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EXHIBIT U

TESTIMONY OF WILLIAM C. PACKER

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**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**AQUA PENNSYLVANIA WASTEWATER, INC.**

**DOCKET NO. A-2019-3009052**

**AQUA STATEMENT NO. 1**

**DIRECT TESTIMONY OF  
WILLIAM C. PACKER**

**With Regard To  
A General Overview of the Transaction  
Financial and Legal Fitness of APW  
Public Benefits of the Transaction  
Section 1329**

**July 30, 2019**

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1   **I.    INTRODUCTION**

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

3   A.    My name is William C. Packer. My business address is 762 West Lancaster Avenue,  
4        Bryn Mawr, Pennsylvania 19010.

5  
6   **Q.    By whom are you employed and in what capacity?**

7   A.    I am employed by Aqua Pennsylvania, Inc. (“Aqua PA”), as Vice President – Controller  
8        and I also oversee certain financial operations for Aqua America, Inc. (“Aqua America”)  
9        and its subsidiary Aqua New Jersey, Inc. (“Aqua NJ”). Aqua PA is the parent company  
10       to Aqua Pennsylvania Wastewater, Inc. (“APW” or the “Company”).

11  
12   **Q.    Please provide a brief description of your education and work experience.**

13   A.    I graduated from Richard Stockton College of New Jersey in 1998 with a Bachelor of  
14        Science degree in Business Studies with a concentration in Accounting. In 1998, I joined  
15        GE Capital Mortgage Services Inc. as a Staff Accountant. In September 1999, I joined  
16        New Jersey American Water Company (“American”) as a General Staff Accountant  
17        responsible for financial statement preparation, account reconciliation, financial support  
18        for rate cases, and account analysis. In September 2001, I was transferred to American’s  
19        Service Company, in its Shared Services operation located in Mt. Laurel, New Jersey. I  
20        was employed there for four years in several roles, including Senior Fixed Assets/Job  
21        Cost Accountant, Financial Support Analyst, and Accounting Supervisor Fixed Assets.  
22        At American, I had the opportunity to support the rate-making process by working

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1 closely with operating subsidiaries in 23 states, preparing schedules and answering  
2 interrogatories.

3 In March 2005, I joined Aqua New Jersey, Inc., where I served as Assistant  
4 Controller until December 2006, when I transferred to Aqua America, Inc. In July 2008,  
5 I was promoted to the position of Mid-Atlantic Manager of Rates. In April 2011, I  
6 became the Manager of Rates and Planning – Northeast Divisions. I was promoted to  
7 Regional Controller for Aqua PA and Aqua NJ subsidiaries in October 2012. In April  
8 2017, I was promoted to my current position of Vice President – Controller of Aqua PA.

9 In addition to my corporate experience, I served three terms as a Councilman in  
10 the Borough of Woodbury Heights, New Jersey. In that role, I served as the Chairman of  
11 the Finance, Administration, and Personnel committee; in addition, I served as a member  
12 of the Public Safety and Streets/Roads committees.

13 I was elected as Mayor of the Borough of Woodbury Heights in November of  
14 2018 and was sworn in on January 5, 2019. The Borough of Woodbury Heights is one of  
15 565 municipalities in New Jersey and has a population of approximately 3,000 residents.

16  
17 **Q. Have you testified before this Commission before?**

18 A. Yes, I have testified in several proceedings before the Pennsylvania Public Utility  
19 Commission (“PUC” or the “Commission”), including Aqua PA’s petition to charge a  
20 7.5% Distribution System Improvement Charge (“DSIC”) at Docket R-2008-2079310,  
21 Aqua PA’s last three rate cases at Docket Nos. R-2009-2132019, R-2011-2267958, R-  
22 2018-3003558, and APW’s four previous Section 1329 proceedings in Docket Nos. A-  
23 2016-2580061, A-2017-2605434, A-2018-3001582, and A-2019-3008491.

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

A. The purpose of my testimony is as follows: (1) to provide a general overview of APW; (2) to provide a general overview of the proposed transaction (“Proposed Transaction”) between APW and East Norriton Township; (3) to describe APW’s technical, legal, and financial fitness to own and operate the system; and (4) to explain the benefits of the proposed transaction.

**Q. Are you sponsoring any Exhibits with your testimony?**

A. Yes. Attached to my testimony as Appendix A is a schedule showing the revenue deficiency and overall impact on customers.

**Q. Are there any other witnesses submitting testimony with this application?**

A. Yes, APW is submitting the following statements in support of the Application:

- Aqua Statement No. 2 – Direct Testimony of Mark J. Bubel, Sr. Mr. Bubel will be providing testimony regarding the specifics of the system being acquired from an operations/engineering perspective.
- Aqua Statement No. 3 – Direct Testimony of Robert R. Hart. Mr. Hart will be providing testimony regarding the background of the Proposed Transaction from East Norriton Township’s perspective and benefits of the Proposed Transaction.
- Aqua Statement No. 4 – Direct Testimony of Harold Walker III. Mr. Walker will provide testimony regarding the appraisal conducted on behalf of the Company.

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- 1           • Aqua Statement No. 5 – Direct Testimony of Jerome C. Weinert. Mr. Weinert  
2           will provide testimony regarding the appraisal conducted on behalf of East  
3           Norriton Township.

4

5 **Q. Has the Company filed an application with the Pennsylvania Public Utility**  
6 **Commission (“PUC” or the “Commission”) for regulatory approval to acquire the**  
7 **wastewater system assets of the East Norriton Township (“East Norriton” or the**  
8 **“Township”) Sanitary Wastewater Collection System (“East Norriton Wastewater”**  
9 **or the “System”)?**

10 A. Yes. APW filed its Application on July 30, 2019.

11

12 **Q. What is APW seeking in its application?**

13 A. There are three requests. First, APW is requesting approval of the acquisition under  
14 Section 1102, 66 Pa. C.S. § 1102, similar to many requests that come before the  
15 Commission. Second, pursuant to Act 12 of 2016 (“Act 12” or the “Act”), 66 Pa. C.S. §  
16 1329, APW is seeking to utilize fair market value for the determination of the ratemaking  
17 rate base of East Norriton Wastewater. Third, APW is requesting that the Commission  
18 approve, if necessary, its acquisition agreement with East Norriton Township and the  
19 assignment of seven contracts with municipalities under Section 507, 66 Pa. C.S. § 507.

20

21 **Q. What does Section 1329 require to be included in the application?**

22 A. Section 1329 requires that the application include (1) copies of the two appraisals, (2) the  
23 purchase price, (3) ratemaking rate base, (4) transaction and closing costs, and (5) the

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1 proposed tariff. A rate stabilization plan could also be required if it is applicable to the  
2 transaction.

