
EXHIBIT Z

RESPONSES TO STANDARD DATA REQUESTS

AQUA PENNSYLVANIA WASTEWATER, INC.
DELAWARE COUNTY REGIONAL WATER QUALITY CONTROL AUTHORITY
Section 1329 Application Standard Data Requests

Rates/Ratemaking

1. Estimate the potential monthly incremental cost impact on existing and acquired customers following the actual results of the Buyer's most recently adjudicated base rate proceeding, whether litigated or settled, allocating the fair market value of the acquired system according to the Buyer's previously approved single-tariff pricing model.
 - a. In the case of a wastewater acquisition, a Buyer that employs a combined revenue requirement pursuant to 66 Pa. C.S. § 1311 will provide information assuming a combined water and wastewater revenue requirement consistent with its most recent adjudicated base rate proceeding.
 - b. If a Buyer has filed the thirty-day notice of 52 Pa. Code § 53.45(a), or has filed a rate case, it should calculate the above using data as proposed in its upcoming or filed rate case.

Response: Regarding a. and b. above, please refer to Appendix A of Aqua Statement No. 2, Direct Testimony of William C. Packer, included as Exhibit U2 to the Application.

Respondent: William C. Packer
Vice President – Controller of Aqua Pennsylvania, Inc.
Date: 03/03/2020

AQUA PENNSYLVANIA WASTEWATER, INC.
DELAWARE COUNTY REGIONAL WATER QUALITY CONTROL AUTHORITY
Section 1329 Application Standard Data Requests

Rates/Ratemaking

2. If the Buyer has a present intention to increase the acquired system's rates to a certain level, please state the basis for the targeted rate.

Response: Aqua has no present intention to increase DELCORA rates to a targeted rate.

AQUA PENNSYLVANIA WASTEWATER, INC.
DELAWARE COUNTY REGIONAL WATER QUALITY CONTROL AUTHORITY
Section 1329 Application Standard Data Requests

Rates/Ratemaking

3. Provide the annual depreciation expense using the purchase price/proposed rate base. If the exact depreciation expense is not available, provide the best estimate of the annual depreciation expense. Show how the depreciation expense is calculated.

Response: Please refer to Appendix A of Aqua Statement No. 2, Direct Testimony of William C. Packer, included as Exhibit U2 to the Application.

AQUA PENNSYLVANIA WASTEWATER, INC.
DELAWARE COUNTY REGIONAL WATER QUALITY CONTROL AUTHORITY
Section 1329 Application Standard Data Requests

Rates/Ratemaking

4. Provide an estimate of the annual revenue requirement of the municipal system under the Buyer's ownership. Provide the assumptions for the annual revenue requirement, including expected rate of return, expected depreciation expense, O&M expenses, etc.

Response: Please refer to Appendix A of Aqua Statement No. 2, Direct Testimony of William C. Packer, included as Exhibit U2 to the Application.

AQUA PENNSYLVANIA WASTEWATER, INC.
DELAWARE COUNTY REGIONAL WATER QUALITY CONTROL AUTHORITY
Section 1329 Application Standard Data Requests

Rates/Ratemaking

5. Other than the STAS, does Buyer's current water/wastewater tariff include any provisions that would fall under "pass-through costs or charges imposed by the Commonwealth of Pennsylvania"?

Response: Aqua has a Distribution System Improvement Charge (DSIC) in its current wastewater tariff.

Respondent: William C. Packer
Vice President – Controller of Aqua Pennsylvania, Inc.
Date: 03/03/2020

AQUA PENNSYLVANIA WASTEWATER, INC.
DELAWARE COUNTY REGIONAL WATER QUALITY CONTROL AUTHORITY
Section 1329 Application Standard Data Requests

Rates/Ratemaking

6. Provide a listing of any entities that currently receive free service from the Seller.

Response: None.

Respondent: William C. Packer
Vice President – Controller of Aqua Pennsylvania, Inc.
Date: 03/03/2020

AQUA PENNSYLVANIA WASTEWATER, INC.
DELAWARE COUNTY REGIONAL WATER QUALITY CONTROL AUTHORITY
Section 1329 Application Standard Data Requests

Rates/Ratemaking

7. In the next rate case, does buyer anticipate including the acquired system in a combined revenue requirement?

Response: Yes.

AQUA PENNSYLVANIA WASTEWATER, INC.
DELAWARE COUNTY REGIONAL WATER QUALITY CONTROL AUTHORITY
Section 1329 Application Standard Data Requests

Rates/Ratemaking

8. If Seller has increased rates in the last year, please state the date of the increase and provide a copy of the new rate schedule and the total annual revenues produced under the new rates.

Response: DELCORA passes a budget each year which serves as the basis for rates charged to its customers. Please see Application Exhibits J3 and J4 for the 2019 and 2020 budgets. Please also see Aqua Statement No. 6 (Direct Testimony of John Pileggi), Application Exhibit W2, for a discussion of how DELCORA rates are set.

AQUA PENNSYLVANIA WASTEWATER, INC.
DELAWARE COUNTY REGIONAL WATER QUALITY CONTROL AUTHORITY
Section 1329 Application Standard Data Requests

Rates/Ratemaking

9. Are there any leases, easements, and access to public rights-of-way that Buyer will need in order to provide service which will not be conveyed at closing? If yes, identify when the conveyance will take place and whether there will be additional costs involved.

Response: The Company is not presently aware of any needed leases, easements or access to public rights-of-way that will not be transferred at closing. The mapping of easements and right of ways from the Township's Abstractor's report is not yet complete.

AQUA PENNSYLVANIA WASTEWATER, INC.
DELAWARE COUNTY REGIONAL WATER QUALITY CONTROL AUTHORITY
Section 1329 Application Standard Data Requests

Costs/Benefits

10. Provide a breakdown of the estimated transaction and closing costs. Provide invoices to support any transaction and closing costs that have already been incurred.

Response: The estimated total transaction and closing costs are included in the application at paragraph 61. Please see below for a breakdown of costs projected through closing. Please see Application Exhibit S1 for Gannett UVE invoices. Please see SDR-10 Attachment 1 for copies of other invoices incurred to date on the Application.

Legal	\$560,000
UVE	\$100,000
Engineering Assessment	\$90,000
Total	\$750,000

The costs shown above are estimated costs and are subject to change.

June 7, 2019

Aqua Pennsylvania Wastewater, Inc.
762 W. Lancaster Avenue
Bryn Mawr PA 19010
Invoice: 172442

Re: Acquisition of Wastewater System Assets from Delcora
LM Account Number: 180379.0036

Please remit payment to:
Lamb McErlane PC
Attn.: Billing Department
PO Box 565
West Chester, PA 19381-0565

For Services Rendered in connection with acquisition of wastewater system assets.

Services: \$ 3,640.00
Disbursements: \$ 0.00
Total: \$ 3,640.00

July 10, 2019

Aqua Pennsylvania Wastewater, Inc.
762 W. Lancaster Avenue
Bryn Mawr PA 19010
Invoice: 173462

Re: Acquisition of Wastewater System Assets from Delcora
LM Account Number: 180379.0036

Please remit payment to:
Lamb McErlane PC
Attn.: Billing Department
PO Box 565
West Chester, PA 19381-0565

For Services Rendered in connection with acquisition of wastewater system assets.

Services: \$ 6,400.00
Disbursements: \$ 0.00
Total: \$ 6,400.00

August 7, 2019

Aqua Pennsylvania Wastewater, Inc.
762 W. Lancaster Avenue
Bryn Mawr PA 19010
Invoice: 174375

Re: Acquisition of Wastewater System Assets from Delcora
LM Account Number: 180379.0036

Please remit payment to:
Lamb McErlane PC
Attn.: Billing Department
PO Box 565
West Chester, PA 19381-0565

For Services Rendered in connection with acquisition of wastewater system assets.

Services: \$ 1,900.00
Disbursements: \$ 0.00
Total: \$ 1,900.00

September 9, 2019

Aqua Pennsylvania Wastewater, Inc.
762 W. Lancaster Avenue
Bryn Mawr PA 19010
Invoice: 175166

Re: Acquisition of Wastewater System Assets from Delcora
LM Account Number: 180379.0036

Please remit payment to:
Lamb McErlane PC
Attn.: Billing Department
PO Box 565
West Chester, PA 19381-0565

For Services Rendered in connection with acquisition of wastewater system assets.

Services: \$ 16,800.00
Disbursements: \$ 0.00
Total: \$ 16,800.00

October 8, 2019

Aqua Pennsylvania Wastewater, Inc.
762 W. Lancaster Avenue
Bryn Mawr PA 19010
Invoice: 176342

Re: Acquisition of Wastewater System Assets from Delcora
LM Account Number: 180379.0036

Please remit payment to:
Lamb McErlane PC
Attn.: Billing Department
PO Box 565
West Chester, PA 19381-0565

For Services Rendered in connection with acquisition of wastewater system assets.

Services: \$ 19,500.00
Disbursements: \$ 0.00
Total: \$ 19,500.00

November 11, 2019

Aqua Pennsylvania Wastewater, Inc.
762 W. Lancaster Avenue
Bryn Mawr PA 19010
Invoice: 177321

Re: Acquisition of Wastewater System Assets from Delcora
LM Account Number: 180379.0036

Please remit payment to:
Lamb McErlane PC
Attn.: Billing Department
PO Box 565
West Chester, PA 19381-0565

For Services Rendered in connection with acquisition of wastewater system assets.

Services: \$ 2,000.00
Disbursements: \$ 0.00
Total: \$ 2,000.00

December 5, 2019

Aqua Pennsylvania Wastewater, Inc.
762 W. Lancaster Avenue
Bryn Mawr PA 19010
Invoice: 178509

Re: Acquisition of Wastewater System Assets from Delcora
LM Account Number: 180379.0036

Please remit payment to:
Lamb McErlane PC
Attn.: Billing Department
PO Box 565
West Chester, PA 19381-0565

For Services Rendered in connection with acquisition of wastewater system assets.

Services: \$ 1,100.00
Disbursements: \$ 0.00
Total: \$ 1,100.00

January 9, 2020

Aqua Pennsylvania Wastewater, Inc.
762 W. Lancaster Avenue
Bryn Mawr PA 19010
Invoice: 179327

Re: Acquisition of Wastewater System Assets from Delcora
LM Account Number: 180379.0036

Please remit payment to:
Lamb McErlane PC
Attn.: Billing Department
PO Box 565
West Chester, PA 19381-0565

For Services Rendered in connection with acquisition of wastewater system assets.

