
EXHIBIT U2

TESTIMONY OF WILLIAM C. PACKER

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

AQUA PENNSYLVANIA WASTEWATER, INC.

DOCKET NO. A-2019-3015173

AQUA STATEMENT NO. 2

**DIRECT TESTIMONY OF
WILLIAM C. PACKER**

**With Regard To
Rate Impact
Implementation of Rates
Public Benefits of the Transaction
Summary of Public Benefits in the Application**

March 3, 2020

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AQUA PENNSYLVANIA WASTEWATER, INC.
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I. INTRODUCTION

Q. Please state your name and business address.

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

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

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

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

A. In April 2017, I was promoted to my current position of Vice President – Controller of
Aqua PA. I began my career at Aqua in March 2005 where I joined Aqua New Jersey,
Inc., as Assistant Controller. Since then I have held a variety of positions in finance and
accounting.

In addition to my corporate experience, I was elected as Mayor of the Borough of
Woodbury Heights in November of 2018 and was sworn in on January 5, 2019. The
Borough of Woodbury Heights is one of 565 municipalities in New Jersey and has a
population of approximately 3,000 residents.

I graduated from Richard Stockton College of New Jersey in 1998 with a
Bachelor of Science degree in Business Studies with a concentration in Accounting. I
began my 20 year career in the utility industry in September 1999, when I joined New

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Jersey American Water Company (“American”) as a General Staff Accountant and from 2001 to 2005 holding various positions in finance and accounting at American. At American, I had the opportunity to support the rate-making process by working closely with operating subsidiaries in 23 states, preparing schedules and answering interrogatories.

Q. Have you testified before the Pennsylvania Public Utility Commission (“PUC” or the “Commission”) before?

A. Yes, I have testified in several proceedings before the Commission, including Aqua PA’s petition to charge a 7.5% Distribution System Improvement Charge (“DSIC”) at Docket R-2008-2079310, Aqua PA’s last three rate cases at Docket Nos. R-2009-2132019, R-2011-2267958, R-2018-3003558, and Aqua’s five previous Public Utility Code Section 1329 proceedings in Docket Nos. A-2016-2580061, A-2017-2605434, A-2018-3001582, A-2019-3008491, and A-2019-3009052.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is as follows: (1) to provide a description of the estimated incremental rate impacts of the proposed sale of wastewater equipment and facilities (“System”) owned by the Delaware County Regional Water Quality Control Authority (“DELCORA”) to Aqua under an Asset Purchase Agreement dated as of September 17, 2019 (“Proposed Transaction”), (2) to discuss the implementation of DELCORA rates following closing of the Proposed Transaction, (3) to explain the benefits of the Proposed

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Transaction, and (4) provide an overall summary of public benefits from the Application and testimony.

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 estimated incremental rate impacts of the proposed rate base addition associated with Aqua's acquisition of the System. Attached to my testimony as Appendix B is a pro-forma memorandum of understanding between Aqua and DELCORA to facilitate payments from the DELCORA Customer Trust (the "Trust") to be included on DELCORA customer bills as further described in my testimony.

II. EXPLANATION OF ESTIMATED INCREMENTAL RATE IMPACT

Q. Please describe Aqua's plans to implement DELCORA rates.

A. The Company will implement the existing rates of DELCORA, that have been previously approved and authorized by the DELCORA Board. These rates are set forth in Exhibit G to the Application. As set forth in the direct testimony of Mr. Pileggi (Aqua Statement No. 6), the DELCORA Board approves new rates each year prior to December 1 for the upcoming year's billing periods.

Q. Please list the rate groups set forth in Aqua's proposed tariff included as Exhibit G in the Application.

A. DELCORA's rate groups are categorized into the following groups: (1) Chester Ridley Creek, (2) Eastern Authority, (3) Edgmont, (4) Pocopson Preserve, (5) Pocopson

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1 Riverside, (6) Residential, Commercial, Marcus Hook, and Minimum Accounts, (7) Rose
2 Valley Area, (8) Western Wholesale, (9) Western Retail Industrial, (10) Western
3 Wholesale Industrial, and (11) Springhill Farms¹.

4
5 **Q. Have you calculated the estimated incremental rate impact of the Proposed**
6 **Transaction on Aqua's existing customers and each of the DELCORA rate groups?**

7 Yes. The potential impact to DELCORA customers is 12.55%, the potential impact to
8 Aqua wastewater customers is 14.32%, and Aqua water customers is 4.58%. This
9 analysis is required by the Commission and I would note this does not include the effect
10 that the Trust will have to assist DELCORA customers in paying for their own cost of
11 service in their utility bills.