3  
4 **Q. Can you generally opine on the purpose of Section 1329 and the Commission’s**  
5 **view?**

6 A. Yes, as stated by the Commission, “Section 1329 works to: (1) provide certainty as to the  
7 value of acquired utility property; (2) remove regulatory barriers to the prudent sale of  
8 public water and wastewater assets; (3) protect a Seller from having to offer public assets  
9 for sale at below-market rates; and (4) allow a Buyer to recover market-based investment  
10 in those public assets through regulated rates.”<sup>1</sup> I also agree with the Commission that  
11 Section 1329 “encourages a realistic approach to the sale of public assets based upon the  
12 fair market value of those assets.”<sup>2</sup> Moreover, as further explained by the Commission:

13 Section 1329 recognizes that no reasoned argument would propose  
14 that these public assets are of marginal value simply because the book value  
15 and the Commission’s traditional rate setting methodology dictate as much.  
16 Rather, the valuation methods of Section 1329 provide municipalities and  
17 authorities with a wholistic recognition of the fair market value of the public  
18 assets they seek to sell based on a balancing of accepted business valuation  
19 principles, specifically, the cost, market, and income approaches. 66 Pa.  
20 C.S. § 1329(a). Thus, for sale purposes, Section 1329 works to value the  
21 public assets as the businesses they are as opposed to what their value might  
22 be under regulatory accounting for depreciated utility assets.<sup>3</sup>

23 ...  
24  
25

26 Section 1329 enables a Seller to price its public assets at a market  
27 value based on reasonable business valuation principles and enables a Buyer  
28 to recover its investment in those public assets at that market-based value.<sup>4</sup>  
29

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<sup>1</sup> *Implementation of Section 1329 of the Public Utility Code*, Docket No. M-2016-2543193 Tentative Supplemental Implementation Order at 4 (Sep. 20, 2018) (hereinafter “TSIO”).

<sup>2</sup> TSIO at 7.

<sup>3</sup> TSIO at 6.

<sup>4</sup> TSIO at 7.



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1 **Q. What does the Commission require for the approval of the certificate that utilizes**  
2 **Section 1329?**

3 A. In its Final Implementation Order entered October 27, 2016, in Docket No. M-2016-  
4 2543193 (“Final Implementation Order”), the Commission referenced the checklist in the  
5 Tentative Implementation Order for items to include with the application for it to be  
6 processed in a six-month time frame. This checklist was subsequently updated in March  
7 2017. The Commission released its Final Supplemental Implementation Order on  
8 February 28, 2019 in Docket No. M-2016-2543193, which included an updated checklist,  
9 standard data requests (“SDR”), jurisdictional exceptions, and form testimony for Utility  
10 Valuation Experts (“UVE”). APW has included references with the Checklist indicating  
11 where in the Application the relevant information is located.

12

13 **II. OVERVIEW OF AQUA PA AND APW**

14 **Q. Please provide a general overview of Aqua PA and APW.**

15 A. Aqua PA is the second largest investor owned regulated water/wastewater utility  
16 operating in the Commonwealth of Pennsylvania. Aqua PA provides water and  
17 wastewater utility service to approximately 464,000 customers, consisting of 436,000  
18 water customers and 28,000 wastewater customers. Aqua PA employs approximately  
19 600 highly trained utility professionals to achieve its mission to provide safe, adequate,  
20 and reliable utility service at reasonable rates. In addition, Aqua PA is one of eight  
21 regulated subsidiaries of Aqua America, which brings to bear its own financial, technical,  
22 and managerial resources to assist in our mission.

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1           APW is a subsidiary of Aqua PA and is engaged in the business of collecting,  
2           treating, transporting, and disposing of wastewater for the public. APW provides  
3           wastewater service to approximately 28,000 customers in Adams, Bucks, Carbon,  
4           Chester, Clarion, Clearfield, Delaware, Lackawanna, Luzerne, Monroe, Montgomery,  
5           Pike, Schuylkill, Venango, and Wyoming Counties. APW brings extensive expertise in  
6           providing wastewater service to citizens of Pennsylvania, and currently operates 37  
7           wastewater treatment plants.

8  
9   **Q.   Please provide a description of the Township and East Norriton Wastewater.**

10  A.   The Township owns the assets of the wastewater system that are being purchased by  
11   APW. The Township is a Pennsylvania second-class township. Wastewater utility  
12   service is provided to approximately 4,966 customers. The utility infrastructure being  
13   acquired includes, but is not limited to, collection and conveyance assets, pumping  
14   stations, manholes, and land and land rights. Please see Aqua Statement No. 3, Direct  
15   Testimony of Robert R. Hart, for a further description of the Township.

16  
17  **Q.   Please provide an overview of the proposed Transaction.**

18  A.   APW responded to a request for bids by the Township and was ultimately chosen as the  
19   successful bidder. After arms-length negotiations between APW and the Township, the  
20   Asset Purchase Agreement (“APA”) was signed and executed on October 29, 2018  
21   providing for the sale of the assets, properties and rights of the wastewater system. The  
22   purchase price totaled \$21 million. According to the APA, the acquired customers will

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1 be charged the existing rates of the seller upon closing. APW's tariff rules and  
2 regulations will apply following closing.

3

4 **III. FITNESS**

5 **Q. Please describe how the Company is legally fit to own and operate the system.**

6 A. APW is a public utility operating under Commission granted certificates of public  
7 convenience. There are no pending legal proceedings challenging APW's ability to  
8 provide safe and adequate service to customers.

9

10 **Q. Please describe how the Company is financially fit to own and operate the system.**

11 A. As I mentioned in my overview, Aqua PA, as parent company to APW, is a Class A  
12 water utility in the Commonwealth and the largest subsidiary of Aqua America, with total  
13 utility plant assets of \$4.3 billion and annual revenues of \$438 million in 2018. Aqua PA  
14 had operating income of approximately \$232 million and net income of \$181 million.  
15 Aqua PA's cash flows from operations equaled approximately \$270 million. APW is a  
16 Class A wastewater utility in the Commonwealth, with total utility plant assets of \$252  
17 million and annual revenues of \$15 million. Aqua PA has an A+ rating from Standard  
18 and Poor's Rating Service and has approximately \$1.486 billion in outstanding long-term  
19 debt at a weighted average interest rate of approximately 4.4%. Aqua PA also utilizes  
20 low-cost long-term debt financing instruments through the Pennsylvania Infrastructure  
21 Investment Authority ("Pennvest"), representing about 2% of Aqua PA's total debt  
22 portfolio. In addition to Aqua PA's access to long-term debt, Aqua PA has its short-term  
23 credit facility of \$100 million and has access to equity capital as a subsidiary of Aqua

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1 America. APW, as a subsidiary of Aqua PA, has access to all of Aqua PA's financing  
2 capabilities.

3

4 **IV. FUNDING**

5 **Q. Please explain how APW plans to fund the Transaction.**

6 A. This Transaction will be funded using existing short-term credit lines. The short-term  
7 credit funding will be converted to a mix of long-term debt and equity capital shortly  
8 after closing.

9

10 **Q. Do you anticipate the Transaction will affect Aqua PA's corporate credit rating?**

11 A. No. The Company does not anticipate that the Transaction will affect Aqua PA's  
12 corporate credit rating.

13

14 **V. APA RATE PROVISIONS AND RATE STABILIZATION PLAN**

15 **Q. Please explain the rate provisions in paragraph 7.03 of the APA.**

16 A. Under the provisions of Paragraph 7.03 of the APA, as of the day of closing, the  
17 Company will charge the same rates as those previously charged by the Township,  
18 inclusive of any Commission permitted or required surcharges or pass through costs. The  
19 base rates shall not be increased until after the second anniversary of the Closing Date.