Services: \$ 5,200.00
Disbursements: \$ 0.00
Total: \$ 5,200.00

February 11, 2020

Aqua Pennsylvania Wastewater, Inc.
762 W. Lancaster Avenue
Bryn Mawr PA 19010
Invoice: 180411

Re: Acquisition of Wastewater System Assets from Delcora
LM Account Number: 180379.0036

Please remit payment to:
Lamb McErlane PC
Attn.: Billing Department
PO Box 565
West Chester, PA 19381-0565

For Services Rendered in connection with acquisition of wastewater system assets.

Services: \$ 2,100.00
Disbursements: \$ 0.00
Total: \$ 2,100.00



THOMAS, NIESEN & THOMAS, LLC

Attorneys and Counsellors at Law

July 24, 2019

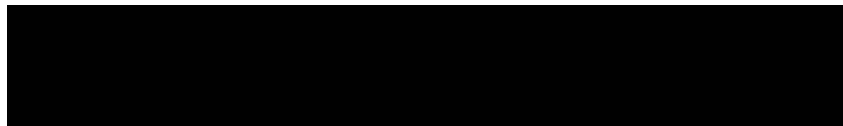
AQUA PENNSYLVANIA WASTEWATER, INC

**TO: THOMAS, NIESEN & THOMAS, LLC
212 Locust Street
Suite 302
Harrisburg, PA 17101**

Invoice No. 12573

For professional services rendered to Aqua Pennsylvania Wastewater, Inc. during June 2019 in connection with the following matter:

AQUAAWW-0027

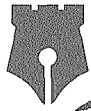


Disbursements

\$ 7,120.50

\$ 102.72

TOTAL \$ 7,223.22



THOMAS, NIESEN & THOMAS, LLC

Attorneys and Counsellors at Law

September 11, 2019

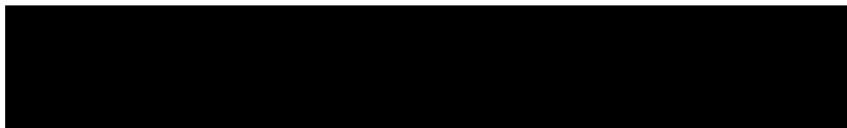
AQUA PENNSYLVANIA WASTEWATER, INC

**TO: THOMAS, NIESEN & THOMAS, LLC
212 Locust Street
Suite 302
Harrisburg, PA 17101**

Invoice No. 12635

For professional services rendered to Aqua Pennsylvania Wastewater, Inc. during August 2019 in connection with the following matter:

AQUAWW-0027

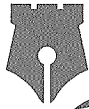


\$ 5,710.50

Disbursements

\$ 0.00

TOTAL \$ 5,710.50



THOMAS, NIESEN & THOMAS, LLC

Attorneys and Counsellors at Law

October 16, 2019

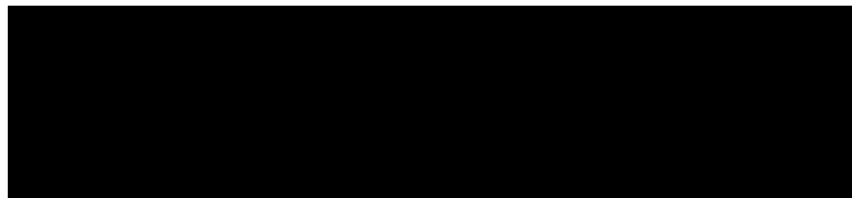
AQUA PENNSYLVANIA WASTEWATER, INC

**TO: THOMAS, NIESEN & THOMAS, LLC
212 Locust Street
Suite 302
Harrisburg, PA 17101**

Invoice No. 12672

For professional services rendered to Aqua Pennsylvania Wastewater, Inc. during September 2019 in connection with the following matter:

AQUAWW-0027 DELCORA Transaction

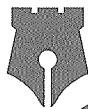


\$ 7,379.00

Disbursements

\$ 0.00

TOTAL \$ 7,379.00



THOMAS, NIESEN & THOMAS, LLC

Attorneys and Counsellors at Law

December 2, 2019

AQUA PENNSYLVANIA WASTEWATER, INC

TO: THOMAS, NIESEN & THOMAS, LLC
212 Locust Street
Suite 302
Harrisburg, PA 17101

Invoice No. 12724

For professional services rendered to Aqua Pennsylvania Wastewater, Inc. during October 2019 and November 2019 in connection with the following matter:

AQUAWW-0031 DELCORA Transaction



Disbursements

\$ 2,679.00

\$ 0.00

TOTAL \$ 2,679.00

February 6, 2020

AQUA PENNSYLVANIA WASTEWATER, INC

TO: THOMAS, NIESEN & THOMAS, LLC
212 Locust Street
Suite 302
Harrisburg, PA 17101

Invoice No. 12788

For professional services rendered to Aqua Pennsylvania Wastewater, Inc. during December 2019 and January 2020 in connection with the following matter:

AQUAWW-0031 DELCORA Transaction

		\$	658.00
Disbursements		\$	<u>0.00</u>
	TOTAL	\$	<u>658.00</u>

NOV 14 2019



INVOICE

Remit Payment To:
Pennoni Associates Inc.
P.O. Box 827328
Philadelphia, PA 19182-7328

Charles Hurst
DELCORA
3201 West Front Street
Chester, PA 19016

Invoice No : 1001685
Invoice Date : 11/14/2019
Project : DLCRA19001
Project Name : DELCORA
Engineering
Assessment

For Services Rendered Through 11/03/2019

The following was completed in accordance with the October 18, 2019 approved Scope of Work:

Prepare for and attend kickoff meeting with DELCORA, Aqua, and Weston representatives.

Site visits for pump stations and small flow treatment plant assessments.

Review documentation in PFM and DELCORA data room for asset listing and original costs.

Prepare data sheets and master asset listing for DELCORA holdings.

Review real estate properties and easements.

Compile listing of DELCORA equipment and supply storage.

Prepare Preliminary Engineering Assessment and Original Cost Report.

Prepare for and attend weekly progress meetings.

Project coordination and communication with DELCORA, Aqua and Weston staff.

Labor

	Hours	Rate	Amount
Principal Professional	15.00	195.00	2,925.00
Senior Professional	167.75	160.00	26,840.00
Project Professional	51.25	134.00	6,867.50
Staff Professional	119.75	118.00	14,130.50
Associate Professional	16.50	108.00	1,782.00
Totals	370.25		52,545.00
Total Labor			52,545.00

Total this Invoice \$52,545.00

A handwritten signature in black ink, appearing to be "R. J. O.", is located to the right of the total invoice amount.

INVOICES DUE ON RECEIPT. Invoices outstanding over 30 days will have a Service Charge of 1 1/2% per month.



INVOICE

Remit Payment To:
Pennoni Associates Inc.
P.O. Box 827328
Philadelphia, PA 19182-7328

Charles Hurst
DELCORA
3201 West Front Street
Chester, PA 19016

JAN 08 2020

Invoice No : 1007237
Invoice Date : 12/26/2019
Project : DLCRA19001
Project Name : DELCORA
Engineering
Assessment

For Services Rendered Through 12/01/2019

The following was completed in accordance with the October 18, 2019 approved Scope of Work:

Site visits for pump stations and small flow treatment plant assessments.
Review documentation in PFM and DELCORA data room for asset listing and original costs.
Prepare data sheets and master asset listing for DELCORA holdings.
Review real estate properties and easements.
Compile listing of DELCORA equipment and supply storage.
Prepare and Issue Preliminary Engineering Assessment and Original Cost Report.
Revise and amend report to address comment sfrom Aqua and DELCORA.
Prepare for and attend weekly progress meetings.
Project coordination and communication with DELCORA, Aqua and Weston staff.

Labor

	Hours	Rate	Amount
Senior Professional	163.00	160.00	26,080.00
Project Professional	10.25	134.00	1,373.50
Associate Professional	126.50	108.00	13,662.00
Technician I	23.50	93.00	2,185.50
Totals	323.25		43,301.00
Total Labor			43,301.00

Total this Invoice \$43,301.00

3613
11460901
Services thru 12/1/19

INVOICES DUE ON RECEIPT. Invoices outstanding over 30 days will have a Service Charge of 1 1/2% per month.



INVOICE

Remit Payment To:
Pennoni Associates Inc.
P.O. Box 827328
Philadelphia, PA 19182-7328

JAN 17 2020

Charles Hurst
DELCORA
3201 West Front Street
Chester, PA 19016

Invoice No : 1009431
Invoice Date : 01/16/2020
Project : DLCRA19001
Project Name : DELCORA
Engineering
Assessment

For Services Rendered Through 12/31/2019

The following was completed in accordance with the October 18, 2019 approved Scope of Work:

Review documentation in PFM and DELCORA data room for asset listing and original costs.
Prepare data sheets and master asset listing for DELCORA holdings.
Review real estate properties and easements.
Revise, amend and format report to address comment sfrom Aqua and DELCORA.
Prepare for and attend weekly progress meetings.
Prepare and issue final Engineering Assessment and Original Cost Report.
Project coordination and communication with DELCORA, Aqua and Weston staff.

Labor

	Hours	Rate	Amount
Principal Professional	1.25	195.00	243.75
Senior Professional	48.25	160.00	7,720.00
Technician III	4.50	113.00	508.50
Associate Professional	52.00	108.00	5,616.00
Graduate Professional	38.00	103.00	3,914.00
Technician I	7.00	93.00	651.00
Totals	151.00		18,653.25
Total Labor			18,653.25

Total this Invoice \$18,653.25

3613
11460901
December
2019

INVOICES DUE ON RECEIPT. Invoices outstanding over 30 days will have a Service Charge of 1 1/2% per month.



REMIT TO: Weston Solutions, Inc.
PO Box 536121
Pittsburgh, PA 15253-5903
Phone 610-701-3000

ACH PAYMENTS: Weston Solutions, Inc.
Account: 6302619398
Citizens Bank, ABA: 036076150

PLEASE REFERENCE THE INVOICE NUMBER ON THE PAYMENT.