12
13 **Q. Have Aqua and DELCORA reflected these estimated rate impacts in notices to**
14 **customers?**

15 A. Yes. The Company has developed notices to customers included as Exhibit I1 through
16 Exhibit I12 to the Application.

17
18 **III. IMPLEMENTATION OF DELCORA RATES**

19 **Q. Will Aqua implement DELCORA's existing base rates as described above after**
20 **closing?**

21 A. Yes.

22

¹ DELCORA currently has an agreement for the purchase of Springhill Farms which will conclude in 2020.

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1 **Q. Will Aqua propose to move the DELCORA customers to their full cost of service**
2 **based on the rate base addition determined in this proceeding in Aqua's first base**
3 **rate case following closing that includes DELCORA customers?**

4 A. Yes. The acquired DELCORA customers will be billed at the full Commission approved
5 rate from Aqua's base rate case. This rate will be stated in Aqua's tariff on file with the
6 Commission and available on Aqua's website.

7
8 **Q. How does DELCORA intend to use the proceeds of the Proposed Transaction?**

9 A. As set forth in the direct testimony of Mr. Willert (Aqua Statement No. 5) DELCORA is
10 proposing to take a portion of the proceeds of the Proposed Transaction and place them
11 into a trust for the benefit of the DELCORA customers, and has requested to apply
12 payments to DELCORA customers from the Trust through Aqua's billing process.

13
14 **Q. Does Aqua have any input on DELCORA's use of the proceeds of the Proposed**
15 **Transaction for?**

16 A. No. At closing of the Proposed Transaction, Aqua will pay DELCORA the agreed upon
17 purchase price, and Aqua will not have any control over the Trust.

18
19 **Q. What is the proposed method to convey the customer assistance amounts from the**
20 **Trust to DELCORA customers after closing of the Proposed Transaction?**

21 A. To address DELCORA's request for Aqua to apply customer assistance payments from
22 the Trust to DELCORA customers, the Company is proposing to include a payment line
23 item on the customer bill.

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Q. Have there been other instances where third party payments are included on utility bills?

A. Yes. Through Aqua’s Helping Hand program, payments are made from a third-party community organization and applied to customer bills. These payments are presented as a line item on customer bills. In addition, there are also instances where a community organization will pledge a payment for a customer who needs financial assistance in paying their utility bills. I am also aware that for electric and gas utilities, financial assistance payments are included on bills for those who receive LIHEAP and CRISIS grants.

Q. If the Commission determines that Aqua cannot put the customer bill assistance payments from the Trust on the customer bills, does the Company have an alternative proposal?

A. Yes. The Company could include a check in each customer bill sent out or could send customer information to the Trust to provide the bills assistance by check to customers. However, as more fully described below, the preferred method would be to include the payment from the Trust on the customer bills.

Q. Please explain why including the bill assistance payment amount from the Trust on customer bills is the preferred method of distributing the proceeds of the Trust to DELCORA customers.

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1 A. By including the payment on the bill, the DELCORA customers will receive an
2 immediate benefit of the Trust proceeds, which is important given that a number of these
3 customers may already be low income payment troubled customers for whom these types
4 of bill assistance payments (i.e., LIHEAP, CRISIS, Helping Hand) are crucial to
5 managing their utility bills. There will not be a lag between when they are charged for the
6 utility service and receive the payment from the Trust. It will also ensure accuracy and
7 reduce chances of non-receipt of payment if an alternative method was used like
8 payments from the Trust to customers via check. If an alternative method was used, the
9 customer may not receive a check through mis-delivery of the check or if the customer
10 moves away during a billing period. It would also ensure that customers receive the
11 payment if they do not have a checking account or the ability to travel to a bank to cash
12 the check. Aqua will also have the customer information necessary to apply the Trust
13 payments to the acquired DELCORA customers' accounts. Applying the Trust payment
14 on the customer bill will reduce administrative issues and better ensure that customers
15 timely receive the benefit of the Trust payments.

16
17 **Q. Please describe the Memorandum of Understanding ("MOU") attached to your**
18 **testimony as Appendix B.**

19 A. Appendix B includes a pro-forma MOU that will facilitate information sharing between
20 Aqua and DELCORA to effect the purposes of the Trust to provide payments to be put on
21 DELCORA customer bills from the Trust.

