in Advance.

Additionally, the Escrow Agent will be reimbursed by the Respondent for those customary out-of-pocket expenses as set forth in the other terms of this Escrow Agreement.

The above fees are contingent on the investment of funds in money market mutual funds of or available to Escrow Agent, including any proprietary fund for which the Escrow Agent or an affiliate is an investment advisor or provides other services to such fund and receives reasonable compensation for such services. Charges for any services not specifically covered in this Schedule will be billed commensurate with the services rendered, with prior written notice to all parties to this Escrow Agreement. In the event that federal, state or local laws and regulations impose new or additional duties on Escrow Agent in the conduct of its business as an escrow agent under this Escrow Agreement, then Escrow Agent may increase its fees and expense reimbursement rates under this Escrow Agreement upon at least 30 days' prior written notice to the parties to the Agreement reasonably in proportion to such new duties. In the event any extraordinary circumstances arise, Escrow Agent reserve the right to renegotiate our fees accordingly with all parties to the Agreement.

**SCHEDULE 2**

**FORM OF CASH DEPOSIT RECEIPT**

[Bank name], as escrow agent (the "Escrow Agent"), hereby confirms receipt of \$ \_\_\_\_\_ on \_\_\_\_\_, 2016 from \_\_\_\_\_ (the "Respondent"), for deposit into the Escrow Account created under the Cash Deposit Escrow Agreement, dated \_\_\_\_\_, 2016 (as such may be amended, the "Escrow Agreement"), by and among the Escrow Agent, the Respondent, and the Borough of Phoenixville, Chester County, Pennsylvania, a political subdivision of the Commonwealth of Pennsylvania organized under the Borough Code, Act 37 of 2014, 8 Pa. Cons. Stat. § 101, which will be held pursuant to the terms of the Escrow Agreement.

[Bank Name]

By: \_\_\_\_\_

Name:

Title:

**SCHEDULE 3**

**FORM OF DEFICIT NOTICE**

Pursuant to Section 2 of the Cash Deposit Escrow Agreement, dated \_\_\_\_\_, 2016 (as such may be amended, the "Escrow Agreement"), by and among [Bank name], as escrow agent (the "Escrow Agent"), \_\_\_\_\_ (the "Respondent"), and the Borough of Phoenixville, Chester County, Pennsylvania (the "Borough"), a political subdivision of the Commonwealth of Pennsylvania organized under the Borough Code, Act 37 of 2014, 8 Pa. Cons. Stat. § 101, the Escrow Agent hereby informs the Respondent and the Borough that there is a deficit of \$ \_\_\_\_\_ (a "Deficit") that has reduced the market value of the Cash Deposit (as defined in the Escrow Agreement) below [ \_\_\_\_\_ ] (the "Benchmark").

Pursuant to Section 2 of the Escrow Agreement, the Respondent has agreed to replenish the Cash Deposit to reach the Benchmark through an additional deposit by 2:00 p.m. Eastern Time on the third business day following receipt (determined pursuant to Section 13 of the Escrow Agreement) by the Respondent of this Deficit Notice.

Sincerely,

[Bank name]

By: \_\_\_\_\_

Name:

Title:



#### SCHEDULE 4

##### ELIGIBLE INVESTMENTS

For purposes of this Escrow Agreement, “Eligible Investments” mean (i) obligations issued by or guaranteed by the United States of America or any agency or instrumentality thereof, (ii) insured certificates of deposit of or interest bearing accounts with national banks or corporations endowed with trust powers, having capital and surplus in excess of \$200,000,000, (iii) commercial paper of finance companies organized under the laws of any state of the United States of America that at the time of investment is rated A-1 by Standard & Poor’s Financial Services LLC (“S&P”) or P-1 by Moody’s Investors Service, Inc. (“Moody’s”), (iv) money market mutual funds that are registered with the U.S. Securities and Exchange Commission under the Investment Company Act of 1940, as amended (the “1940 Act”), and operated in accordance with Rule 2a-7 of the 1940 Act and that at the time of investments are rated AAAm by S&P and/or Aaa by Moody’s, or (v) any other investment mutually agreed upon by the Respondent and the Borough's Authorized Representative as evidenced by a jointly executed writing delivered to the Escrow Agent. Absence of written investment direction, the Escrow Agent will invest in the Funds in the BB&T Trust Deposit Program Product Cusip SA0000560.