Invoice Number: JAN2020-02038

Invoice Date: 01/10/2020

Bill To:
DEL-CO REG WATER QUALITY CONTROL AUT
EXECUTIVE DIRECTOR
100 E. 5TH ST.
P.O. BOX 999
CHESTER, PA 19016-0999

Remit To:
WESTON SOLUTIONS, INC.
PO BOX 536121
PITTSBURGH, PA 15253-5903

Customer Number: 05623

Project Number: 05623.021.107
Project Name: General Engineering 2
Project Manager: Lehman, Roger W
Terms: NET 30
Due Date: 02/09/2020

Billing Period From: 11/29/2019
To: 12/27/2019
Billing Currency: USD

	Current Hours	Rate	Current Amount
Assist. Eng. Professional Wharwood, Angelique B	0.50	85.0000	\$42.50
Engineering Professional II Skaug, Alexander	2.00	80.0000	160.00
Senior Project Manager Lehman, Roger W	32.00	150.0000	4,800.00
Senior Scientist Strobridge, Daniel M	7.50	127.0000	952.50
Sr. Managing Engineer Kochubka, John J	16.00	165.0000	2,640.00
Labor	58.00		\$8,595.00
Trav-Mileage Expense			\$58.70
Total Expenses			\$58.70
Invoice Total			\$8,653.70



REMIT TO: Weston Solutions, Inc.
PO Box 536121
Pittsburgh, PA 15253-5903
Phone 610-701-3000

ACH PAYMENTS: Weston Solutions, Inc.
Account: 6302619398
Citizens Bank, ABA: 036076150

PLEASE REFERENCE THE INVOICE NUMBER ON THE PAYMENT.

Invoice Number: OCT2019-01846

Invoice Date: 10/04/2019

Bill To:
DEL-CO REG WATER QUALITY CONTROL AUT
EXECUTIVE DIRECTOR
100 E. 5TH ST.
P.O. BOX 999
CHESTER, PA 19016-0999

Remit To:
WESTON SOLUTIONS, INC.
PO BOX 536121
PITTSBURGH, PA 15253-5903

Customer Number: 05623

Project Number: 05623.021.107
Project Name: General Engineering 2
Project Manager: Lehman, Roger W
Terms: NET 30
Due Date: 11/03/2019

Billing Period From: 09/01/2019
To: 09/27/2019
Billing Currency: USD

Current Hours	Rate	Current Amount
0.50	85.0000	\$42.50
6.00	150.0000	900.00
6.50		\$942.50

Assist. Eng. Professional
Wharwood, Angellique B
Senior Project Manager
Lehman, Roger W
Labor

Invoice Total

\$942.50



REMIT TO: Weston Solutions, Inc.
PO Box 536121
Pittsburgh, PA 15253-5903
Phone 610-701-3000

ACH PAYMENTS: Weston Solutions, Inc.
Account: 6302619398
Citizens Bank, ABA: 036076150

PLEASE REFERENCE THE INVOICE NUMBER ON THE PAYMENT.

Invoice Number: NOV2019-02174

Invoice Date: 11/08/2019

Bill To:
DEL-CO REG WATER QUALITY CONTROL AUT
EXECUTIVE DIRECTOR
100 E. 5TH ST.
P.O. BOX 999
CHESTER, PA 19016-0999

Remit To:
WESTON SOLUTIONS, INC.
PO BOX 536121
PITTSBURGH, PA 15253-5903

Customer Number: 05623

Project Number: 05623.021.107
Project Name: General Engineering 2
Project Manager: Lehman, Roger W
Terms: NET 30
Due Date: 12/08/2019

Billing Period From: 10/01/2019
To: 10/25/2019

Billing Currency: USD

	Current Hours	Rate	Current Amount
Assist. Eng. Professional Wharwood, Angelique B	0.50	85.0000	\$42.50
Engineering Professional II Skaug, Alexander	2.40	80.0000	192.00
Senior Cadd Operator Pasatieri, Dennis	8.00	115.0000	920.00
Senior Project Manager Lehman, Roger W	49.50	150.0000	7,425.00
Sr. Managing Engineer Kochubka, John J	26.50	165.0000	4,372.50
Labor	86.90		\$12,952.00

Invoice Total

\$12,952.00



REMIT TO: Weston Solutions, Inc.
PO Box 536121
Pittsburgh, PA 15253-5903
Phone 610-701-3000

ACH PAYMENTS: Weston Solutions, Inc.
Account: 6302619398
Citizens Bank, ABA: 036076150

PLEASE REFERENCE THE INVOICE NUMBER ON THE PAYMENT.

Invoice Number: DEC2019-02005

Invoice Date: 12/08/2019

Bill To:
DEL-CO REG WATER QUALITY CONTROL AUT
EXECUTIVE DIRECTOR
100 E. 5TH ST.
P.O. BOX 999
CHESTER, PA 19016-0999

Remit To:
WESTON SOLUTIONS, INC.
PO BOX 536121
PITTSBURGH, PA 15253-5903

Customer Number: 05623

Project Number: 05623.021.107
Project Name: General Engineering 2
Project Manager: Lehman, Roger W
Terms: NET 30
Due Date: 01/05/2020

Billing Period From: 11/01/2019
To: 11/22/2019

Billing Currency: USD

	Current Hours	Rate	Current Amount
Assist. Eng. Professional II Ott, Robert J	24.50	125.0000	\$3,062.50
Assist. Eng. Professional Wharwood, Angelique B	2.50	85.0000	212.50
Engineering Professional II Nathanson, Heather L	64.00	137.0000	8,788.00
Engineering Professional II Skaug, Alexander	175.60	80.0000	14,048.00
Senior Cadd Operator Pasatieri, Dennis	2.00	115.0000	230.00
Senior Project Manager Lehman, Roger W	103.00	150.0000	15,450.00
Sr. Managing Engineer Kochubka, John J	20.50	165.0000	3,382.50
Sr. Proj. Eng. Professional II Bielawski, Julian P	2.50	150.0000	375.00
Labor	394.60		\$45,528.50
Trav-Mileage Expense			\$109.74
Total Expenses			\$109.74

Invoice Total

\$45,638.24

AQUA PENNSYLVANIA WASTEWATER, INC.
DELAWARE COUNTY REGIONAL WATER QUALITY CONTROL AUTHORITY
Section 1329 Application Standard Data Requests

Costs/Benefits

11. Please describe known and anticipated general expense savings and efficiencies under Buyer's ownership. State the basis for all assumptions used in developing these costs and provide all supporting documentation for the assumptions, if available.

Response: Please refer Aqua Statement No. 1, Direct Testimony of Marc A. Lucca, included as Exhibit U1 to the Application. Please also refer Appendix A of the Direct Testimony of William C. Packer, Aqua Statement No. 2, included as Exhibit U2 to the Application.

Respondent: William C. Packer
Vice President – Controller of Aqua Pennsylvania, Inc.
Date: 03/03/2020

AQUA PENNSYLVANIA WASTEWATER, INC.
DELAWARE COUNTY REGIONAL WATER QUALITY CONTROL AUTHORITY
Section 1329 Application Standard Data Requests

Costs/Benefits

12. Please provide a copy of the Seller's request for proposals (if there was one) and any accompanying exhibits with respect to the proposed sale of the system.

Response: Not applicable. There was no request for proposals in the proposed transaction.

Respondent: William C. Packer
Vice President – Controller of Aqua Pennsylvania, Inc.
Date: 03/03/2020

AQUA PENNSYLVANIA WASTEWATER, INC.
DELAWARE COUNTY REGIONAL WATER QUALITY CONTROL AUTHORITY
Section 1329 Application Standard Data Requests

Costs/Benefits

13. Please provide a copy of the proposal and exhibits of the Buyer for the purchase of Seller's system.

Response: Please see the response to SDR-12.

AQUA PENNSYLVANIA WASTEWATER, INC.
DELAWARE COUNTY REGIONAL WATER QUALITY CONTROL AUTHORITY
Section 1329 Application Standard Data Requests

Costs/Benefits

14. Provide a copy of the Buyer's offer to purchase the Seller's system and the Seller's response to that offer.

Response: The proposed transaction was an arms' length negotiation between the parties resulting in the Asset Purchase Agreement and First Amendment to the Asset Purchase Agreement included in the Application as Exhibit B1 and B2. Please see the SDR-14 Attachment 1 for DELCORA's resolution approving the sale of its system to the Company.

**DELAWARE COUNTY REGIONAL WATER
QUALITY CONTROL AUTHORITY**

RESOLUTION NO. 2019-11

ADOPTED SEPTEMBER 17, 2019

RESOLUTION AUTHORIZING THE EXECUTION, DELIVERY AND PERFORMANCE UNDER THE ASSET PURCHASE AGREEMENT (THE "APA") BETWEEN DELAWARE COUNTY REGIONAL WATER QUALITY CONTROL AUTHORITY (THE "AUTHORITY") AND AQUA PENNSYLVANIA WASTEWATER, INC. ("AQUA"); AUTHORIZING THE EXECUTION, DELIVERY AND PERFORMANCE UNDER THE ESCROW AGREEMENT AND THE SELECTION OF AN ESCROW AGENT; AUTHORIZING THE ASSIGNMENT OF THE AUTHORITY'S RIGHTS AND OBLIGATIONS IN ALL RELEVANT AGREEMENTS TO AQUA; AUTHORIZING AND APPROVING ALL CONVEYANCE INSTRUMENTS AND CONVEYANCE REAL ESTATE DOCUMENTS; AUTHORIZING COMMUNICATION OF INFORMATION AND COOPERATION WITH AQUA; AUTHORIZING ALL ACTIONS RELATING TO THE EXECUTION OF THE APA AND THE ASSIGNMENT OF ALL RELEVANT AGREEMENTS; AUTHORIZING THE DISTRIBUTION OF THE NET PROCEEDS OF THE CONVEYANCE TO A RATE STABILIZATION FUND THAT WILL BENEFIT THE AUTHORITY'S CUSTOMERS; AUTHORIZING INCIDENTAL ACTION TO BE TAKEN BY THE EXECUTIVE DIRECTOR OF THE AUTHORITY; RATIFYING ALL ACTIONS TAKEN HERETO WITH RESPECT TO THE NEGOTIATION AND PREPARATION OF THE APA; AND RESCINDING INCONSISTENT RESOLUTIONS.