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1 **IV. PUBLIC INTEREST**

2 **Q. Please explain why the Proposed Transaction is in the public interest.**

3 A. The PUC has a long-standing record of support for consolidation/regionalization of
4 water/wastewater systems. As noted in the direct testimony of Mr. Lucca (Aqua
5 Statement No. 1) the PUC has encouraged consolidation of water and wastewater
6 systems. Through the acquisition of the DELCORA assets and merger of its operations,
7 Aqua will further the Commission's goals of regionalization. By creating a large scale,
8 concentrated wastewater operation in the Company's largest service area, this will likely
9 create efficiencies in operations through economies of scale. Ultimately, these benefits
10 inure to customers both existing and acquired. Although the Proposed Transaction does
11 not involve the acquisition of a smaller system, the principles noted by the Commission
12 in the aforementioned policy statement still apply, and Aqua PA has successfully
13 acquired numerous water/wastewater utilities in its over 130 years of operation.

14
15 **Q. Did the Commonwealth Court refer to the Commission's policy of**
16 **consolidation/regionalization and Aqua's expertise in system operations and ability**
17 **to raise capital in its opinion in *McCloskey v. Pa. P.U.C. (McCloskey)* addressing**
18 **Aqua's transaction with New Garden Township?**

19 A. Yes. Although I am not an attorney, I have read the Court's Opinion in the *McCloskey*
20 case. At the end of Section A of the Opinion, the Court refers to Commission findings
21 that Aqua, as owner of numerous water and wastewater systems in Southeastern
22 Pennsylvania, has sufficient expertise to operate a system and ability to raise capital to
23 support a system and that the Commission has a policy of consolidation and

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1 regionalization that allows for increased maintenance, upgrade and expansion of public
2 facilities. The Court concludes that the foregoing benefits are reasons of the type that the
3 Supreme Court in its *Verizon* decision held were sufficient to meet the public benefit
4 standard and substantial evidence to support the notion that there is a public benefit for
5 the transaction. This same analysis is sufficient to support the public benefit and
6 substantial evidence of public benefit in this proceeding.

7
8 **Q. Will Aqua's existing customers benefit from the Proposed Transaction?**

9 A. Yes. The Proposed Transaction System will be an approximate 45% increase in Aqua's
10 customer base on a customer connection basis. This acquisition will be a significant
11 addition to the Company's wastewater business since its inception in 1996. Moreover,
12 this acquisition in relation to combined Aqua PA and Aqua is equally significant because
13 it establishes a large foundation in the sewer business, one that is comparable to Aqua
14 PA's main division water business.

15 In past Section 1329 applications, I have compared the Company's current rate
16 base per customer to the rate base per customer of the acquired system. For this
17 Application, this comparison needs further explanation because DELCORA contains
18 significantly more wholesale transmission and treatment services, compared to the
19 Company's existing collection and treatment systems. This is demonstrated by the
20 amount of Equivalent Dwelling Units ("EDUs") that are currently served by DELCORA
21 at approximately 197,000, compared to their connection count of approximately 16,000.

22 To provide a similar basis comparison to Aqua, I have looked at DELCORA's
23 retail customers and the revenues they would generate compared to the overall revenues

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1 of the DELCORA system. The retail customer revenues are approximately \$9,363,764 of
2 the total revenue of DELCORA which is approximately \$70,978,127. Thus, the retail
3 revenue is approximately 13% of the total revenue. In taking 13% of the purchase price
4 of \$276,500,000 it results in an approximate purchase price of \$36,000,000 for the retail
5 related treatment and collection business. That equates to an approximate purchase price
6 per connection of \$2,250. The Company's current rate base per customer for its existing
7 systems included in its most recent rate case is \$7,750. Therefore, the Company is
8 acquiring these customers at less rate base per customer than its existing systems, which
9 indicates there are economies of scale that will be realized from this Proposed
10 Transaction.

11 In applying the entire revenue deficiency to the current average monthly bill of a
12 residential/commercial retail customer of DELCORA of approximately \$41.26 per month
13 using 6,660 gallons the adjusted average bill would increase to approximately \$46.44 per
14 month or a 12.55% increase. This is less than the Company's existing average
15 wastewater rates included in its most recent rate case at approximately \$68.27. The fact
16 that both the rate base, as described above, and rates are less than the Company's current
17 rates demonstrate that there are immediate economies of scale as a result of the Proposed
18 Transaction.