20

21 **Q. What is a rate stabilization plan?**

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1 A. A rate stabilization plan is defined in Section 1329(g), 66 Pa. C.S. § 1329(g), as a plan  
2 that will hold rates constant or phase rates in over a period of time after the next base rate  
3 case.

4  
5 **Q. Does the Application include a rate stabilization plan?**

6 A. No.

7  
8 **Q. Does the Application include a proposed tariff that includes language that would  
9 constitute a rate stabilization plan?**

10 A. No. The Company is proposing to implement the System's current rates. There is no  
11 language in the proposed tariff requesting that rates be held constant or phased in over a  
12 period of time after the next rate case. The rate commitment in Section 7.03 of the APA  
13 does not constitute a rate stabilization plan.

14  
15 **Q. Are you requesting the implementation of a DSIC for Township customers at this  
16 time?**

17 A. No. Following closing, APW intends to amend its Long-Term Infrastructure  
18 Improvement Plan ("LTIIP") to include East Norriton in the LTIIP and file the amended  
19 LTIIP with the PUC. The Company will include a request in that filing to initiate the  
20 DSIC to East Norriton customers as permitted by Section 1329.

21  
22 **Q. Please explain how the Company will bill the Township's customers after closing.**

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1 A. Currently, the Township bills their customers on a quarterly basis. The Company will  
2 convert to monthly billing after closing.

3

4 **VI. PUBLIC INTEREST**

5 **Q. Please explain why the proposed transaction is in the public interest?**

6 A. The PUC has a long-standing record of support for consolidation/regionalization of  
7 water/wastewater systems. The PUC understands that in doing so, the utility industry  
8 will have a better chance to realize the benefits of better management practices,  
9 economies of scale, and the resulting greater customer/environmental/economic benefits.  
10 The Commission has previously stated that “acquisitions of smaller systems by larger  
11 more viable systems will likely improve the overall long-term viability of the water and  
12 wastewater industry. Additionally, these types of acquisitions will also enhance the  
13 quality of ratepayers’ daily lives, promote community economic development, and  
14 provide environmental enhancements.”<sup>5</sup> Ultimately, these benefits inure to customers  
15 both existing and acquired. The proposed transaction of East Norriton Wastewater is no  
16 exception to the principles noted in the aforementioned policy statement, and Aqua PA  
17 has successfully acquired numerous water/wastewater utilities in its over 130 years of  
18 operation.

19

20 **Q. Please discuss the Company’s track record of acquiring and improving wastewater**  
21 **systems in the Commonwealth.**

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<sup>5</sup> Pennsylvania Public Utility Commission, Final Policy Statement on Acquisitions of Water and Wastewater Systems, Docket No. M-00051926, Final Order at 18 (Aug. 17, 2006).

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1 A. APW currently provides utility service to approximately 28,000 wastewater customers in  
2 the Commonwealth and has years of experience operating wastewater treatment and  
3 collection systems in a safe, reliable and efficient manner. Moreover, APW has the  
4 managerial, technical, and financial resources to continue to operate, maintain and  
5 improve the East Norriton Wastewater system.

6 APW has acquired 16 wastewater systems over the past 10 years.<sup>6</sup> Many of these  
7 systems required significant investment to correct service and environmental issues.  
8 Other systems did not need substantial capital investment. APW and Aqua PA are  
9 essentially the compilation of smaller systems that have been acquired over the last 130  
10 years and make both utilities what they are today. The inherent diversification of systems  
11 and customers provides a foundation of stability in the day to day, month to month, and  
12 year to year operations of the utility, in that, they are all not requiring major capital  
13 investments at the same time and therefore spreads the financial impacts over the long  
14 term operations of the utility. I would submit that if APW were permitted to acquire only  
15 non-viable systems, rather than a mix of viable and non-viable, this would have a  
16 significant impact on its existing customers' rates and service. Both types of systems,  
17 viable and non-viable, are consistent with the Commission's policy statements regarding  
18 acquisitions. The acquisition of the East Norriton Wastewater system will continue to  
19 address the Commission's supported policy of consolidation and regionalization.

20

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<sup>6</sup> East Bradford, Limerick (2018); Tobyhanna, Avon Grove (2017); Emlenton, Honeycroft (2016); Bunker Hill (2015); Penn Township (2014); Treasure Lake (2013); Sage Hill, Kidder Township, Beech Mountain, Village at Valley Forge (2012); Stony Creek (2010); and Cove Village, Washington Park (2009).

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1   **Q. Did the Commonwealth Court refer to the Commission’s policy of**  
2       **consolidation/regionalization and Aqua’s expertise in system operations and ability**  
3       **to raise capital in its opinion in *McCloskey v. Pa. P.U.C.* addressing Aqua’s**  
4       **transaction with New Garden Township?**

5   A. Yes. Although I am not an attorney, I have read the Court’s Opinion in the McCloskey  
6       case. At the end of Section A of the Opinion, the Court refers to Commission findings  
7       that Aqua, as owner of numerous water and wastewater systems in Southeastern  
8       Pennsylvania, has sufficient expertise to operate a system and ability to raise capital to  
9       support a system and that the Commission has a policy of consolidation and  
10      regionalization that allows for increased maintenance, upgrade and expansion of public  
11      facilities. The Court concludes that the foregoing are reasons of the type that the  
12      Supreme Court in its *Verizon* decision held were sufficient to meet the public benefit  
13      standard and substantial evidence to support the notion that there is a public benefit for  
14      the transaction. This same analysis is sufficient to support the public benefit and  
15      substantial evidence of public benefit in this proceeding.

16  
17   **Q. Will the Township’s customers benefit from the transaction?**

18   A. Yes. The Township’s customers will become part of a larger-scale, efficiently operated,  
19      wastewater utility. The Company has operations in nearby service areas and will be able  
20      to assume the operations of East Norriton Wastewater, fold them into a larger-scale,  
21      efficiently operated wastewater utility that over time will likely yield further operating  
22      efficiencies and improve long-term viability as envisioned in the PUC policy statement.  
23      The acquisition will not have any immediate impact on the rates of either the Township’s



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1 customers or the existing customers of APW. As shown in Appendix A, the Company is  
2 projecting less operating and maintenance costs under the Company's ownership that will  
3 likely be realized through reductions in costs for wastewater treatment, as well as  
4 efficiencies in administrative and general costs, such as insurance, auditing, legal among  
5 others. Lastly, given the fact that there are meaningful investments needed in this  
6 system, as noted in the testimony of Mark J. Bubel, Sr., Aqua Statement No. 2, the  
7 customers of the East Norriton system will benefit greatly from the Company's technical  
8 experience and fitness in deploying resources towards capital improvements.

9  
10 **Q. Will APW's existing customers benefit from the acquisition?**

11 A. Yes. The acquisition of the East Norriton Wastewater system will be an approximate  
12 20% increase in APW's customer base. By virtue of the Company's larger customer  
13 base, future infrastructure investments across the state will be shared at a lower  
14 incremental cost per customer for all of APW's customers.