WHEREAS, the Authority currently owns and operates a sanitary wastewater collection and disposal system and a water treatment, pumping and conveyance system (the "System") that provides wastewater service to various customers throughout Delaware County (the "County");

WHEREAS, the Authority previously decided to pursue the sale of all assets, properties and rights of the Authority (whether tangible, real, personal or mixed), which are exclusively held and used in connection with the System, including, but not limited to, information received by Authority as to consumption by customers within the service area of the System to facilitate accurate billing, as set forth in the APA (the "System Assets") with Aqua (the "Assets Sale");

WHEREAS, the Authority's Board of Directors (the "Board") held numerous public meetings in order to obtain public comment from residents and businesses of the County with respect to any potential sale of the wastewater system to Aqua;

WHEREAS, the Board has determined that the Assets Sale is in the best interests of the Authority and its customers, such determination shall be evidenced through the execution by the Authority of the APA, and the Authority will sell the System Assets to Aqua by entering into the APA with Aqua;

WHEREAS, the Authority has negotiated an APA with Aqua that meets the requirements for the criteria set forth by the Board for the sale of the System Assets;

WHEREAS, pursuant to the APA, the Authority will assign the Authority's rights and obligations under all relevant agreements to Aqua as necessary and appropriate in accordance with the APA;

WHEREAS, under the APA, the Authority will transfer to Aqua the ownership of the System Assets through the execution and delivery of all necessary and required bills of sale, instruments of assignment, consents to transfer, deeds and other agreements, documents and instruments of conveyance (collectively, the "Conveyance Instruments");

WHEREAS, following the consummation of the Asset Sale the Authority will no longer be responsible for infrastructure maintenance and operations of the wastewater system;

WHEREAS, the Authority will utilize the net proceeds of the Asset Sale to pay off the Authority's existing debt related to the wastewater system and, among other things, establish a rate stabilization fund for the future benefit of the Authority's customers; and

WHEREAS, the Board has determined that it is in the best interest of the Authority and its customers to execute, deliver and perform under the APA.

NOW THEREFORE, be it, and it is hereby RESOLVED by the Board of Directors of Delaware County Regional Water Quality Control Authority, as follows:

1. **Approval of the APA.** The Board authorizes and approves the execution, delivery and performance of the APA in substantially the form attached hereto as Exhibit "A". The Executive Director of the Authority is hereby authorized and directed on behalf of the Board to execute any and all papers and documents to do and cause to be done any and all actions and things necessary or proper to execute the APA and the Conveyance Instruments to close the Asset Sale.

2. **Approval of the Escrow Agreement and Selection of the Escrow Agent.** The Board hereby authorizes and approves the execution, delivery and performance of the escrow agreement to enable Aqua to obtain all missing easements and to cure all potential property-related items (the "Escrow Agreement"), substantially in the form attached hereto as Exhibit "B". The Board further hereby authorizes and directs the Executive Director, on behalf of the Board, to select an escrow agent to fulfill the duties and obligations in the Escrow Agreement, and to execute any and all papers and documents to do and cause to be done any and all actions and things necessary or proper to execute the Escrow Agreement.

3. **Assignment of all Relevant Agreements.** The Board hereby authorizes and approves the assignment of the Authority's rights and obligations under all relevant agreements in order to effectuate the sale of the System. The Executive Director is authorized and directed on behalf of the Board to execute and deliver any and all papers and documents to do and cause

to be done any and all actions and things necessary or proper to effectuate such assignment; provided, however, the terms and conditions of all such papers and documents are satisfactory to the Authority's Solicitor and Special Counsel.

4. **Approval of Deeds, Certificates and Related Documents.** The Board hereby authorizes the execution and delivery by the Executive Director of the Conveyance Instruments necessary and required to be executed and delivered under the APA; provided, however, that the terms and conditions of such Conveyance Instruments are satisfactory to the Authority's Solicitor and Special Counsel.

5. **Distribution of Proceeds.** The proceeds of the Assets Sale to Aqua shall be utilized at the discretion of the Authority in a manner consistent with the Municipal Authorities Act, taking into account the advice of any financial advisors to the Authority. In furtherance of the foregoing, the Board authorizes the creation of a trust for the purpose of providing rate stabilization to the Authority's customers from the settlement of the Assets Sale until the funds in said trust are exhausted. Provided further, the Board directs that net proceeds (i.e. proceeds of the sale after the full payment of all of the Authority's debt, obligations and liabilities and fees, including Special Counsel fees) other than any funds in the Executive Director's reasonable judgment which are necessary to maintain the operation of the Authority until all of its obligations and operations have been concluded, shall be allocated to the rate stabilization fund's trust. Provided further, the Board further authorizes and approves the execution, delivery and performance of a funding agreement in a form and substance reasonably acceptable to the Executive Director (the "Funding Agreement"). The Board further hereby authorizes and directs the Executive Director, on behalf of the Board, and to execute any and all papers and documents to do and cause to be done any and all actions and things necessary or proper to execute the Funding Agreement; provided, however, that the terms and conditions of such Funding Agreement are satisfactory to the Authority's Solicitor and Special Counsel.

6. **Information and Cooperation.** The Board hereby authorizes the Authority, its agents and employees, to communicate the System billing information and any and all rights of the Authority in connection therewith and other information required or desirable in the sole discretion of the Executive Director to Aqua, and to cooperate with Aqua for the continued operation of the System and the use of the System Assets.

7. **General Authorization.** The Board hereby further authorizes the Authority, its agents and employees, to take any and all necessary actions required by the Municipal Authorities Act and other applicable laws to complete the sale of the System Assets, including cooperating with Aqua with regard to Pennsylvania Public Utility Commission approvals and valuations (if required), such cooperation shall continue until all System Assets are conveyed in a proper manner to Aqua.

8. **Severability.** The provisions of this Resolution are intended to be severable, and if any section, sentence, clause, part or provision hereof shall be held illegal, invalid or

unconstitutional by any court of competent jurisdiction, such decision of the court shall not affect or impair the remaining sections, sentences, clauses, parts or provisions of this Resolution. It is hereby declared to be the intent of the Board that this Resolution would have been adopted even if such illegal, invalid or unconstitutional section, sentence, clause, part or provisions had not been included herein.

9. **Ratification**. All actions by the Board, the Authority, its agents and employees with respect to the negotiation and preparation of the APA, prior to the date hereof, are hereby adopted, ratified and confirmed in all respects.

10. **Effective Date**. This Resolution shall take effect immediately.

11. **Repealer**. All other resolutions or parts thereof as they are inconsistent with Resolution are hereby repealed.

ENACTED and RESOLVED, this 17th day of **SEPTEMBER, 2019**.

**DELAWARE COUNTY REGIONAL
WATER QUALITY CONTROL AUTHORITY**

[SEAL]

BY: Stanley R. Kester
Stanley R. Kester, Chairman

ATTEST:

Edward E. Monaghan III
Edward E. Monaghan III, Secretary

Respondent: Harold Walker III, Manager, Financial Studies, Gannett Fleming Valuation and
Rate Consultants LLC
and
Dylan W. D'Ascendis, Director, ScottMadden, Inc.
Date: 03/03/2020

**AQUA PENNSYLVANIA WASTEWATER, INC.
DELAWARE COUNTY REGIONAL WATER QUALITY CONTROL AUTHORITY
Section 1329 Application Standard Data Requests**

Appraisals

15. For each UVE in this case, please provide the following, if not already provided:
- a. A list of valuations of utility property performed by the UVE;
 - b. A list of appraisals of utility property performed by the UVE
 - c. A list of all dockets in which the UVE submitted testimony to a public utility commission related to the appraisal of utility property; and
 - d. An electronic copy of or electronic link to testimony in which the UVE testified on public utility fair value acquisitions in the past two years.

Response: Harold Walker III:

- a. Please see Mr. Walker's Curriculum Vitae attached as Appendix A to Mr. Walker's direct testimony, included as Exhibit X to the Application (Aqua Statement No. 8). Starred items represent dockets where Mr. Walker presented testimony related to the appraisal of utility property.
- b. Please see Mr. Walker's response to a., above.
- c. See below list of dockets that Mr. Walker submitted testimony to a public utility commission related to the appraisal of utility property:

A-2016-2580061 – New Garden
A-2017-2605434 – Limerick
A-2018-3001582 – East Bradford
A-2018-3003519 – Mahoning (water)
A-2018-3003517 – Mahoning (wastewater)
A-2018-3004933 – Exeter
A-2019-3008491 – Cheltenham
A-2019-3009052 – East Norriton
A-2019-3014248 – Borough of Kane Authority

Respondent: Harold Walker III, Manager, Financial Studies, Gannett Fleming Valuation and
Rate Consultants LLC
and
Dylan W. D'Ascendis, Director, ScottMadden, Inc.
Date: 03/03/2020

AQUA PENNSYLVANIA WASTEWATER, INC.
DELAWARE COUNTY REGIONAL WATER QUALITY CONTROL AUTHORITY
Section 1329 Application Standard Data Requests

- d. In the past two years, Mr. Walker submitted testimony in the below dockets. Links to the dockets where Mr. Walker testified are below:
- i. Limerick Township – A-2017-2605434
http://www.puc.state.pa.us/about_puc/consolidated_case_view.aspx?Docket=A-2017-2605434
 - ii. Mahoning Township – A-2018-3003519
http://www.puc.state.pa.us/about_puc/consolidated_case_view.aspx?Docket=A-2018-3003519
 - iii. Mahoning Township – A-2018-3003517
http://www.puc.state.pa.us/about_puc/consolidated_case_view.aspx?Docket=A-2018-3003517
 - iv. East Bradford Township A-2018-3001582
http://www.puc.state.pa.us/about_puc/consolidated_case_view.aspx?Docket=A-2018-3001582
 - v. Exeter Township – A-2018-3004933
http://www.puc.state.pa.us/about_puc/consolidated_case_view.aspx?Docket=A-2018-3004933
 - vi. Cheltenham Township – A-2019-3008491
http://www.puc.state.pa.us/about_puc/consolidated_case_view.aspx?Docket=A-2019-3008491
 - vii. East Norriton – A-2019-3009052
http://www.puc.state.pa.us/about_puc/consolidated_case_view.aspx?Docket=A-2019-3009052
 - viii. Borough of Kane Authority – A-2019-3014248
http://www.puc.state.pa.us/about_puc/consolidated_case_view.aspx?Docket=A-2019-3014248

Dylan W. D'Ascendis

- a. Please see Mr. D'Ascendis' Curriculum Vitae attached as Attachment A to Exhibit Y of the Application, direct testimony of Dylan W. D'Ascendis (Aqua Statement No. 9).
- b. Please see Mr. Dylan D'Ascendis' response to a., above.
- c. Please see Mr. Dylan D'Ascendis' response to a., above.