19 I note again that both Aqua and Aqua PA have developed into the utility they are
20 today by acquiring and operating smaller to large-sized systems. This progression has
21 successfully happened over the last several decades and took the form of acquiring both
22 viable and non-viable systems. Over the long term, this process has benefitted current
23 customers, future customers that were acquired, and the Commonwealth.

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Q. Please further explain the benefits to existing customers from the Proposed Transaction.

A. Through the Proposed Transaction, Aqua will be acquiring a sizeable wastewater system and the existing experience and talent of the DELCORA employees. The Proposed Transaction will create the equivalent of Aqua PA’s main division for wastewater operations. Such a change will be significant for the Aqua wastewater business. Going forward, Aqua will be able to invest in its system and provide for greater cost spreading over the long term. Moreover, by merging the operations of Aqua and DELCORA, Aqua will gain several experienced wastewater professionals to bolster the Company’s wastewater operations.

Q. Please explain how the Proposed Transaction will benefit the acquired customers.

A. The DELCORA customers will become part of a larger-scale, efficiently operated, wastewater utility. The Company has operations that overlap and will be able to integrate the operations of DELCORA, fold them into a larger-scale, efficiently operated utility that over time will likely yield further operating efficiencies and improve long-term viability as envisioned in the PUC’s policy statement. The Proposed Transaction will not have any immediate impact on the rates of either the acquired DELCORA customers or the existing customers of Aqua. Aqua PA provides water service to several areas served by DELCORA and many of our customers are in Delaware and Chester Counties. Lastly, given the fact that there is a large scale capital investment plan, as noted in the testimony of Mark J. Bubel, Sr. (Aqua Statement No. 4), the customers of DELCORA will benefit

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1 greatly from the Company's technical experience and fitness in deploying resources
2 towards capital improvements. The combining of systems and customers provides
3 inherent stability in the day to day utility operations, in that, these systems do not all
4 require major capital investments at the same time and, therefore, consolidation spreads
5 the financial impacts over the long term operations of the utility.

6
7 **Q. In *McCloskey*, the Commonwealth Court concluded that the Commission must**
8 **address rate impact "in a general fashion" when deciding whether there is**
9 **substantial public benefit. Please address the rate impact of the transaction.**

10 A. As I mentioned previously, like all transactions, this Proposed Transaction is likely to
11 have an impact on rates. While the rates of the DELCORA customers are reasonably
12 expected to increase, either on their own, or whether acquired by the Company, when
13 part of Aqua, there is more flexibility and opportunity to deal with those impacts over a
14 much larger customer base. The Company's current rate base per customer for its
15 existing systems included in its most recent rate case is \$7,750. As calculated above, the
16 approximate purchase price per connection of DELCORA's retail customers is \$2,250.
17 Therefore, the Company is acquiring these customers at less rate base per customer than
18 its existing systems, which indicates there are economies of scale that will be realized
19 from this Proposed Transaction. This benefits both existing and acquired customers.

20
21 **Q. Is the impact on rates outweighed by other positive factors from the Proposed**
22 **Transaction?**

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

9
10 **V. SUMMARY OF PUBLIC BENEFITS**

11 **Q. Please summarize the benefits of the Proposed Transaction as set forth in the**
12 **Application and the direct testimony in support of the Application.**

13 A. The Proposed Transaction will provide numerous public benefits to both existing
14 customers and the acquired DELCORA customers. The benefits below are summarized
15 from the Application and from direct testimony submitted in support of the Application:

- 16 • The majority of the sale proceeds will be placed in an irrevocable Trust that will
17 benefit DELCORA customers for years to come;
- 18 • Aqua is familiar with the DELCORA service areas and serves populations of nearly
19 500,000 in Delaware County and 200,000 in Chester County;
- 20 • Economies of scale will result from the these nearby and overlapping service areas;
- 21 • DELCORA customers will benefit from Aqua's experience in large-scale capital
22 planning and replacement programs;

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- 1 • DELCORA customers will benefit from customer protections provided by the
2 Commission's regulations and the Company's Helping Hand program;
- 3 • Aqua has committed to preserving the jobs of DELCORA employees;
- 4 • Aqua has a proven record of environmental stewardship of wastewater systems;
- 5 • Aqua's expertise in implementing large scale projects and compliance with
6 Pennsylvania Department of Environmental Protection and US Environmental
7 Protection Agency regulations;
- 8 • The combining of systems and customers provides inherent stability in the day to day
9 utility operations, in that, these systems do not all require major capital investments at
10 the same time and, therefore, spreads the financial impacts over the long term
11 operations of the utility.
- 12 • DELCORA's customers will become part of a larger-scale, efficiently operated, water
13 and wastewater utility.
- 14 • By virtue of the Company's larger combined customer base, future infrastructure
15 investments across the Commonwealth, driven by normal replacement cycles,
16 emergency repairs, emergency response or compliance with new environmental
17 regulations, will be shared at a lower incremental cost per customer for all of Aqua's
18 customers over time;
- 19 • The elimination of the treatment expense to PWD will allow DELCORA to control its
20 own destiny and offset the potential risk of future increases.