15 Notably, the East Norriton Wastewater system is being acquired at a lower rate  
16 base per customer at \$4,229, than compared to the Company's existing systems most  
17 recently included in its 2018 Rate Case (Docket No. R-2018-3003561) at approximately  
18 \$7,650. In addition, even after applying the entire revenue deficiency to the current  
19 average monthly bill of a residential customer in East Norriton of approximately \$39 per  
20 month using four thousand gallons the adjusted average bill would increase to  
21 approximately \$52 per month or a 35% increase. This is less than the Company's existing  
22 average wastewater rates included in its most recent rate case at approximately \$68.27.

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1 The fact that both the rate base and rates are less than the Company's current rates  
2 demonstrate that there are economies of scale immediately as a result of this acquisition.

3 I note again that both APW and Aqua PA have developed into the utility they are  
4 today by acquiring and operating smaller and mid-sized systems. This progression has  
5 successfully happened over the last several decades and took the form of both viable and  
6 non-viable systems. Over the long term, this process has benefitted both current  
7 customers, future customers that were acquired, and the Commonwealth.

8

9 **Q. Will acquired customers benefit from enhanced customer service?**

10 A. Yes. Aqua America provides customer service through a toll-free number that customers  
11 can call from 8:00AM-5:00PM EST for regular business. The same customer service  
12 number houses Aqua America's 24/7/365 emergency response. East Norriton customers  
13 can go to Aqua America's website and establish an account to pay their bills online. East  
14 Norriton customers can also sign up for notifications and alerts to be sent to their email  
15 address or phone concerning their service. This service allows customers to stay  
16 informed of events impacting their service.

17

18 **Q. Will the acquired customers benefit from customer billing and payment  
19 protections?**

20 A. Yes. APW has procedures in place under Chapter 14, 66 Pa. C.S. 1401 *et seq.*, that  
21 provide for billing, payment, collection, termination and reconnection of service,  
22 payment arrangements, medical certifications, and formal and informal complaint  
23 procedures. Aqua Services employs customer care teams to help resolve service and

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1 billing issues, and has an established process and procedure for addressing formal and  
2 informal complaints.

3  
4 **Q. In *McCloskey*, the Commonwealth Court concluded that the Commission must**  
5 **address rate impact “in a general fashion” when deciding whether there is**  
6 **substantial public benefit. Please address the rate impact of the transaction.**

7 A. As I previously mentioned, the current average monthly bill of a residential customer in  
8 East Norriton, is approximately \$39 per month using four thousand gallons. As my  
9 calculations in Appendix A demonstrate, by applying 100% of the revenue deficiency to  
10 the existing rates average bill would increase to approximately \$52 per month or a 35%  
11 increase, which is less than the Company’s existing systems included in its most recent  
12 rate case at approximately \$68.27. Again, this system is also being acquired at a rate  
13 base per customer that is less than the Company’s existing systems, which demonstrates  
14 that there are immediate economies of scale brought by this system. Given this fact and  
15 the fact that there are again meaningful future investments needed to address deficiencies  
16 in the system, those future rate impacts could be spread across a broader customer base  
17 thus moderating those future rate increases over time. Yet, while the rates of the East  
18 Norriton system are reasonably expected to increase, either on their own, or whether  
19 acquired by the Company, the fact is that there is more flexibility and opportunity to deal  
20 with those impacts over a much larger customer base. This benefits both existing and  
21 acquired customers alike.

22  
23 **Q. Is the impact on rates outweighed by other positive factors from the transaction?**

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1 A. Yes. While there is an expectation of increased rates as a result of the transaction, this is  
2 not unexpected. The possibility of increased rates is noted by the Commonwealth Court  
3 in *McCloskey*. The positive factors from the transaction outweigh the possibility of  
4 increased rates. These types of transactions further a recognized legislative objective and  
5 are consistent with the Commission’s consolidation/regionalization policy. The  
6 Company’s application demonstrates that there will be both tangible and intangible  
7 positive factors that are likely realized as a result of this transaction, including capital  
8 improvements, expense efficiencies, and economies of scale.

9

10 **VII. SECTION 1329 FAIR MARKET VALUE CONSIDERATIONS**

11 **Q. Is APW proposing that its application be evaluated utilizing the Fair Market Value**  
12 **provisions of Section 1329 of the Public Utility Code?**

13 A. Yes. The Company’s Application has been prepared with this in mind. Specifically, the  
14 Company is requesting that the ratemaking rate base of East Norriton Wastewater be  
15 based on the lesser of the average of the Fair Market Value Appraisals included in the  
16 Application or the purchase price pursuant to Section 1329 of the Public Utility Code.

17

18 **Q. Has APW prepared its application in compliance with the Commission’s Final**  
19 **Implementation Order and Final Supplemental Implementation Order?**

20 A. Yes. APW has complied with all required documentation according to the PUC’s  
21 application checklist including, but not limited to, the Engineering Assessment of Assets,  
22 responses to SDRs, testimony supporting the Application, and two independent Fair  
23 Market Value appraisals.

AQUA PENNSYLVANIA WASTEWATER, INC.  
DIRECT TESTIMONY OF WILLIAM C. PACKER

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**Q. Please provide an overview of the valuation process.**

A. Following the execution of the APA, the Company and the Township agreed to engage Carroll Engineering Corporation to complete the Engineer’s Assessment (**Exhibit D**). Both parties engaged their respective UVEs to perform a Fair Market Value analysis of the system in accordance with the Uniform Standards of Professional Appraisal Practice (“USPAP”), utilizing the cost, market, and income approaches. APW engaged the services of Gannett Fleming Valuation and Rate Consultants, LLC (“Gannett”) and has attached to its Application their Fair Market Value Appraisal as **Exhibit Q**. The Township engaged the services of AUS Consultants, Inc. (“AUS”) and their Fair Market Value Appraisal is attached to the Application as **Exhibit R**. Both firms have been pre-certified as authorized UVEs by the PUC and are on the list of qualified appraisers maintained by the PUC.

**Q. Please describe the conclusions of the two appraisals used to determine the fair market value of the Township’s assets.**

A. The two appraisals used the USPAP employing the cost, market, and income approaches to arrive at the fair market value of the system. The Township sponsored appraisal performed by AUS arrived at a system value of \$25,064,594. The Company sponsored appraisal performed by Gannett arrived at a system value of \$24,284,000. Therefore, the fair market value as defined in Act 12 is the average of these two appraisals which is \$24,674,297.

AQUA PENNSYLVANIA WASTEWATER, INC.  
DIRECT TESTIMONY OF WILLIAM C. PACKER

1   **Q.   Pursuant to Section 1329 of the Public Utility Code, what is the resulting rate base**  
2       **determination for East Norriton Wastewater?**

3   A.   According to Section 1329, the ratemaking rate base is the lesser of either the purchase  
4       price in the APA, which is \$21,000,000, or the fair market value which is \$24,674,297.  
5       In this instance, since the purchase price is lower than the fair market value, the  
6       ratemaking rate base for East Norriton Wastewater is \$21,000,000.