Respondent: Harold Walker III, Manager, Financial Studies, Gannett Fleming Valuation and
Rate Consultants LLC
and
Dylan W. D'Ascendis, Director, ScottMadden, Inc.
Date: 03/03/2020

AQUA PENNSYLVANIA WASTEWATER, INC.
DELAWARE COUNTY REGIONAL WATER QUALITY CONTROL AUTHORITY
Section 1329 Application Standard Data Requests

- d. In the past two years, Mr. D'Ascendis submitted testimony in the below dockets. Links to the dockets where Mr. D'Ascendis testified are below:
- i. Mahoning Township – A-2018-3003519
http://www.puc.state.pa.us/about_puc/consolidated_case_view.aspx?Docket=A-2018-3003519
 - ii. Steelton Borough – A-2019-3006880
http://www.puc.state.pa.us/about_puc/consolidated_case_view.aspx?Docket=A-2019-3006880

Respondent: Harold Walker III, Manager, Financial Studies, Gannett Fleming Valuation and
Rate Consultants LLC
and
Dylan W. D'Ascendis, Director, ScottMadden, Inc.
Date: 03/03/2020

AQUA PENNSYLVANIA WASTEWATER, INC.
DELAWARE COUNTY REGIONAL WATER QUALITY CONTROL AUTHORITY
Section 1329 Application Standard Data Requests

Appraisals

16. Please explain each discount rate used in the appraisals, including explanations of the capital structure, cost of equity and cost of debt. State the basis for each input. Provide all sources, documentation, calculations and/or workpapers used in determining the inputs.

Response: Harold Walker III:

Please see the direct testimony of Harold Walker III, Exhibit X to the Application (Aqua Statement No. 8) at p. 17-19, and Exhibit Q to the Application (Gannett Appraisal), and the Confidential Gannett Fleming Work Paper files submitted with the Application.

Dylan W. D'Ascendis:

Please see the direct testimony of Dylan W. D'Ascendis, Application Exhibit Y (Aqua Statement No. 9) at p. 19-20. Information on the discount rate can also be found in Application Exhibit No. R (ScottMadden Appraisal), Section VI.D., p. 11-12 and in Appendix H to the appraisal.

Respondent: Harold Walker III, Manager, Financial Studies, Gannett Fleming Valuation and
Rate Consultants LLC
and
Dylan W. D'Ascendis, Director, ScottMadden, Inc.
Date: 03/03/2020

**AQUA PENNSYLVANIA WASTEWATER, INC.
DELAWARE COUNTY REGIONAL WATER QUALITY CONTROL AUTHORITY
Section 1329 Application Standard Data Requests**

Appraisals

17. Please explain whether the UVE used replacement cost or reproduction cost and why that methodology was chosen.

Response: Harold Walker III:

Gannett Fleming used the original cost new ("OCN") to calculate the trended original cost ("TOC") measures, or the reproduction cost of the depreciable assets by multiplying the OCN by specific cost indices. We converted reproduction cost new to replacement cost new ("RCN") after factoring in obsolescence. We used the TOC method because the mandated use of the Engineering Assessment's original cost essentially dictates the use of TOC over the reproduction cost or the replacement cost methods. Please see the direct testimony of Harold Walker III, Exhibit X to the Application (Aqua Statement No. 8) at p. 15 for an explanation of why this method was chosen.

Dylan W. D'Ascendis:

ScottMadden used an original cost new ("OCN") method to calculate the trended original cost ("TOC") of the assets. The TOC was arrived at by using the Handy-Whitman Index which results in a current reproduction value. Please see the direct testimony of Dylan W. D'Ascendis, Application Exhibit Y (Aqua Statement No. 9) at p. 12-15 for an explanation of why this method was chosen.

Respondent: Harold Walker III, Manager, Financial Studies, Gannett Fleming Valuation and
Rate Consultants LLC
and
Dylan W. D'Ascendis, Director, ScottMadden, Inc.
Date: 03/03/2020

AQUA PENNSYLVANIA WASTEWATER, INC.
DELAWARE COUNTY REGIONAL WATER QUALITY CONTROL AUTHORITY
Section 1329 Application Standard Data Requests

Appraisals

18. Please provide a copy of the source for the purchase price and number of customers for each comparable acquisition used in the appraisals.

Response: Harold Walker III:

Please see Attachment SDR-18 Attachment 1. See also the links provided in Response 15(d).

Dylan W. D'Ascendis:

Please see Appendix E to Mr. D'Ascendis' valuation report for the source documents supporting the purchase price and number of customers used in Mr. D'Ascendis' Market Approach.

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Aqua America's Pennsylvania Subsidiary Enters Agreement to Purchase Cheltenham Township Wastewater System

July 02, 2018 07:00 AM Eastern Daylight Time

BRYN MAWR, Pa.--(BUSINESS WIRE)--Aqua America announced today that its Pennsylvania subsidiary has signed an asset purchase agreement with Cheltenham Township to purchase its wastewater system, which serves approximately 10,500 connections in Montgomery County, for \$50.25 million. The agreement must be approved by the Pennsylvania Public Utility Commission.

The transaction will be Aqua Pennsylvania's fourth acquisition application referred to the Pennsylvania PUC since Act 12, commonly referred to as fair market value legislation, was enacted last year. Aqua Pennsylvania has asset purchase agreements with the 2,100-customer New Garden Township wastewater system in Chester County and the 5,400-customer Limerick Township wastewater system in Montgomery County. The company also has an agreement, signed in December 2017, with East Bradford Township in Chester County to purchase its 1,200-customer wastewater collection system. Aqua already provides water service to East Bradford, as it does with Cheltenham.

These four systems, including Cheltenham, total more than 19,000 wastewater connections and would nearly double Aqua Pennsylvania's current 22,000-customer wastewater operation.

The new law encourages a consolidation of the fragmented industry for the benefit of customers, the environment, and local governments. This transaction will benefit customers by leveraging compliance expertise, purchasing power gained through economies of scale and operational efficiencies to ultimately benefit service to our customers at affordable rates.

"We are pleased with the momentum we are gaining to reach agreements with municipal systems," said Aqua America Chairman and CEO Christopher Franklin. "Act 12 is having its intended impact, allowing municipalities to be compensated for the fair value of their water and wastewater assets and enabling utility professionals to bring expertise to systems in need."

Aqua Pennsylvania President Marc Lucca says his team is ready to work with the Cheltenham community on making needed system improvements.

"As with our pending agreements with New Garden, East Bradford and Limerick, the Aqua Pennsylvania team is looking forward to assuming Cheltenham's sewer utility responsibilities so the township can direct its attention and capital to other priorities," said Lucca. "We are anxious to begin the work necessary to help the township meet the requirements of an outstanding Pennsylvania Department of Environmental Protection consent order, specifically related to inflow and infiltration issues there."

In total, Aqua has plans to spend nearly \$50 million over the next 10 years to improve Cheltenham's wastewater system.

Aqua America is one of the largest U.S.-based, publicly traded water utilities and serves nearly 3 million people in Pennsylvania, Ohio, North Carolina, Illinois, Texas, New Jersey, Indiana and Virginia. Aqua America is listed on the New York Stock Exchange under the ticker symbol WTR. Visit AquaAmerica.com for more information.

Forward-Looking Statements

This release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 including, among others: the company's ability to successfully close the acquisition of the wastewater systems noted in this release. There are important factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements including: general economic business conditions, the successful integration of the customers and the facilities, the success of the company's growth efforts including its ability to utilize Act 12, and other factors discussed in our Annual Report on Form 10-K, which is on file with the Securities and Exchange Commission.

Cheltenham Township
1329 Proceeding
Cheltenham Twp. - Water Accounts reported for Sewer Billing

Type of Service	Gallons	Customers ¹
Commercial	280,938,300	534
Industrial	364,400	14
Public	9,962,700	23
Residential	484,692,800	9,648
Total	775,958,200	10,219

1. Customers include all Active and Inactive Accounts

The following table breaks down the above total figures by customer class as of December 31, 2017, 2016, and 2015 :

	2017	2016	2015
Customers:			
Residential	118,493	111,494	110,254
Commercial	9,386	8,626	8,569
Industrial	536	479	478
Public Authority	1,072	948	964
Fire Protection	3,178	2,876	2,815
Other (including non-metered accounts)	2,980	545	553
Total	135,645	124,968	123,633
Water Revenues (in thousands):			
Residential	\$ 62,831	\$ 59,884	\$ 58,439
Commercial	13,676	12,250	11,816
Industrial	3,196	3,176	3,229
Public Authority	3,845	3,510	3,193
Fire Protection	20,235	18,486	18,016
Other (including non-metered accounts)	3,271	1,361	1,348
Total	\$ 107,054	\$ 98,667	\$ 96,041
Customer Water Consumption (millions of gallons):			
Residential	6,408	6,583	6,551
Commercial	2,026	1,954	1,941
Industrial	711	724	777
Public Authority	575	539	503
Total	9,720	9,800	9,772

The Regulated Companies own various small, discrete parcels of land that are no longer required for water supply purposes. At December 31, 2017, this land totaled over 600 acres. Over the past several years, we have been disposing of these land parcels through sales and/or donations, primarily to towns and municipalities. For more information, please refer to *Segments of Our Business* below.

Additional information on land dispositions can be found in Item 7 – “Management’s Discussion and Analysis of Financial Conditions and Results of Operations – Commitments and Contingencies”.

Competition

Our Regulated Companies face competition from a few small privately-owned water systems operating within, or adjacent to, our franchise areas and from municipal and public authority systems whose service areas in some cases overlap portions of our franchise areas.

Employees

As of December 31, 2017, we employed a total of 294 people. Our employees are not covered by collective bargaining agreements.



DEALS AUGUST 6, 2018 / 5:11 PM / 6 MONTHS AGO

SJW Group makes \$1.1 billion all-cash offer for Connecticut Water

3 MIN READ



NEW YORK (Reuters) - SJW Group ([SJW.N](#)) and Connecticut Water Service Inc (CTWS.O) said on Monday they were changing from a merger to an acquisition agreement, with SJW offering to buy the New England utility for \$1.1 billion in cash instead of combining stock.