**SCHEDULE 5**

**FORM OF BOROUGH STATEMENT**

[Bank name]  
[Bank address]  
Attn: [Bank contact]  
Fax: [                    ]  
Email: [                   ]

Re:     The Borough of Phoenixville Water Asset Sale Cash Deposit Escrow Agreement - Borough Statement of Disbursement

Ladies and Gentlemen:

Pursuant to Section 5(a) of the Cash Deposit Escrow Agreement, dated \_\_\_\_\_, 2016, by and among [Bank name], as escrow agent (the "Escrow Agent"), the Borough of Phoenixville, Chester County, Pennsylvania (the "Borough"), a political subdivision of the Commonwealth of Pennsylvania organized under the Borough Code, Act 37 of 2014, 8 Pa. Cons. Stat. § 101, and \_\_\_\_\_, as amended, modified or supplemented from time to time in accordance with the terms thereof, the undersigned hereby submits, on behalf of the Borough, this Borough Statement directing the Escrow Agent to liquidate all investments in the Escrow Account and pay to the Borough all Funds in the Escrow Account. The Borough represents that its and the Borough Authorized Representative's actions are in keeping with the Bid Documents described in the Escrow Agreement.

The disbursement of Funds should be made to:

Account No.: \_\_\_\_\_

Routing No.: \_\_\_\_\_

Bank: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

Dated: \_\_\_\_\_

THE BOROUGH OF PHOENIXVILLE

By: \_\_\_\_\_

Name: E. Jean Krack  
Title: Borough Manager

SCHEDULE 6

FORM OF INCUMBENCY CERTIFICATE

**TO PERMIT DIRECTIONS AND INSTRUCTIONS BY FACSIMILE OR  
VIA EMAIL UNDER THE CASH DEPOSIT ESCROW AGREEMENT**

Reference is hereby made to the Cash Deposit Escrow Agreement, dated \_\_\_\_\_, 2016, by and among [Bank name], as escrow agent (the "Escrow Agent"), the Borough of Phoenixville, Chester County, Pennsylvania, a political subdivision of the Commonwealth of Pennsylvania organized under the Borough Code, Act 37 of 2014, 8 Pa. Cons. Stat. § 101, and \_\_\_\_\_, as amended from time to time in accordance with the terms thereof (the "Escrow Agreement").

Pursuant to Section 13 of the Escrow Agreement, the undersigned party to the Escrow Agreement desires to provide directions and instructions by facsimile or via email and hereby lists and certifies the names, titles, email addresses and telephone numbers of the persons with authority to act for the undersigned party under the Escrow Agreement. This Incumbency Certificate shall be amended and restated by the undersigned party in the event such party determines to add or a delete a person from the listing below.

<u>Name</u>	<u>Title</u>	<u>Email Address</u>	<u>Telephone No.</u>	<u>Signature</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

\_\_\_\_\_  
*(Escrow Agreement Party Providing this Certificate)*

By: \_\_\_\_\_  
Name:  
Title:



# The Borough of Phoenixville

CHESTER COUNTY, PENNSYLVANIA

351 Bridge Street, 2<sup>nd</sup> Floor, Phoenixville, PA 19460

Phone: (610) 933-8801 Fax: (610) 983-0621

June 12, 2017

Marsha R. Hart, CCTS  
Assistant Vice President  
Branch Banking and Trust Company  
Corporate Trust Services  
Mail Code: 100-01-02-25  
223 West Nash Street, 2nd floor  
Wilson, NC 27893

Dear Ms. Hart:

Please be advised that the Borough of Phoenixville and Aqua Pennsylvania, Inc. entered into an Asset Purchase Agreement effective April 25, 2017. Pursuant to the Asset Purchase Agreement, the Borough of Phoenixville and Aqua Pennsylvania, Inc. mutually agree that the Offer Termination Date must be extended to a date sufficient to allow for disbursement of the escrow funds at Closing of the transaction. Accordingly, the Borough of Phoenixville and Aqua Pennsylvania, Inc. hereby amend the Cash Deposit Escrow Agreement to extend the Offer Termination Date to December 31, 2017.

Sincerely yours,

BOROUGH OF PHOENIXVILLE

By:

James C. Kovaleski,  
Borough Council President

AQUA PENNSYLVANIA, INC.

By:

Marc A. Lucca, President



# The Borough of Phoenixville

CHESTER COUNTY, PENNSYLVANIA

351 Bridge Street, 2<sup>nd</sup> Floor, Phoenixville, PA 19460

Phone: (610) 933-8801 Fax: (610) 983-0621

January 10, 2018

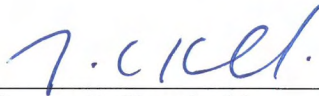
Marsha R. Hart, CCTS  
Assistant Vice President  
Branch Banking and Trust Company  
Corporate Trust Services  
Mail Code: 100-01-02-25  
223 West Nash Street, 2nd floor  
Wilson, NC 27893

Dear Ms. Hart:

Please be advised that the Borough of Phoenixville and Aqua Pennsylvania, Inc. entered into an Asset Purchase Agreement effective April 25, 2017. Pursuant to the Asset Purchase Agreement, the Borough of Phoenixville and Aqua Pennsylvania, Inc. mutually agree that the Offer Termination Date must be extended to a date sufficient to allow for disbursement of the escrow funds at Closing of the transaction. Accordingly, following the Amendment of June 12, 2017, the Borough of Phoenixville and Aqua Pennsylvania, Inc. hereby further amend the Cash Deposit Escrow Agreement to extend the Offer Termination Date to December 31, 2018.