7  
8   **Q.   Please state the total of the UVEs' fees incurred by the Company.**

9   A.   The UVEs' fees for the Company's appraisal received as of the date of the Application  
10       totaled \$42,143. The Company's UVE fees will be included in the transaction and  
11       closing costs of this Proposed Transaction as stated below.

12  
13   **Q.   Please explain whether you believe the UVEs' fees are reasonable?**

14   A.   Based on the scope of work, the methods used as accepted industry practice, and that the  
15       UVEs' fees were less than 5% of the fair market value benchmark noted in the Final  
16       Implementation Order and Final Supplemental Implementation Order, I believe the fees  
17       are reasonable. Per the Final Implementation Order, Final Supplemental Implementation  
18       Order and Checklist, the contract engaging the Company's UVE, Gannett, along with  
19       Gannett's invoices are included as **Exhibit S1**. The contract engaging the Township's  
20       UVE, AUS, along with AUS's invoices are included as **Exhibit S2**.

21  
22   **Q.   Please comment on the transaction and closing costs?**

AQUA PENNSYLVANIA WASTEWATER, INC.  
DIRECT TESTIMONY OF WILLIAM C. PACKER

1 A. The Company anticipates that the transaction and closing costs will be approximately  
2 \$220,000 including the Company's UVE fees. The exact closing costs will be  
3 determined at closing.

4

5 **VIII. CONCLUSION**

6 **Q. Does this conclude your testimony?**

7 Yes it does, however I reserve the right to supplement my testimony as additional issues  
8 and facts arise during the course of this proceeding.

**Aqua Pennsylvania Wastewater, Inc.  
East Norriton Wastewater System**

1.) **East Norriton Wastewater System**

	<u>Year 1</u>	<u>Notes</u>
Revenue	\$ 3,315,000	
O&M	1,800,000	
Depreciation	581,022	***2.72% Composite Depreciation Rate
Taxes Other	89,332	
Income Taxes	\$ 118,664	*****21% Federal & 9.99% State
<b>Operating Income</b>	<b>\$ 725,982</b>	
Rate Base at Fair Market Value	\$ 21,000,000	
Capital Investments (Year 1)	\$ 361,099	
Rate Base (Including Capital Investments less depreciation year 1)	\$ 20,780,077	
Interest Expense ^	434,043	
^ Includes Interest Expense synchronized with rate base		
<b>Required Operating Income (Rate Base x Rate of Return)</b>	<b>\$ 1,532,270</b>	
<b>Operating Income Deficiency</b>	<b>\$ 806,288</b>	
Gross Revenue Conversion Factor	1.432171	
<b>Revenue Deficiency (Excess) \$</b>	<b>\$ 1,155,000</b>	
<b>Revenue Deficiency (Excess) %</b>	<b>34.84%</b>	
<b>Increase applied to Acquired (TWP) customers 100%</b>	<b>\$ 1,155,000</b>	
<b>Increase %</b>	<b>34.84%</b>	
<b>Increase applied to Acquired (TWP) customers 50%</b>	<b>\$ 577,500</b>	
<b>Increase %</b>	<b>17.42%</b>	
<b>Increase applied to Existing (Company Wastewater) customers 50%</b>	<b>\$ 577,500</b>	
<b>Increase %</b>	<b>2.43%</b>	
<b>Increase applied to Existing (Company Water) customers (Act 11)</b>	<b>\$ 1,117,500</b>	
<b>Increase %</b>	<b>0.26%</b>	

	Avg. Usage / Kgal	Estimated Monthly Increase	Estimated Percentage Increase
Impact Existing Customers (TWP) - Residential 100%	4.00	\$ 13.42	34.84%
Impact Existing Customers (TWP) - Commercial 100%	6.75	\$ 19.68	34.84%
Impact Existing Customers (TWP) - Industrial 100%	6.75	\$ 19.68	34.84%
Impact Existing Customers (TWP) - Other 100%	6.67	\$ 11.03	34.84%
Impact Existing Customers (TWP) - Residential 50%	4.00	\$ 6.71	17.42%
Impact Existing Customers (TWP) - Commercial 50%	6.75	\$ 9.84	17.42%
Impact Existing Customers (TWP) - Industrial 50%	6.75	\$ 9.84	17.42%
Impact Existing Customers (TWP) - Other 50%	6.67	\$ 5.52	17.42%
Impact Existing Customers (Company Wastewater) - Residential - 50%	3.02	\$ 1.66	2.43%
Impact Existing Customers (Company Wastewater) - Commercial - 50%	21.94	\$ 5.22	2.43%
Impact Existing Customers (Company Wastewater) - Industrial - 50%	3.20	\$ 1.34	2.43%
Impact Existing Customers (Company Water) - Residential	4.08	\$ 0.17	0.26%
Impact Existing Customers (Company Water) - Commercial	37.05	\$ 1.05	0.26%
Impact Existing Customers (Company Water) - Industrial	211.51	\$ 4.95	0.26%

2.) **Rate of Return**

	<u>Ratio</u>	<u>Cost Rate</u>	<u>WACC</u>
Debt	47.15%	4.43%	2.09%
Equity	52.85%	10.00%	5.29%
	100.00%		7.37%

3.) **Gross Revenue Conversion Factor**

Dollar of Revenue		1.0000
Less: Gross Receipts (Revenue) Tax	0.00%	0.0000
Less: Reg Assessments	0.62%	0.0062
Less: Bad Debts	1.17%	0.0117
State Taxable Income		0.982053
State Income Tax	9.9999%	0.0982
Federal Taxable Income		0.883848772
Federal Tax Rate	21.00%	
Federal Income Tax		0.185608
Net Revenue Dollar		0.69824052992
Gross Revenue Conversion Factor		1.43217123
EFT	28.8999%	



**Aqua Pennsylvania Wastewater, Inc.**  
**Calculation of East Norriton Wastewater - Present Revenues**

	<u>Customers</u>	<u>Minimum Quarterly Bill</u>	<u>Minimum Annual Charges</u>			
Metered Customer	4,719	\$63.25	\$1,193,907			
Flat Rate Customer	228	\$115.60	\$105,427			
Metered Well Customer	10	\$63.25	\$2,530			
Flat Rate Customer (Whitpain)	9	\$95.00	\$3,420			
	<u>4,966</u>		<u>\$1,305,284</u>			
			<u>Total Gallons included in Minimum Charge</u>			
2018 Gallons Billed	<u>Total Gallons</u>	<u>Allowance per Quarter per Customer (gallons)</u>	75,664,000	<u>Billable Gallons</u>	<u>Rate per 1,000 gallons over Allowance</u>	<u>Consumption Annual Charges</u>
	382,959,999	4,000		307,295,999	\$6.54	\$2,009,716
<b>Total Annual Consumption (All Classes) in Gallons =====&gt;</b>			<u><u>6,748</u></u>	<b>Total Annual Revenue =====&gt;</b>		<u><u>\$3,315,000</u></u>