The switch to an all-cash offer is worth \$70 per Connecticut Water share, a 33 percent premium to Connecticut Water's share price prior to the original deal announced in March, according to a joint statement.

It was also higher than the implied \$61.86 per share value of the Clinton, Connecticut-based firm under the merger-of-equals transaction, which would have created a combined company in which existing SJW shareholders would hold 60 percent of the stock.

SJW closed 2.3 percent lower, while Connecticut Water was 9 percent higher at \$68.50.

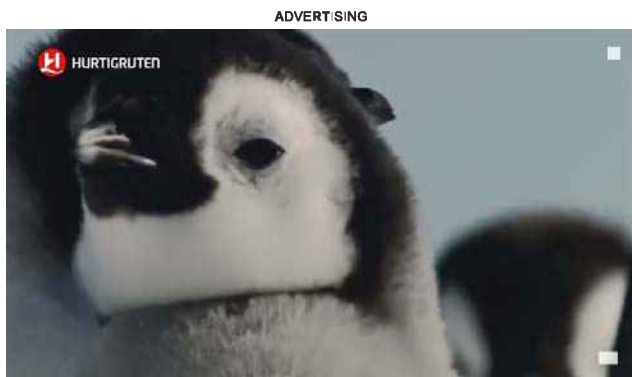
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To pay for the acquisition, SJW will initially utilize a \$975 million bridge loan from financial adviser JP Morgan Chase ([JPM.N](#)). Ultimately, the purchase would be covered by debt and between \$450 million and \$500 million of equity finance.

The new deal aims to conclude in the first quarter of 2019, subject to approvals from Connecticut Water's shareholders, as well as regulators in Connecticut and Maine.

The duo's original all-stock merger announcement in March triggered competing offers from Eversource Energy (ES.N) and California Water Service Group (CWT.N).

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"We have converted from a stock-for-stock deal to a cash offer, which will resolve any further market distractions from the inferior proposals," SJW Chief Executive Eric Thornburg told Reuters, in reference to the actions by Eversource and CalWater.

Switching to an acquisition, versus a merger structure, means that SJW shareholders will no longer be required to vote on approving the deal, the statement said.

CalWater has an open tender offer to acquire SJW that runs until Sept. 28.

However, asked if the change was aimed at heading off any shareholder challenge to the deal, Thornburg told Reuters it "wasn't a consideration" and it had received nothing but support from its shareholders.

RBS sounds alarm over Brexit

CalWater declined to comment. A spokesman for Eversource said the company was evaluating developments but, as it has made clear, it will be disciplined in pursuing this or any other transaction.

Reporting by David French in New York; Additional Reporting by Liana B. Baker; Editing by Lisa Shumaker

Our Standards: [The Thomson Reuters Trust Principles.](#)

MORE FROM REUTERS

Wastewater treatment is provided by the Borough of West Chester pursuant to a Sewer Capacity Agreement dated November 14, 2017, by and between the Borough and East Bradford Township. Copies of West Chester's 2017 Chapter 94 Reports to DEP for the Goose Creek WWTP and for the Taylor Run WWTP are attached hereto as Exhibit E3 and Exhibit E4.

15. The Goose Creek WWTP has a permitted treatment capacity of 1.672 MGD. The Taylor Run WWTP has a permitted treatment capacity of 1.50 MGD. The elevation of the Goose Creek WWTP is generally about EL 370. The elevation of the Taylor Run WWTP is generally about EL 260. The elevation of the Requested Territory ranges from approximately EL 365 to EL 280.

16. Water service in the Requested Territory is provided by both Aqua Pennsylvania, Inc. and private wells.

17. The original cost, by year and major plant category, of the East Bradford Township used and useful plant in service is \$8,294,931 with a related calculation depreciation reserve of \$2,820,983. The original cost value includes a series of capped sewers along the North Benjamin Drive area of the Township. The capped sewers include approximately 3,300 linear feet of 8" Gravity PVC pipe and 20 manholes, with an estimated original cost value of approximately \$100,000 as estimated by Aqua. The pipe and manholes are included in the totals on page 2-11 and 2-12 of Exhibit W. Aqua will categorize the capped sewer pipe and manholes as plant held for future use in its asset allocation upon closing. The area of capped sewers along North Benjamin Drive is not included in the Requested Territory.

18. Tentative journal entries to record the transaction are presented in Section IV.

IV. ASSET PURCHASE AGREEMENT

19. The *Assets Purchase Agreement* is dated December 20, 2017. The *First Amendment to Assets Purchase Agreement* is dated April 18, 2018. The purchase price is Five Million Dollars

(\$5,000,000.00). In addition to the purchase price, Section 1.5 of the Agreement provides that Aqua will assume certain defined liabilities and pay certain out-of-pocket costs incurred by East Bradford Township.

20. The purchase price and Agreement are based on arm's length negotiations. Aqua and East Bradford Township are not affiliated with each other. Aqua will use short term debt initially for the purchase of the assets with the expectation that the short term debt will be converted to long term debt and equity capital at a later date.

21. The wastewater system assets to be acquired are the "Assets" and have the meaning specified in Section 1.1 of the Agreement. The Assets include the assets, properties and rights of East Bradford Township that comprise the wastewater system or that are owned by East Bradford Township and used by it solely in connection with operation of the system.

22. "Excluded Assets," which are those assets not being transferred to Aqua, have the meaning specified in Section 1.4 of the Agreement. Excluded Assets include customer service laterals that run from the curb area to individual customer residences or structures; piping and fixtures internal to each customer residence or structure; cash and cash equivalents; and the items set forth in Schedule 1.4 of the Agreement.

23. "Assumed Liabilities" has the meaning specified in Section 1.6 of the Agreement and include the liabilities and obligations under the Assumed Contracts that arise after Closing, liabilities incurred or arising from and after Closing under or from failure to comply with permits, approvals or licenses related to the system that are transferred to Aqua and the obligation to provide wastewater service after Closing. The Assumed Contracts, which are listed in Schedule 1.6 of the APA and attached hereto as **Exhibit F1** and **Exhibit F2**, are the Sewer Capacity Agreement dated November 14, 2017, by and between the Borough of West Chester and East Bradford Township and the Intergovernmental Cooperation Agreement dated March 15, 1999, between East Bradford and Birmingham Township.

East Bradford Township

	# of Customers	Annual Gallons Treated (2017)
Residential- Single Family	399	23,783,560
Residential- Townhomes	814	36,390,635
Commercial		
Bradford Retail - The Bistro		112,800
Bradford Retail - Strip Stores		688,000
Brookworth Plaza - Dunkin Donuts		147,200
Brookworth Plaza - CVS		35,300
Brookworth Plaza - empty building		-
Brookworth Plaza - Strip Stores		142,000
Brookworth Plaza - PNC Bank		17,000
Countryside Food Mart		52,700
Antique Ice Museum		3,600
Mrs. Mike's Restaurant		103,110
Brandywine Hall Nursing Home		8,281,000
Daily Local News - now empty building		24,400
Bradford Plaza - Strip Stores		1,991,430
Bradford Plaza - Giant Food Store		2,527,700
Bradford Plaza - Walgreens		47,000
Bradford Plaza - Giant Gas Station		6,200
Chester County Art Association		120,100
Industrial		
Diesel Systems		66,300
Chem Service		173,400
Other Class(?)*		
Goddard School		252,800
Hillsdale Elementary School		649,700
WCU S Campus Apts - 144		24,200
WCU S Campus Apts - 167		583,900
WCU S Campus Apts - 168		500,900
WCU S Campus Apts - 169		441,900
WCU S Campus Apts - 170		570,900
WCU S Campus Apts - 171		318,900
WCU S Campus Apts - 172		422,000
WCU S Campus Apts - 173		306,400
WCU S Campus Apts - 174		424,500
WCU S Campus Apts - 175		323,400
WCU S Campus Apts - 176		340,000
WCU S Campus Apts - 177		356,000
University Student Housing 1		4,463,500
University Student Housing 2		5,429,000
Total		90,121,435

*May include church, school, public, etc... (please insert a line for each)

420,000
153,300,000

35
399
814
1,248

1 **Q. How many customers will the acquisition add?**

2 A. The acquisition of East Norriton will add 4,966 customers to Aqua's existing 28,000
3 wastewater customers. This is an increase in customers of 17.7% (or about 20%).²³

4 **Q. Will the acquisition increase rates for the customers to be acquired?**

5 A. Yes. Aqua witness Packer states that he reasonably expects that rates for East Norriton
6 customers will increase under Aqua ownership.²⁴ As discussed above, Aqua calculates
7 that if the entire revenue deficiency resulting from the acquisition is applied to East
8 Norriton Township customers, the adjusted average bill for customers using four thousand
9 gallons per month would increase from approximately \$39 per month to \$52 per month,
10 which would be a 35% rate increase.²⁵

11 **Q. Will the acquisition increase rates for existing Aqua customers?**

12 A. Yes. Mr. Packer's testimony shows that, as a result of the acquisition, rates for existing
13 Aqua water customers and existing Aqua wastewater customers will increase if the revenue
14 deficiency is not fully borne by the East Norriton Township customers. Mr. Packer's
15 schedules show estimated increases to existing total Aqua water and wastewater customers
16 ranging from \$0.17 per month to \$1.66 per month (\$2.04 per year to \$19.92 per year).²⁶ If
17 the costs were spread to only existing wastewater customers, and not water customers, the

²³ Exhibit U, Direct Testimony of William C. Packer, p. 9, lines 2-3 and 11-12, p. 16, lines 11-12.

²⁴ Exhibit U, Direct Testimony of William C. Packer, p. 18, lines 17-20 and Appendix A, p. 1; Response to OCA-II-4, Attachment 1, p. 22 (attached as OCA Exhibit DJG-12).

²⁵ Exhibit U, Direct Testimony of William C. Packer, Appendix A, pp. 1-2 (\$38.52 + \$13.42 = \$51.94). $(\$13.42 \div \$38.52) \times 100 = 34.84\%$.

²⁶ Exhibit U, Direct Testimony of William C. Packer, Appendix A, p. 1.