Sincerely yours,

BOROUGH OF PHOENIXVILLE

By:   
James C. Kovaleski,  
Borough Council President

AQUA PENNSYLVANIA, INC.

By:   
Marc A. Lucca, President

Respondent: William C. Packer  
Date: 02/27/2018

**AQUA PENNSYLVANIA, INC.**  
**BUREAU OF TECHNICAL UTILITY SERVICES**  
**WATER/WASTEWATER DIVISION**  
**DOCKET NOS. A-2018-2642837 and A-2018-2642839**

---

A-11 Please estimate the anticipated transfer tax cost Aqua will incur pursuant to Section 2.2 of the Application's APA.

**RESPONSE**

The Company will not know the actual total transfer taxes until Closing, however, the Company estimates transfer taxes will be less than \$1,000.

Respondent: Brian S. Greschover  
Date: 02/27/2018

**AQUA PENNSYLVANIA, INC.**

**BUREAU OF TECHNICAL UTILITY SERVICES**

**WATER/WASTEWATER DIVISION**

**DOCKET NOS. A-2018-2642837 and A-2018-2642839**

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A-12 Please provide an estimate of the costs associated with the installation of the meter pits and meters identified in Section 3 of the Water Supply Agreement provided in the Application's Exhibit G1.

**RESPONSE**

The Company estimates the following costs for meter pit installation.

<b>Area</b>	<b>Improvement</b>	<b>Estimated Cost (year 2018)</b>
Upper Providence	8" Meter Pit & Meter	\$100,000
Upper Providence	16" Meter Pit & Meter	\$160,000
East Pikeland	12" Meter Pit & Meter	\$130,000

The above estimates do not include acquisition of easements if necessary to locate meter pits.

Respondent: Thomas F. Rafferty  
Date: 02/27/2018

**AQUA PENNSYLVANIA, INC.**  
**BUREAU OF TECHNICAL UTILITY SERVICES**  
**WATER/WASTEWATER DIVISION**  
**DOCKET NOS. A-2018-2642837 and A-2018-2642839**

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A-13 Please clarify if Aqua will retain ownership of the meter pits to be installed as per Section 3 of the Water Supply Agreement provided in the Application's Exhibit G1.

**RESPONSE**

Aqua will retain ownership of the meter pits installed per Section 3 of the Water Supply Agreement provided in the Application's Exhibit G1.



Respondent: E. Jean Krack  
Borough Manager, Borough of Phoenixville  
Date: 02/27/2018

**AQUA PENNSYLVANIA, INC.**

**BUREAU OF TECHNICAL UTILITY SERVICES**

**WATER/WASTEWATER DIVISION**

**DOCKET NOS. A-2018-2642837 and A-2018-2642839**

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A-16 Please provide a recent Phoenixville water bill for the following customer classifications located outside of the borough:

1. A residential customer.
2. A commercial or industrial customer.
3. An interconnect with PAWC.

**RESPONSE**

See Attachment A-16. Please note that under its PUC-approved tariff, the Borough charges uniform rates for all outside customer classes.

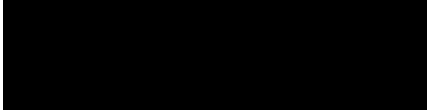






Borough of Phoenixville  
 351 Bridge Street, Second Floor  
 Phoenixville, Pennsylvania 19460-3457

**OFFICE HOURS:**  
 MON-FRI (Except Holidays)  
 8:00 AM - 4:30 PM

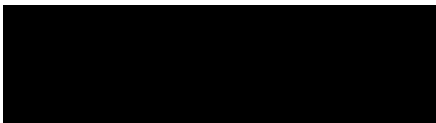


<b>SERVICE LOCATION:</b> [REDACTED]			
Account #	# of Trash Units	Bill Date	Due Date
9165.01		12/31/2017	01/22/2018