\* Est Based on 2018 Budget

**Average Bill Calc**

	<u>Residential</u>	<u>Commercial/Industrial</u>	<u>Other</u>
Fixed Per Quarter	\$ 63.25	\$ 63.25	\$95.00
Fixed Per month	\$ 21.08	\$ 21.08	\$ 31.67
Avg Consumption Per month	4.00	6.75	-
Min. Per month	(1.33)	(1.33)	(6.67)
Over min. cons	2.67	5.42	-
Rate per 1,000 gallons	\$6.54	\$6.54	\$6.54
Volumetric Charges	\$ 17.44	\$ 35.41	-
<b>Average Bill</b>	<b>\$ 38.52</b>	<b>\$ 56.50</b>	<b>\$ 31.67</b>

**Aqua Pennsylvania Wastewater, Inc.**  
**Calculation of East Norriton Wastewater - O&M Expenses**

**OPERATING AND MAINTENANCE EXPENSES:**

	<b><u>Year 1</u></b>
O&M Labor Exp	\$ 246,460
O&M Employee Benefits	106,450
O&M Purchased Power	122,170
O&M Contract Services/Purchased WW Treatment	1,262,110
O&M OS Maintenance	54,760
O&M Supplies	8,050
<b>Total O&amp;M Expenses =&gt;</b>	<b><u><u>\$ 1,800,000</u></u></b>

***Aqua Pennsylvania Wastewater, Inc.***  
***Calculation of East Norriton Wastewater - Other Taxes***

<u>TAXES OTHER THAN INCOME (PRE-RATE CASE)</u>	<u>Rate</u>	<u>Year 1</u>
Payroll Taxes (FICA, FUTA, SUTA)	8.000%	\$ 19,717
Property Taxes / (Purta)		\$ 46,410
Regulatory Assessments	0.624%	\$ 23,205
<b>Total</b>		<b>\$ 89,332</b>

Docket No. R-2018-3003558

Schedule A-2  
Witness: William C. Packer

**AQUA PENNSYLVANIA, INC.**  
NUMBER OF CUSTOMERS SERVED  
AND WHOSE BILLS WILL BE CHANGED

LINE NO.	CUSTOMER CLASS	SERVED AT 3/31/2017	SERVED AT 3/31/2018	TO BE SERVED AT 3/31/2019	TO BE SERVED AT 3/31/2020	INCREASED BILLS	DECREASED BILLS	UNCHANGED BILLS
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Metered:							
2	Residential	391,514	394,192	395,423	396,654	396,654	-	-
3	Commercial	22,284	22,460	22,598	22,737	22,733	4	-
4	Industrial	781	779	776	773	773	-	-
5	Public	1,254	1,256	1,256	1,256	1,256	-	-
6	Bulk Water							
7	Private Fire Protection	5,197	5,301	5,403	5,504	5,504	-	-
8	Sales to Water Utilities	17	16	16	16	16	-	-
9	Total Metered Customers	421,027	424,004	425,472	426,940	426,936	4	-
10	Other:							
11	Unmetered	903	943	943	943	943	-	-
12	Availability Charge	2,801	2,769	-	-	-	2,769	-
13	Public Fire Protection	263	263	263	263	263	-	-
14	Private Fire Protection	786	779	779	779	779	-	-
15	Total Customers	425,760	428,758	427,457	428,925	428,921	2,773	-

Docket No. R-2018-3003561

Schedule A-2  
Witness: William C. Packer

**AQUA PENNSYLVANIA WASTEWATER, INC.**  
NUMBER OF CUSTOMERS SERVED  
AND WHOSE BILLS WILL BE CHANGED

LINE NO.	CUSTOMER CLASS	SERVED AT 3/31/2017	SERVED AT 3/31/2018	TO BE SERVED AT 3/31/2019	TO BE SERVED AT 3/31/2020	INCREASED BILLS	DECREASED BILLS	UNCHANGED BILLS
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Residential	16,062	17,051	17,051	17,051	16,981	-	70
2	Commercial	1,324	1,469	1,469	1,469	1,427	42	-
3	Industrial	1	1	1	1	1	-	-
4	Public	38	40	40	40	40	-	-
5	Miscellaneous	-	-	-	-	-	-	-
6	Availability Charge	469	446	-	-	-	446	-
7	Total Customers	17,894	19,007	18,561	18,561	18,449	488	70
ADD	Limerick Res				4,882			
	Com				315			
	Ind				-			
	East Bradford Res				1,213			
	Com				33			
	Ind				2			

Wastewater Settlement Revenues => Exhibit 1(b) from 2018/2019 APWW Rate Case =>	\$ 17,920,976
Add East Bradford WW	\$ 1,082,402
Add Limerick WW	\$ 4,771,000
Total Existing Revenues	<u>\$ 23,774,378</u>

Docket No. R-2018-3003558

Water Settlement Revenues => Exhibit 1(b) from 2018/2019 APWW Rate Case =>	\$ 473,763,919
Residential	\$ 307,623,471
Commercial	\$ 111,880,500
Industrial Revenues	\$ 16,462,317
Total Existing Revenues (Res, Com, & Ind classes)	<u>\$ 435,966,388</u>

**AQUA PENNSYLVANIA, INC.**

1-A(a) WATER AND 1-B(b) WASTEWATER REVENUE REQUIREMENT - SUMMARY

	Total Company	Water Operations	Wastewater Operations
Present Rate Revenue	\$ 444,858,981	\$ 431,415,676	\$ 13,443,305
Additional Revenue Requirement	47,002,319	35,263,332	11,738,987
Act 11 Allocation (1)	-	7,261,316	(7,261,316)
Proposed Revenues	<u>\$ 491,861,300</u>	<u>\$ 473,940,324</u>	<u>\$ 17,920,976</u>
Rate Increase/(Decrease) - \$	\$ 47,002,319	\$ 42,524,648	\$ 4,477,671
Rate Increase/(Decrease) - %	10.57%	9.86%	33.31%

**Notes:**  
(1) The allocation between wastewater operations and water operations is achieved by the proposed consolidation of water and wastewater revenue requirements to derive the water and wastewater rates proposed by the Company in this case.

**Aqua Pennsylvania, Inc**  
**Residential Average Monthly Bill Comparison - Wastewater**  
**Docket Nos. A-2018-3004108, A-2018-3004109, R-2018-3003558 and R-2018-3003561**