1 **Q. Describe the scope and organization of your testimony.**

2 A. My testimony addresses the application filed by Aqua Pennsylvania Wastewater, Inc.
3 (“Aqua” or the “Company”) for the acquisition of the East Norriton Township (the
4 “Township”) wastewater collection system assets. My testimony responds to the fair
5 market value (“FMV”) approaches addressed in the testimonies of Harold Walker, III of
6 Gannett Fleming, who sponsors the FMV appraisals commissioned by the Company, and
7 Jerome C. Weinert, who sponsors the appraisal commissioned by the Township. I also
8 discuss the sufficiency of the notices sent to the customers of Aqua and the Township
9 regarding the impact on rates of the proposed acquisition.

II. EXECUTIVE SUMMARY

A. Overview

10 **Q. Please summarize Aqua’s application in this proceeding.**

11 A. Aqua’s application proposes to acquire the Township’s wastewater assets under Sections
12 1102 and 1329 of the Public Utility Code (the “Code”). According to Section 1329(c)(2)
13 of the Code, the ratemaking rate base is the lesser of the negotiated purchase price and the
14 average of two FMV appraisals. The FMV estimated by Gannett Fleming and AUS
15 Consultants is \$24.2 million and \$25.1 million, respectively. The purchase price negotiated
16 by Aqua and the Township is \$21 million. Thus, the proposed rate base in the application
17 is \$21 million.

Report by Class

Account	Name Service Address	Tax ID	Book	Status	Alert Code
97990.00	F M BROWN SONS INC 790 DANIEL BOONE ROAD	43-5345-07-68-8539 BIRDSBORO	PA	A 19508-8737	
99991.00	DIEROLF, CANDACE 21 PINE AVENUE	BIRDSBORO	PA	A 19508	
99992.00	TELFORD, MARK 19-6 CRANBERRY RIDGE	READING	PA	A 19606-3934	
Total Class: R: 8,708					
Class: TRAILER PARK					
20000.00	KLIEWER, KIM B 4851 PERKIOMEN AVENUE	43-5325-08-79- READING	100 PA	A 19606	
(610)670-0191 20010.00	KL MHC LLC 44 KEYSTONE ROAD	43-5335-14-34- READING	201 PA	A 19606-3655	
20020.00	BORDIC MOBILE HOME PARK 214 BORDIC ROAD	43-5335-09-16- READING	200 PA	A 19606-3605	
20030.00	KL MHC LLC 44 KEYSTONE ROAD	43-5335-10-35- READING	201 PA	A 19606-3655	
20060.00	ALSACE TOWNSHIP 240 SPIES CHURCH ROAD	READING	101 PA	A 19606	
20070.00	KL MHC LLC 44 KEYSTONE ROAD	43-5335-14-34-2494 READING	PA	A 19606-3655	
91230.00	PENN VIEW MOBILE PARK BROADWAY AVENUE	43-5327-14-42- READING	200 PA	A 19606	
(610)779-4202					

Total Class: T: 7**Total: 8,984**

Exeter Township supervisors agree to sell municipal wastewater system for \$96 million

 readingeagle.com/news/article/exeter-township-supervisors-agree-to-sell-municipal-wastewater-system-for-96-million

Share

Adjust font size: A A A

The sale to Pennsylvania American Water Co. will keep taxes steady for 10 years and do other things for Exeter, the township manager said.

Written by Mike Urban
Exeter Township, PA —

The Exeter Township supervisors have agreed to sell the township's wastewater treatment plant and system to a private company for \$96 million, a move they expect will save taxpayers money and put the township on much better financial footing.

The supervisors voted 4-1 on April 23 to approve the sale to Pennsylvania American Water Co., which supplies water to the township and operates 15 wastewater treatment systems statewide.

The two sides must finalize the asset purchase agreement, and the sale will require Pennsylvania Utility Commission approval, meaning the earliest the company is likely to take ownership would be early next year.

Township Manager John A. Granger said that if the sale goes through as planned, it will allow the township to hold real estate taxes steady for 10 years or more; pay for future capital projects including equipment replacement, township building relocation and storm sewer improvements; and still leave \$48 million in the bank.

The current property tax rate is 2.14 mills, but that would have increased 32.6 percent to 2.8 mills in 2019 if the township retained ownership of the plant, he said.

The township is expected to raise sewer rates 29 percent before the sale is completed, but that rate hike would likely have been higher if the township held onto the system and made necessary upgrades, said Supervisor John Cusatis.

And the supervisors plan to enact a homestead tax exemption that would more than cover the rate increase for most homeowners, he said.

There are about 9,000 properties in Exeter connected to the wastewater system, and Pennsylvania American spokesman Terry M. Maenza said that they shouldn't notice any changes in sewer service once the company takes control of the system.

"It should be seamless," he said.

The company plans to retain the township's six wastewater employees, he said.

Cusatis and fellow Supervisors Lisa VanderLaan, William F. White and David G. Speece Jr. voted for the sale, saying it was a tough decision but the economic benefits were too good to turn down.

"The sale will pay off the library and sewer debt, stabilize the tax base and improve the township's credit rating," Cusatis said.

Supervisor Gary E. Lloyd Jr. voted against the sale, saying he didn't want to lose the valuable asset.

Cusatis said that most Exeter residents he spoke with support the move, but at the April 23 meeting several expressed concern about selling public property to private industry and giving up control of the wastewater system.

A written handout from resident Sherrie Greene noted that: "I have done some research and read that many municipalities have taken this route, then regretted it later. Once our sewer system is sold, it is gone forever and we cannot get it back."

Pennsylvania American, headquartered in Hershey, is a subsidiary of American Water Works Co., based in Voorhees, N.J.

This would be Pennsylvania American's first wastewater treatment system in Berks.

(Correspondent Valdis I. Lacis contributed to this story.)

Contact Mike Urban: 610-371-5023 or murban@readingeagle.com.

SDR-18 Attachment 1

Service Address	Customer Number	Edu Purchased	Group Code	Drainage Basin	SPA Amt	SPA Qty	SWR Amt	SWR Qty	Swr Base Amt	PEN Amt	INT Amt
3793 900 FOXMEADOW DR	12133	16	King Road	SOUTHEAST (6)	-	116,300.00	F	-	\$ 1,348.80	-	-
3794 1000 FOXMEADOW DR	12134	16	King Road	SOUTHEAST (6)	-	94,400.00	F	-	\$ 1,348.80	-	-
3795 1100 FOXMEADOW DR	12135	16	King Road	SOUTHEAST (6)	\$ 216.44	153,200.00	F	-	\$ 1,348.80	-	-
3796 1200 FOXMEADOW DR	12136	16	King Road	SOUTHEAST (6)	\$ 69.15	130,400.00	F	-	\$ 1,348.80	-	-
3799 1500 FOXMEADOW CIR	12139	16	King Road	SOUTHEAST (6)	\$ 43.95	126,500.00	F	-	\$ 1,348.80	-	-
3800 1600 FOXMEADOW CIR	12140	16	King Road	SOUTHEAST (6)	-	82,300.00	F	-	\$ 1,348.80	-	-
3801 1700 FOXMEADOW CIR	12141	16	King Road	SOUTHEAST (6)	-	84,300.00	F	-	\$ 1,348.80	-	-
3802 1800 FOXMEADOW CIR	12142	16	King Road	SOUTHEAST (6)	-	92,500.00	F	-	\$ 1,348.80	-	-
3803 1900 FOXMEADOW DR	12143	16	King Road	SOUTHEAST (6)	-	111,200.00	F	-	\$ 1,348.80	-	-
3804 2000 FOXMEADOW CIR	12144	16	King Road	SOUTHEAST (6)	\$ 8.42	121,000.00	F	-	\$ 1,348.80	-	-
3805 2100 FOXMEADOW CIR	12145	16	King Road	SOUTHEAST (6)	\$ 160.88	144,600.00	F	-	\$ 1,348.80	-	-
3806 2200 FOXMEADOW DR	12146	16	King Road	SOUTHEAST (6)	-	101,000.00	F	-	\$ 1,348.80	-	-
3807 2300 FOXMEADOW DR	12147	16	King Road	SOUTHEAST (6)	\$ 176.38	147,000.00	F	-	\$ 1,348.80	-	-
3808 2400 FOXMEADOW CIR	12148	16	King Road	SOUTHEAST (6)	\$ 94.99	134,400.00	F	-	\$ 1,348.80	-	-
3809 2500 FOXMEADOW CIR	12149	16	King Road	SOUTHEAST (6)	\$ 107.26	136,300.00	F	-	\$ 1,348.80	-	-
161 640 N LEWIS RD	275	17	King Road	SOUTHEAST (6)	\$ 1,932.95	306,700.00	F	-	\$ 84.30	-	-
3674 7-27 W RIDGE PIKE/STRP ML	12005	18	King Road	SOUTHEAST (6)	\$ 63.37	92,100.00	F	-	\$ 927.30	-	-
3727 125 SUNSET RD	12065	18	King Road	282 GRATERFORD RD (20)	\$ 1,198.45	193,000.00	F	-	\$ 84.30	-	-
3772 15 KEYSTONE DR	12112	18	King Road	TRINLEY (5)	\$ 2,452.98	387,200.00	F	-	\$ 84.30	-	-
5199 256 SWAMP PIKE/SCHOOL	60965	18	Possum Hollow	RAVENS CLAW (18)	\$ 2,015.24	334,400.00	F	-	\$ 252.90	-	-
162 339 N LEWIS RD	276	19	King Road	SOUTHEAST (6)	\$ 1,256.59	202,000.00	F	-	\$ 84.30	-	-
3706 W RIDGE PIKE/STRIP/BANK	12039	19	King Road	SOUTH LIMERICK (3)	\$ 1,373.73	272,500.00	F	-	\$ 674.40	-	-
3745 542 N LEWIS RD	12084	19	King Road	TRINLEY (5)	\$ 112.65	32,400.00	F	-	\$ 168.60	-	-
3411 70 BUCKWALTER RD/1350/APPLEB	11737	20	King Road	SOUTHEAST (6)	\$ 3,375.47	530,000.00	F	-	\$ 84.30	-	-
5389 206 JONES BLVD/MICROCOAX	70011	20	Possum Hollow	BROOKE EVANS (16)	\$ 14,938.23	2,319,900.00	F	-	\$ 84.30	-	-
3445 70 BUCKWALTER RD/1250/TEXAS	11771	21	King Road	SOUTHEAST (6)	\$ 2,419.39	382,000.00	F	-	\$ 84.30	-	-
3707 22 ANCHOR PARKWAY	12040	23	King Road	SOUTHEAST (6)	\$ 1,958.79	310,700.00	F	-	\$ 84.30	-	-
3773 77 GRATERFORD RD	12113	23	King Road	282 GRATERFORD RD (20)	\$ 1,208.14	194,500.00	F	-	\$ 84.30	-	-
64 677 ELM ST	170	24	Royersford	ORCHARD TERRACE (OT)	-	12,000.00	F	-	\$ 2,023.20	-	-
3863 430 W LINFIELD TRAPPE RD	12208	24	King Road	TRINLEY (5)	\$ 4,782.46	747,800.00	F	-	\$ 84.30	-	-
794 1101 ENTERPRISE DR	2573	28	King Road	TRINLEY (5)	\$ 1,182.95	190,600.00	F	-	\$ 84.30	-	-
2502 196 W RIDGE PK/FLEA MRKT	10679	29	King Road	RIDGE PIKE (10)	\$ 629.07	247,000.00	F	-	\$ 1,686.00	\$ 1.80	-
3869 420 LINFIELD TRAPPE RD	12214	30	King Road	TRINLEY (5)	\$ 852.20	139,400.00	F	-	\$ 84.30	-	-
5410 14 W LIGHTCAP RD	70032	34	Possum Hollow	POSSUM HOLLOW (17)	\$ 7,741.14	1,205,800.00	F	-	\$ 84.30	-	-
3401 19 W LINFIELD TRAPPE RD	11727	36	King Road	SOUTHEAST (6)	\$ 5,421.59	846,736.00	F	-	\$ 84.30	-	-
107 475 N LEWIS RD	216	52	King Road	SOUTHEAST (6)	\$ 3,921.34	614,500.00	F	-	\$ 84.30	-	-
3761 88 ANCHOR PARKWAY	12101	52	King Road	SOUTHEAST (6)	\$ 3,746.92	587,500.00	F	-	\$ 84.30	-	-
2292 420 W LINFIELD TRAPPE RD	10357	59	King Road	TRINLEY (5)	\$ 5,568.64	869,500.00	F	-	\$ 84.30	-	-
167 350 S LEWIS RD	282	60	King Road	SOUTHEAST (6)	\$ 3,791.50	594,400.00	F	-	\$ 84.30	-	-
2465 827 N LEWIS RD	10630	80	King Road	SOUTH LIMERICK (3)	-	150,200.00	F	-	\$ 6,744.00	-	-
3091 FOX RIDGE APTS	11378	97	King Road	SOUTH LIMERICK (3)	\$ 2,050.04	1,043,000.00	F	-	\$ 8,177.10	-	-
2685 165 W RIDGE PIKE/TRLR PK	10913	115	King Road	SOUTHEAST (6)	\$ 6,018.69	1,792,000.00	F	-	\$ 9,694.50	-	-
5397 EXELON LIM GEN STA	70019	137	Possum Hollow	POSSUM HOLLOW (17)	N	-	\$ 8,659.75	1,348,000.00	\$ 84.30	\$ 1,041.07	-
5400 18 LIGHTCAP RD	70022	200	Possum Hollow	POSSUM HOLLOW (17)	\$ 4,006.31	1,278,500.00	F	-	\$ 7,418.40	-	-
5416	8402				\$ 299,707.92	89,160,697	\$ 25,039.14	7,288,556	\$ 600,843.05	\$ 14,296.74	\$ 1,169.98