21

22 **VI. CONCLUSION**

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

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

Aqua Pennsylvania Wastewater, Inc.
DELCORA Wastewater Regional Authority

1.) DELCORA Wastewater Regional Authority

	<u>Year 1</u>	<u>Notes</u>
Revenue	\$ 70,978,127	
O&M	41,808,283	
Depreciation	8,247,040	***2.72% Composite Depreciation Rate
Taxes Other	1,585,974	
Income Taxes	\$ 3,807,858	*****21% Federal & 9.99% State
Operating Income	\$ 15,528,972	
Rate Base at Fair Market Value	\$ 276,500,000	
Capital Investments (Year 1)	\$ 26,700,000	
Rate Base (Including Capital Investments less depreciation year 1)	\$ 294,952,960	
Interest Expense ^	6,160,815	
^ Includes Interest Expense synchronized with rate base		
Required Operating Income (Rate Base x Rate of Return)	\$ 21,749,079	
Operating Income Deficiency	\$ 6,220,107	
Gross Revenue Conversion Factor	1.432171	
Revenue Deficiency (Excess) \$	\$ 8,908,000	
Revenue Deficiency (Excess) %	12.55%	
Increase applied to Acquired (Authority) customers 100%	\$ 8,908,000	
Increase %	12.55%	
Increase applied to Acquired (Authority) customers 50%	\$ 4,454,000	
Increase %	6.28%	
Increase applied to Existing (Company Wastewater) customers 50%	\$ 4,454,000	
Increase %	14.32%	
Increase applied to Existing (Company Water) customers (Act 11)	\$ 19,971,532	
Increase %	4.58%	