	<u>Current Division</u>	<u>New Rate Zone</u>	<u>Avg Consumption</u>	<u>Present Rates</u>	<u>Settlement Rates</u>	<u>\$ Change</u>	<u>% Change</u>	<u>Metered Number of Bills</u>	<u>Metered &amp; Unmetered Number of Bills</u>
1	Bridlewood Division	1	4,100	43.04	67.48	24.44	56.79%	3,908	3,908
2	CS Sewer Division (Masthope)	6	1,300	28.99	40.94	11.95	41.22%	15,517	15,578
3	Deerfield Knoll Division	3	3,000	57.87	71.50	13.63	23.55%	1,426	1,426
4	Eagle Rock Division	1	1,900	39.67	45.44	5.77	14.54%	11,704	11,716
5	East Bradford Division	5	5,400	106.43	125.84	19.41	18.24%	972	972
6	Laurel Lakes Division	3	4,200	51.49	81.70	30.21	58.67%	2,348	2,372
7	Links at Gettysburg Division	3	2,700	63.58	68.95	5.37	8.45%	2,046	2,046
8	Little Washington Division	5	3,400	98.05	106.64	8.59	8.76%	4,152	4,164
9	Media Division	1	4,200	42.19	62.92	20.73	49.13%	20,733	20,773
10	Newlin Green Division	5*	6,500	158.75	158.75	0.00	0.00%	588	588
11	Peddlers View Division	4	4,100	78.44	100.95	22.51	28.70%	2,564	2,564
12	Penn Township Division	1B	3,400	40.70	55.00	14.30	35.14%	3,148	3,148
13	Plumsock Division	5	5,300	107.12	124.88	17.76	16.58%	456	456
14	Rivercrest Division	2	3,200	45.22	61.92	16.70	36.93%	5,785	5,869
15	Stony Creek Division	3	2,500	54.86	67.25	12.39	22.58%	2,558	2,558
16	The Greens at Penn Oaks Division	5	3,500	106.38	107.60	1.22	1.15%	838	850
17	Thornhurst Division	3	2,600	52.36	68.10	15.74	30.06%	3,538	3,538
18	Treasure Lake Division	1A	3,000	40.52	49.90	9.38	23.15%	25,259	25,590
19	Twin Hills Division	4	4,200	70.15	101.90	31.75	45.26%	3,947	3,947
20	White Haven Division	2	2,900	47.07	59.49	12.42	26.39%	5,568	5,736
21	Willistown Woods Division	3	3,100	54.92	72.35	17.43	31.74%	8,888	8,888
22	Woodloch Springs Division	3	2,000	51.87	63.00	11.13	21.46%	4,907	4,987
23	Beech Mountain Lakes Division	3	Unmetered	56.04	80.00	23.96	42.76%		11,234
24	Bunker Hill Subdivision	1A	Unmetered	31.92	56.20	24.28	76.07%		790
25	Emlenton Borough Division	2	Unmetered	45.00	68.40	23.40	52.00%		4,416
26	Honeycroft Village Division	4	Unmetered	66.67	100.00	33.33	49.99%		1,250
27	Lake Harmony Division	4	Unmetered	65.63	100.00	34.37	52.37%		12,033
28	New Daleville Division	4	Unmetered	74.17	100.00	25.83	34.83%		1,272
29	Pinecrest Division	2	Unmetered	\$44.28	\$68.40	\$24.12	54.48%		4,002
30	Tobyhanna Township Division	4	Unmetered	66.67	100.00	33.33	49.99%		6,453
31	Sage Hill	5*	Unmetered	180.00	180.00	0.00	0.00%		251
<b>WEIGHTED AVERAGE Metered</b>			<b>3,018</b>		<b>62.09</b>				
<b>WEIGHTED AVERAGE ALL</b>					<b>68.27</b>				

5\* - Special Charges have been assigned to these divisions within Rate Zone 5.

All Residential Customers are charged a customer charge on an EDU basis with the exception of the Media and Treasure Lake Divisions, which are charged a customer charge based on the appropriate meter size of the applicable Rate Zone. Media and Treasure Lake rates above represent a 5/8" meter.

Pinecrest Division's Present Rate is based on the weighted average of the present rates of all customers both inside Pinecrest and outside Pinecrest.

Bridlewood Division's Average Consumption and Present Rate are based on the weighted average of both townhome and single family home customers.

As per the Asset Purchase Agreement, the Tobyhanna Division rate increase will not become effective until January 1, 2020.

**Aqua PennsylvRania, Inc**  
**Commercial ARerage Monthly Bill Comparison - Wastewater**  
**Docket Nos. A-2018-3004108, A-2018-3004109, R-2018-3003558 and R-2018-3003561**

	<u>Current Division</u>	<u>New Rate Zone</u>	<u>Avg Consumption</u>	<u>Present Rates</u>	<u>Settlement Rates</u>	<u>\$ Change</u>	<u>% Change</u>	<u>Number of Bills</u>
1	CS Sewer Division (Masthope)	6	24,800	41.33	64.44	23.11	56%	96
2	Eagle Rock Division	1	11,700	52.02	124.92	72.90	140%	323
3	Links at Gettysburg Division	3	20,000	216.93	216.00	-0.93	0%	24
4	Media Division	1	15,700	111.87	150.32	38.45	34%	3,388
5	Penn Township Division	1B	88,800	873.10	955.50	82.40	9%	507
6	Rivercrest Division	2	12,200	92.66	134.82	42.16	45%	108
7	The Greens at Penn Oaks Division	5	78,400	798.26	1,122.64	324.38	41%	12
8	Tobyhanna Township Division	4	9,600	86.00	153.20	67.20	78%	1449
9	Treasure Lake Division	1A	31,700	153.53	230.71	77.18	50%	382
10	Village at Valley Forge Division	1A	144,500	1,054.42	1,220.35	165.93	16%	243
11	White Haven Division	2	5,700	50.60	82.17	31.57	62%	463
12	Willistown Woods Division	3	3,200	55.23	73.20	17.97	33%	1,428
13	Woodloch Springs Division	3	117,000	62.62	71.50	8.88	14%	98
14	Avon Grove School District	5*	Unmetered	6,625.00	8,281.25	1656.25	25%	
15	Beech Mountain Lakes Division	3	Unmetered	69.74	80.00	10.26	15%	
16	Bridlewood Division	1	Unmetered	38.42	61.40	22.98	60%	
17	Emlenton Borough Division	2	Unmetered	45.00	68.40	23.40	52%	
18	Honeycroft Rillage Division	4	Unmetered	466.69	700.00	233.31	50%	
19	Lake Harmony Division	4	Unmetered	65.63	100.00	34.37	52%	
20	Pinecrest Division	2	Unmetered	\$52.32	\$68.40	16.08	31%	
	<b>WEIGHTED AVERAGE - METERED ONLY</b>		<b>21,936</b>		<b>214.73</b>			

5\* - Special Charges have been assigned to these Divisions within Rate Zone 5.

All Residential Customers are charged a customer charge on an EDU basis with the exception of the Media and Treasure Lake Divisions, which are charged a customer charge based on the appropriate meter size of the applicable Rate Zone. Media and Treasure Lake rates above represent a 5/8" meter.

Bridlewood Division's Present Rate and Settlement Rate are based on the weighted average of the EDU rate charged to the 2 commercial customers.

Woodloch Springs Division's Present Rate and Settlement Rate are based on the customer charge per EDU.

As per the Asset Purchase Agreement, the Tobyhanna Division rate increase will not become effective until January 1, 2020.