CURRENT CHARGES									
Meter ID	Previous		Current		Usage (1000 gal)	Water	Waste Water	Trash	Current Charges
	Date	Reading	Date	Reading					
05474179	11/13/2017	506600000	12/11/2017	508400000	1,800,000				
06599802	11/13/2017	838700000	12/11/2017	851600000	1,290,000				
Total Usage					3,090,000	\$7,112.85			7,112.85
ADMINISTRATIVE FEE						\$283.34			283.34
INFRASTRUCTURE FEE									\$ .00
PENALTY AND INTEREST						\$ .00		\$ .00	\$ .00
COST AND FEES						\$ .00			\$ .00
TOTAL CURRENT CHARGES								\$7,396.19	
PREVIOUS CHARGES								\$7,396.19 CR	
TOTAL								\$7,396.19	
SEE BILLING INFORMATION ON REVERSE SIDE									
FOR BILLING INQUIRES, PLEASE CALL: 610-933-8801 EXT 214									
						AMOUNT DUE ON OR BEFORE 01/22/2018			
						TO MAKE PAYMENT CALL: 610-933-8801 EXT 210			

PLEASE DETACH AND RETURN BOTTOM PORTION WITH PAYMENT

Borough Of Phoenixville  
 Borough Hall 351 Bridge Street  
 Phoenixville, Pennsylvania, 19460-3457



BILL DATE	ACCOUNT NUMBER
12/31/2017	9165.01
DUE DATE	
01/22/2018	AMOUNT ENCLOSED
AMOUNT DUE	
\$7,396.19	

Make Checks Payable to:  
 Borough of Phoenixville Water Sewer Trash  
 P.O BOX 37829  
 Baltimore, MD 21297-7829

Respondent: Thomas F. Rafferty  
Date: 02/27/2018

**AQUA PENNSYLVANIA, INC.**

**BUREAU OF TECHNICAL UTILITY SERVICES**

**WATER/WASTEWATER DIVISION**

**DOCKET NOS. A-2018-2642837 and A-2018-2642839**

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A-17 Please explain how customers will be transitioned from Phoenixville to Aqua as their public water supplier and provide a copy of a draft customer notice.

**RESPONSE**

Prior to Closing, Phoenixville will supply customer information which Aqua will load into its customer service information system. The former Phoenixville customers then will have service initiated in the customer service information system when Aqua initiates service in its name after Closing. Aqua will thereafter provide operations and maintenance service along with customer service and other necessary services to the former Phoenixville customers. Customers will be notified of transitioning to Aqua service through a welcome letter and welcome kit that the Company will distribute soon after Closing. The Company does not have a draft notice to Phoenixville customers at this time.

Respondent: William C. Packer  
Date: 02/27/2018

**AQUA PENNSYLVANIA, INC.**

**BUREAU OF TECHNICAL UTILITY SERVICES**

**WATER/WASTEWATER DIVISION**

**DOCKET NOS. A-2018-2642837 and A-2018-2642839**

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A-18 Please explain how the Application's proposed transaction is in the public interest.

**RESPONSE**

The proposed transaction is in the public interest because Aqua will expand its service territory to additional customers in compliance with Commission regulations. Economies of scale of an expanded customer base has a beneficial effect on existing customers. Aqua, moreover, will be meeting the needs of new customers without any detriment to its existing customers. The transaction also continues to fulfill the Commission's goals as stated in its policy statements in 52 Pa. Code §§ 69.701, 69.711, and 69.721. The Commission has long supported the consolidation and regionalization of water and wastewater systems in Pennsylvania. The Commission has stated that through consolidation/regionalization it will likely improve the overall long-term viability of the water and wastewater industry. This transaction will further reduce the number of Commission regulated entities by allowing Aqua to provide service to the customers outside the Borough's municipal boundaries. Further, these types of acquisitions will enhance the quality of ratepayers' daily lives, promote community and economic development and provide environmental enhancements. The proposed transaction also is consistent with the Order entered May 19, 2015 at Docket No. P-2013-2389321 as explained in paragraph 7 of the Joint Application.

## VERIFICATION

I, William C. Packer, Vice President – Controller of Aqua Pennsylvania, Inc., hereby state that the facts set forth in my responses to the Bureau of Technical Utility Services Data Request 1 are true and correct to the best of my knowledge, information and belief and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities).



---

William C. Packer  
Vice President - Controller  
Aqua Pennsylvania, Inc.

Dated: February 27, 2018

## VERIFICATION

I, Thomas F. Rafferty, Director of Corporate Development of Aqua Pennsylvania, Inc., hereby state that the facts set forth in my responses to the Bureau of Technical Utility Services Data Request 1 are true and correct to the best of my knowledge, information and belief and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities).

  
\_\_\_\_\_  
Thomas F. Rafferty  
Director of Corporate Development  
Aqua Pennsylvania, Inc.

Dated: February 27, 2018



## VERIFICATION

I, Brian S. Gresehover, Project Engineer III of Aqua Pennsylvania, Inc., hereby state that the facts set forth in my responses to the Bureau of Technical Utility Services Data Request 1 are true and correct to the best of my knowledge, information and belief and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities).



Brian S. Gresehover  
Project Engineer III  
Aqua Pennsylvania, Inc.

Dated: February 27, 2018