	Avg. Usage / Kgal	Estimated Monthly Increase	Estimated Percentage Increase
Impact Existing Customers (DELCORA) - Western Retail - Residential/Commercial 100%	6.81	\$ 4.92	12.55%
Impact Existing Customers (DELCORA) - Western Retail - Residential/Commercial (Marcus Hook) 100%	3.91	\$ 4.30	12.55%
Impact Existing Customers (DELCORA) - Western Retail - Residential/Commercial (Minimum Accounts) 100%	1.56	\$ 1.13	12.55%
Impact Existing Customers (DELCORA) - Western Retail - Residential/Commercial (Minimum Accounts Marcus Hook) 100%	1.40	\$ 1.54	12.55%
Impact Existing Customers (DELCORA) - Western Retail Industrial 100%	735.87	\$ 640.01	12.55%
Impact Existing Customers (DELCORA) - Western Wholesale 100%	19,238.04	\$ 6,946.25	12.55%
Impact Existing Customers (DELCORA) - Western Wholesale Industrial 100%	40,014.58	\$ 15,969.86	12.55%
Impact Existing Customers (DELCORA) - Western Chester Ridley Creek 100%	65,395.83	\$ 28,725.91	12.55%
Impact Existing Customers (DELCORA) - Eastern Authority 100%	362,465.28	\$ 123,279.64	12.55%
Impact Existing Customers (DELCORA) - Eastern Other (Rose Valley Pump Station) 100%	N/A	\$ 10.17	12.55%
Impact Existing Customers (DELCORA) - Eastern Other (Pocopson - Riverside) 100%	N/A	\$ 9.94	12.55%
Impact Existing Customers (DELCORA) - Eastern Other (Pocopson - Preserve) 100%	N/A	\$ 14.64	12.55%
Impact Existing Customers (DELCORA) - Eastern Other (Edgemont - Residential) 100%	4.08	\$ 13.33	12.55%
Impact Existing Customers (DELCORA) - Eastern Other (Edgemont - Commercial) 100%	29.49	\$ 48.66	12.55%
Impact Existing Customers (DELCORA) - Other (Spring Hill Farms) 100%	N/A	\$ 8.72	12.55%
Impact Existing Customers (DELCORA) - Western Retail - Residential/Commercial 50%	6.81	\$ 2.46	6.28%
Impact Existing Customers (DELCORA) - Western Retail - Residential/Commercial (Marcus Hook) 50%	3.91	\$ 2.15	6.28%
Impact Existing Customers (DELCORA) - Western Retail - Residential/Commercial (Minimum Accounts) 50%	1.56	\$ 0.56	6.28%
Impact Existing Customers (DELCORA) - Western Retail - Residential/Commercial (Minimum Accounts Marcus Hook) 50%	1.40	\$ 0.77	6.28%
Impact Existing Customers (DELCORA) - Western Retail Industrial 50%	735.87	\$ 320.01	6.28%
Impact Existing Customers (DELCORA) - Western Wholesale 50%	19,238.04	\$ 3,473.12	6.28%
Impact Existing Customers (DELCORA) - Western Wholesale Industrial 50%	40,014.58	\$ 7,984.93	6.28%
Impact Existing Customers (DELCORA) - Western Chester Ridley Creek 50%	65,395.83	\$ 14,362.95	6.28%
Impact Existing Customers (DELCORA) - Eastern Authority 50%	362,465.28	\$ 61,639.82	6.28%
Impact Existing Customers (DELCORA) - Eastern Other (Rose Valley Pump Station) 50%	N/A	\$ 5.08	6.28%
Impact Existing Customers (DELCORA) - Eastern Other (Pocopson - Riverside) 50%	N/A	\$ 4.97	6.28%
Impact Existing Customers (DELCORA) - Eastern Other (Pocopson - Preserve) 50%	N/A	\$ 7.32	6.28%
Impact Existing Customers (DELCORA) - Eastern Other (Edgemont - Residential) 50%	4.08	\$ 6.67	6.28%
Impact Existing Customers (DELCORA) - Eastern Other (Edgemont - Commercial) 50%	29.49	\$ 24.33	6.28%
Impact Existing Customers (DELCORA) - Other (Spring Hill Farms) 50%	N/A	\$ 4.36	6.28%
Impact Existing Customers (Company Wastewater) - Residential - 50%	3.02	\$ 9.78	14.32%
Impact Existing Customers (Company Wastewater) - Commercial - 50%	21.94	\$ 30.76	14.32%
Impact Existing Customers (Company Wastewater) - Industrial - 50%	3.20	\$ 7.92	14.32%
Impact Existing Customers (Company Water) - Residential	4.08	\$ 2.99	4.58%
Impact Existing Customers (Company Water) - Commercial	37.05	\$ 18.77	4.58%
Impact Existing Customers (Company Water) - Industrial	211.51	\$ 88.39	4.58%

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 DELCORA Wastewater Regional Authority - Present Revenues