**Aqua Pennsylvania, Inc**  
**Industrial Average Monthly Bill Comparison - Wastewater**  
**Docket Nos. A-2018-3004108, A-2018-3004109, R-2018-3003558 and R-2018-3003561**

	<u>Current Division</u>	<u>New Rate Zone</u>	<u>Meter Size</u>	<u>Avg Consumption</u>	<u>Present Rates</u>	<u>Settlement Rates</u>	<u>\$ Change</u>	<u>% Change</u>
7	Media Division	1	5/8"	3,200	36.13	55.32	19.19	53%

**Aqua Pennsylvania, Inc**  
**Residential Average Monthly Bill Comparison - Water**  
**Docket Nos. A-2018-3004108, A-2018-3004109, R-2018-3003558 and R-2018-3003561**

	<u>Current Division</u>	<u>New Rate Zone</u>	<u>Present Rates*</u>	<u>Settlement Rates*</u>	<u>\$ Change</u>	<u>% Change</u>	<u>Number of Bills</u>	<u>Consumption</u>	<u>Average Gallons</u>
1	Main Division Eagle Rock, Fawn Lake, Langewood, Thornhurst, Woodledge Village, Western & Pinecrest Divisions	1	\$59.85	\$65.52	\$5.67	9.47%	4,173,338	172,154,838	4,125
2		3	59.85	65.52	5.67	9.47%	36,516	737,618	2,020
3	Bensalem Division	1	55.80	65.52	9.72	17.42%	179,147	7,534,487	4,206
4	Chalfont Division	2	47.27	65.52	18.25	38.61%	25,821	1,021,170	3,955
5	Oakland Beach/Lakeside Acres Division	3	57.04	65.52	8.48	14.87%	11,344	261,978	2,309
6	CS Water Division (Masthope)	3	49.36	65.52	16.16	32.74%	15,615	204,095	1,307
7	Country Club Gardens Division	1	40.29	52.98	12.69	31.50%	4,979	223,135	4,482
8	Clarendon Water Division	1	51.05	65.52	14.47	28.34%	3,407	109,345	3,210
9	Kratzerville Division	1	52.29	65.52	13.23	25.30%	1,727	58,671	3,398
10	Honesdale Division	1	52.20	65.52	13.32	25.52%	17,272	632,741	3,663
11	Sand Springs Division	1	40.73	52.98	12.25	30.08%	5,023	168,199	3,349
12	Mifflin Township Division	1	37.11	50.64	13.53	36.46%	5,606	176,827	3,154
13	Beech Mountain Lakes Division	1	21.45	31.73	10.28	47.93%	11,187	369,388	3,302
14	Treasure Lake Division	2	27.20	40.15	12.95	47.61%	25,311	765,777	3,026
15	Concord Park Division	2	30.88	43.91	13.03	42.20%	1,980	77,030	3,890
16	Bristol Township Water System Division	1	24.24	38.40	14.16	58.42%	5,089	226,795	4,457
17	Mt Jewett Borough Division	1	45.95	65.52	19.57	42.59%	4,832	155,007	3,208
18	Bunker Hill Subdivision	Bunker Hill	12.88	26.36	13.48	104.66%	779	31,897	4,097
19	Robin Hood Lakes Division	1	40.16	53.09	12.93	32.20%	2,397	67,756	2,826
20	East Cameron Division	1	57.02	65.52	8.50	14.91%	609	12,076	1,982
21	Sun Valley Division**	Sun Valley	15.00	19.50	4.50	30.00%			
22	Superior Water Company	2	57.02	65.52	8.50	14.91%	47,018	2,045,060	4,350
<b>WEIGHTED AVERAGE</b>				<b>65.20</b>					<b>4,080</b>

\*Residential water rates are based on 5/8" meter and an average consumption of 4,080 gallons per month for all divisions.

\*\*Sun Valley customers are flat rate, unmetered customers.



**Aqua Pennsylvania, Inc**  
**Commercial Average Monthly Bill Comparison - Water**  
**Docket Nos. A-2018-3004108, A-2018-3004109, R-2018-3003558 and R-2018-3003561**

	<u>Current Division</u>	<u>New Rate Zone</u>	<u>Meter Size</u>	<u>Avg Consumption</u>	<u>Present Rates</u>	<u>Settlement Rates</u>	<u>\$ Change</u>	<u>% Change</u>	<u>Number of Bills</u>
1	Main Division Eagle Rock, Fawn Lake, I anglewood, Thornhurst, Woodledge Village, Western & Pinecrest Divisions	1	5/8"	37,800	\$380.00	\$419.63	\$39.63	10.43%	236,233
2	Bensalem Division	3	5/8"	13,800	171.34	186.73	15.39	8.98%	665
3	Chalfont Division	1	5/8"	50,700	468.54	531.51	62.97	13.44%	15,289
4	Oakland Beach/Lakeside Acres Division	2	5/8"	7,100	70.32	102.49	32.17	45.75%	1,678
5	CS Water Division (Masthope)	3	5/8"	5,500	84.39	93.45	9.06	10.74%	381
6	Country Club Gardens Division	3	5/8"	42,300	426.00	468.66	42.66	10.01%	57
7	Clarendon Water Division	1	5/8"	33,900	271.22	333.27	62.05	22.88%	11
8	Kratzerville Division	1	5/8"	9,900	93.91	135.81	41.90	44.62%	252
9	Honesdale Division	1	5/8"	7,600	82.56	108.44	25.88	31.35%	23
10	Sand Springs Division	1	5/8"	12,600	133.84	164.18	30.34	22.67%	3,789
11	Mifflin Township Division	1	2"	40,800	309.80	523.34	213.54	68.93%	12
12	Beech Mountain Lakes Division	1	5/8"	19,600	112.70	174.80	62.10	55.10%	369
13	Treasure Lake Division	1	5/8"	23,000	51.34	95.40	44.06	85.82%	60
14	Concord Park Division	2	5/8"	30,800	121.26	185.24	63.98	52.76%	393
15	Bristol Township Water System Division	2	4"	487,300	2,226.92	3,381.86	1,154.94	51.86%	12
16	Mt Jewett Borough Division	1	5/8"	14,800	116.15	146.76	30.61	26.35%	1,785
17	East Cameron Division	1	5/8"	2,200	33.07	44.18	11.11	33.60%	444
20	Superior Water Company	1	3/4"	300	50.00	34.04	(15.96)	-31.92%	28
22		2	5/8"	8,400	99.18	117.96	18.78	18.94%	1,077
	<b>WEIGHTED AVERAGE</b>			<b>37,047</b>		<b>409.72</b>			

**Aqua Pennsylvania, Inc**  
**Industrial Average Monthly Bill Comparison - Water**  
**Docket Nos. A-2018-3004108, A-2018-3004109, R-2018-3003558 and R-2018-3003561**

	<u>Current Division</u>	<u>New Rate Zone</u>	<u>Meter Size</u>	<u>Avg Consumption</u>	<u>Present Rates</u>	<u>Settlement Rates</u>	<u>\$ Change</u>	<u>% Change</u>	<u>Number of Bills</u>
1	Main Division	1	5/8"	231,500	\$1,897.56	\$2,099.59	\$202.03	10.65%	8,254
3	Bensalem Division	1	1"	53,500	523.48	590.30	66.82	12.76%	853
4	Chalfont Division	2	2"	37,000	358.73	484.19	125.46	34.97%	57
5	Oakland Beach/Lakeside Acres Division	3	5/8"	76,500	691.26	765.28	74.02	10.71%	12
10	Honesdale Division	1	5/8"	23,200	222.27	275.01	52.74	23.73%	72
17	Mt Jewett Borough Division	1	1"	600	22.11	59.64	37.53	169.74%	24
	<b>WEIGHTED AVERAGE</b>			<b>211,513</b>		<b>1,930</b>			