	Rate 2020	Customers 2020	Method	Gallons (Kgals) 2020	EDU's 2020	Revenue 2020
Service Charges:						
<u>Western</u>						
<u>Western Retail:</u>						
Residential/Commercial	\$5.75	13,600	per 1,000 Gallons Water Used	1,111,649		\$6,391,982
Residential/Commercial (Marcus Hook)	\$8.78	891	per 1,000 Gallons Water Used	41,761		\$366,662
Minimum Accounts	\$107.73		Annual Minimum Charge	3,869		\$416,807
Minimum Accounts (Marcus Hook)	\$147.23		Annual Minimum Charge			\$0
Subtotal Retail Residential:		14,491		1,157,279		\$7,175,451
<u>Western Retail Industrial (*) (^):</u>						
Industrial	\$6.93	7	per 1,000 Gallons	61,813		\$428,364
Subtotal Western Retail:		14,498		1,219,092		\$7,603,815
<u>Western Wholesale:</u>						
Western Wholesale (^)	\$2.87	6	per 1,000 Gallons	1,204,150		\$3,455,911
Brook Haven	\$2.89	1	per 1,000 Gallons	270,981		\$783,135
Nether Providence	\$2.89	1	per 1,000 Gallons	371,721		\$1,074,274
Subtotal Western Wholesale:		8		1,846,852		\$5,313,319
<u>Western Wholesale Industrial (*) (^):</u>						
Western Wholesale Industrial	\$3.18	6	per 1,000 Gallons	2,881,050		\$9,161,739
<u>Chester Ridley Creek (^):</u>						
Southwest Authority	\$3.50	1	per 1,000 Gallons	967,250		\$3,385,375
Middletown	\$3.50	1	per 1,000 Gallons	602,250		\$2,107,875
Subtotal Chester Ridley Creek:		2		1,569,500		\$5,493,250
Total Western:		14,514		7,516,494		\$27,572,123
<u>Eastern</u>						
Central Delaware County Authority (^)	\$2.71	1	per 1,000 Gallons	3,832,500		\$10,386,075
Darby Creek Joint Authority (^)	\$2.71	1	per 1,000 Gallons	7,482,500		\$20,277,575
Muckinipates Authority (^)	\$2.71	1	per 1,000 Gallons	1,733,750		\$4,698,463
Total Eastern Authority Area:		3		13,048,750		\$35,362,113
<u>Other</u>						
<u>Rose Valley Pump Station:</u>						
Rose Valley Residents	\$972.00	373	Annual Per EDU		373	\$362,556
Nether Providence Residents	\$972.00	127	Annual Per EDU		127	\$123,444
		500		36,500		\$486,000
<u>Pocopson:</u>						
Riverside	\$950.00	160	Annual Per EDU		160	\$152,000
Preserve	\$1,400.00	66	Annual Per EDU		66	\$92,400
		226		21,654		\$244,400
<u>Edgmont (^):</u>						
Residential	\$1,275.00	679	Annual Per EDU	33,238	679	\$865,725
Commercial (Service Charge)	\$1,025.00		Annual Per EDU		152	\$155,800
Commercial (Volumetric Charge)	\$10.25	35	per 1,000 Gallons Water Used	12,387		\$126,967
		714		45,625		\$1,148,492
<u>Other Remote Locations</u>						
Spring Hill Farms		371		35,547		\$309,422
Other						\$140,578
Total Other Systems:		1,811		139,326		\$2,328,892
<u>Other Charges:</u>						
Residual Waste Disposal						\$5,000,000
Effluent Usage						\$90,000
Load Surcharge (*)						\$325,000
Other Fees (Late, Bad Debt)						\$300,000
Total Other Charges:						\$5,715,000
Total Revenue at Present Rates		16,328		20,704,570		\$70,978,127

(*) The surcharge rate is set at \$.32/lb. of Biochemical Oxygen Demand (BOD) and \$.285/lb. for Suspended Solids (SS), where BOD or SS strength exceeds 300 mg/L on a daily basis. Wastestreams with SS strengths exceeding 300 mg/L and generated from biological, chemical, or physical processes shall be evaluated and billed independently of other wastestreams. Wastestreams generated from processes to remove river water sediment or sediment from other natural bodies of water and with SS strengths exceeding 300 mg/L shall be evaluated and billed independently of other wastestreams.

(^) Billed on an estimated basis with true up to actual volume (quarterly/annually)

Aqua Pennsylvania Wastewater, Inc.**Calculation of DELCORA Wastewater Regional Authority - Operating and Maintenance Expenses**OPERATING AND MAINTENANCE EXPENSES:

	<u>Year 1</u>
O&M Labor Exp Reg	\$ 11,638,300
O&M Labor Exp OT	1,129,932
O&M Employee Benefits	6,837,151
O&M Purchased WW Treatment	11,327,262
O&M Purchased Power	2,690,100
O&M Chemicals	990,000
O&M Mgmt Fees	720,000
O&M Cust Ops ACO (@ \$10.00 per customer)	180,000
O&M OS Engineering	197,500
O&M OS Legal	230,000
O&M OS Operations	1,252,500
O&M OS Maintenance	2,848,450
O&M OS Other	869,950
O&M Supplies	464,938
O&M Other	432,200
Total O&M Expenses =>	<u><u>\$ 41,808,283</u></u>

Aqua Pennsylvania Wastewater, Inc.***Calculation of DELCORA Wastewater Regional Authority - Taxes Other Than Income***

<u>TAXES OTHER THAN INCOME (PRE-RATE CASE)</u>	<u>Rate</u>	<u>Year 1</u>
Payroll Taxes (FICA, FUTA, SUTA)	8.000%	\$ 931,064
Property Taxes / (Purta)		\$ 631,705
Regulatory Assessments	0.624%	\$ 23,205
Total		<u>\$ 1,585,974</u>

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 (1)	SERVED AT 3/31/2017 (2)	SERVED AT 3/31/2018 (3)	TO BE SERVED AT 3/31/2019 (4)	TO BE SERVED AT 3/31/2020 (5)	INCREASED BILLS (6)	DECREASED BILLS (7)	UNCHANGED BILLS (8)
1	Metered:							
2	Residential	391,514	394,192	395,423	396,654	396,654	-	-
3	Commercial	22,264	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	766	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 (1)	SERVED AT 3/31/2017 (2)	SERVED AT 3/31/2018 (3)	TO BE SERVED AT 3/31/2019 (4)	TO BE SERVED AT 3/31/2020 (5)	INCREASED BILLS (6)	DECREASED BILLS (7)	UNCHANGED BILLS (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					4,882			
					315			
ADD					1,213			
					33			
					2			
ADD					9648			
					534			
					14			
					23			
Total Existing WW Customers					35,225			

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
Add Cheltenham WW	\$ 7,321,678
Total Existing Revenues	<u>\$ 31,096,256</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	\$ 111,880,600
Industrial Revenues	\$ 16,482,317
Total Existing Revenues (Res, Com, & Ind classes)	<u>\$ 435,986,388</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%

(1) **Notes:**
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 & 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
WEIGHTED AVERAGE Metered			3,018		62.09				
WEIGHTED AVERAGE ALL					68.27				


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 Pennsylvania, Inc
Commercial 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>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%	
WEIGHTED AVERAGE - METERED ONLY			21,936		214.73			

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, Tanglewood, 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
WEIGHTED AVERAGE				65.20					4,080

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

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
	WEIGHTED AVERAGE			211,513		1,930			

MEMORANDUM OF UNDERSTANDING
BETWEEN THE
DELAWARE COUNTY REGIONAL WATER QUALITY CONTROL AUTHORITY
AND
AQUA PENNSYLVANIA WASTEWATER, INC.

_____, 2020

This Memorandum of Understanding (“MOU”) between the Delaware County Regional Water Quality Control Authority, a body corporate and politic existing under the Pennsylvania Municipal Authorities Act, 42 P.S. 5601, *et seq.* (“DELCORA”) and Aqua Pennsylvania Wastewater, Inc. (“Aqua Wastewater”) is being entered into as of [inset date] in support of a certain agreement dated September 17, 2019, as amended on February 24, 2020, between DELCORA and Aqua Wastewater (“Sewer System Sale Agreement”) under which DELCORA has agreed to sell and Aqua Wastewater has agreed to purchase certain sewer equipment and facilities of DELCORA’s serving various residential, commercial, industrial, and municipal customers in Delaware County and Chester County, Pennsylvania (“Sewer System”).

DELCORA and Aqua Wastewater, individually a “Party” and collectively the “Parties” intend for this MOU to be legally binding upon them and be construed and subject to the laws of the Commonwealth of Pennsylvania.

The purpose of this MOU is to set forth the Parties’ general understanding and agreement regarding how Aqua Wastewater can assist with applying a payment to DELCORA customers bills from the net proceeds to be received by DELCORA from Aqua Wastewater from the sale of the Sewer System under the Sewer System Sale Agreement.

The Parties acknowledge that DELCORA has separately established a trust under the DELCORA Rate Stabilization Fund Trust Agreement dated December 27, 2019 (the “Trust Agreement”), into which the net sale proceeds, along with investment earnings thereon and any other amounts contributed to the Trust, will be distributed in accordance with the Trust Agreement.

This MOU shall be effective on the date specified above (“Effective Date”) and shall be filed with the Pennsylvania Public Utility Commission (“PUC”) under Section 507 of the Pennsylvania Public Utility Code (“Code”), 66 Pa. C. S. § 507. On and after the Closing:

1. Aqua Wastewater shall issue a bill to each DELCORA customer for each billing period using the full cost of service rates authorized by the PUC.
2. The customer assistance payment for each DELCORA customer for each billing period shall be applied to each DELCORA customer bill.
3. Aqua Wastewater shall calculate the customer assistance payment amount for each DELCORA customer and the total customer assistance payment amount for each billing period, and shall provide its calculation, along with any and all information

necessary to confirm the calculation of both payment amounts to the designated calculation agent.

4. DELCORA shall timely direct the Trustee under the Trust Agreement to transfer to Aqua Wastewater by Fedwire an amount equal to the total customer assistance amount confirmed by the designated calculation agent for the applicable billing period.
5. The Parties shall at all times cooperate with each other and the designated calculation agent to implement this MOU timely.

Dated: _____

Aqua Pennsylvania Wastewater, Inc.

By: _____

Name: _____

Title: _____

Dated: _____

Delaware County Regional Water Quality
Control Authority

By: _____

Name: _____

Title: _____