ASSET PURCHASE AGREEMENT

7. Aqua and Limerick are parties to an Asset Purchase Agreement dated November 16, 2016. Aqua Exhibit 1, Application ¶ 5 and ¶ 18; *see also* Aqua Exhibit No. 1, Exhibit C.

8. The negotiated purchase price, which is based on arms' length negotiation, is Seventy-Five Million One Hundred Thousand Dollars (\$75,100,000.00). Aqua and Limerick are not affiliated with each other. Aqua Exhibit No. 1, Application ¶ 18 and Aqua St. No. 1 at 6, lines 6 through 10.

9. Aqua will use short term credit lines to fund the transaction. The short term credit funding will be converted to a mix of long-term debt and equity capital shortly after closing. Aqua St. No. 1 at 7, lines 18 through 20; *see also* Aqua Exhibit No. 1, Application ¶ 18.

ASSETS BEING TRANSFERRED

10. The wastewater system assets to be transferred are the "Acquired Assets" and have the meaning specified in Section 2.01 of the Agreement. The Acquired Assets include all real property Limerick owns and uses in the operation of the wastewater system and all sanitary wastewater related treatment and conveyance facilities, including the Possum Hollow Waste Water Treatment Plant ("PHWWTP"), the King Road Waste Water Treatment Plant ("KRWWTTP") and all pipes, pumping stations, manholes and pipelines and billing and collections related assets necessary to run the system. Aqua Exhibit No. 1, Application ¶ 19.

11. Acquired Assets also include the contracts identified on Schedule 4.15 of the Agreement to which Limerick is a party (the "Assigned Contracts"). Since contract parties, other than Limerick, are identified by name, Schedule 4.15 and the Assigned Contracts are considered CONFIDENTIAL. Copies of CONFIDENTIAL Schedule 4.15 and the CONFIDENTIAL Assigned Contracts were included with the Application as Confidential Exhibit F and admitted into evidence as CONFIDENTIAL Aqua Exhibit No. 4. Aqua Exhibit No. 1, Application ¶ 20 and Tr. 13 and 20.

\$5,572,770. Exh. A-14-a, SWPA St. 1 at 11-12. The allocated purchase price for the water system is \$4,734,800 and the wastewater system is \$4,765,200. Appendix A-14, SWPA St. 2 at 4-5.

The valuation experts were paid \$59,145 for the Fair Market Value Appraisal Reports for both the water and wastewater systems. Exh. A-8-a. SWPA also indicates that it will incur transaction and closing costs of approximately \$1,000,000 between the Water System and the Wastewater System, which will be included in rate base. Appendix A-14, SWPA St.1 at 5-6; Appendix A-12.

OCA will examine the ratemaking rate base claims to determine if the claims are reasonable and appropriate for ratemaking purposes.

2. Proposed Rates: SWPA proposes to charge customers of the Mahoning Township system the Mahoning Township water and wastewater rates in effect at closing. Application at 6, 11; Appendix A-13. Those rates will remain in effect until SWPA's next base rate case but SWPA may impose any fee or surcharge permitted by its Commission-approved tariff. Id.

The proposed rates do not appear to match the existing Mahoning Township rates. The OCA will investigate this apparent discrepancy. The OCA will investigate the impacts on the current customers as well as on Mahoning Township customers of the various assumptions and proposals.

3. The OCA submits that additional information is necessary to determine how the transaction will substantially and affirmatively benefit Suez's existing customers.

4. Conditions: Whether any conditions should be imposed upon the proposed transfer to ensure that Suez's customers are treated in a fair and just manner in accord with Pennsylvania law and Commission rules and regulations.

MAHONING TOWNSHIP CUSTOMER LIST

Customer No	Name	Service Address	Service	SWR EDUs	EDU	Count
11470.01	T & S REALTY	304 HOLLOW DR	Sewer	1	1	1431
11471.01	T & S REALTY	306 HOLLOW DR	Sewer	1	1	1432
11472.01	T & S REALTY	308 HOLLOW DR	Sewer	1	1	1433
11473.01	T & S REALTY	310 HOLLOW DR	Sewer	1	1	1434
11474.01	T & S REALTY	312 HOLLOW DR	Sewer	1	1	1435
11475.01	DAVID & JOANNE BROOKO\	32 TERRE LANE	Sewer	1	1	1436
11476.02	JAYA SUGUNARAJ & JESSIT\	214 ABBEY RD	Sewer	1	1	1437
11478.01	DAVID BULBIN & BARBARA	74 WOODLAND DR	Sewer	1	1	1438
11479.01	JEFFREY MOLINARO	1318 BLOOM RD	Sewer	1	1	1439
11480.01	CRYSTAL DOMETITA	91 WOODLAND DR	Sewer	1	1	1440
11482.01	AYUSA SINHA	672 LOWER ST	Sewer	1	1	1441
11483.01	MADIAN YAHYA	676 LOWER ST	Sewer	1	1	1442
11484.01	JEFF WATSON	168 KASEVILLE RD	Sewer	1	1	1443
11485.01	ANWER & SARAH QURESHI	656 LOWER ST	Sewer	1	1	1444
11486.01	ROSS & ASHLEY PETERS	83 TERRE LN	Sewer	1	1	1445
11488.01	QUESHI ANWER	664 LOWER STREET	Sewer	1	1	1446
11489.01	MATHUR HERSH	660 LOWER STREET	Sewer	1	1	1447
11490.01	PRASANNA SANKEPALLI & S	668 LOWER ST	Sewer	1	1	1448
11491.01	MARK GATSKI & CATHERINI	82 DELWOOD DR	Sewer	1	1	1449
11492.01	JONATHAN & LAURA SPAHF	78 TERRE LN	Sewer	1	1	1450
11166.02	DANKO HOLDINGS LP	1301 BLOOM RD	Sewer	0	1	1451
TOTALS					2195	1451

Report Criteria:
Customer.Final bill date = (IS NULL)

5/30/18

Customer #	Name	Service Address	Meter ID	Customer Type	Size
11104.01	ANIMAL CARE	32 ENTERPRISE DR	0049503582	Commercial	1
11107.01	EMMANUEL HOME	MONTOUR BLVD. 11107	8280982952	Commercial	1
11120.02	REDEEMER ORTHODOX PRESBYTER	1820 MONTOUR BLVD.	1540802894	Commercial	1
11121.01	FAB-TEX	29 WOODBINE LANE	0004695133	Commercial	1
11137.01	GEISINGER HEALTH SYSTEMS - MCB	MCBRIDE	1541355520	Commercial	1
11151.01	ROAT-KRINER ROAT	1133 BLOOM RD.	1541286282	Commercial	1
11157.01	TRINITY METHODIST CHURCH	84 LOMBARD AVE	1018010545	Commercial	1
11159.01	VINTAGE KNOLLS ASSISTED LIVING	9 JUSTIN DR 101	1541313242	Commercial	1
11160.01	GEISINGER COMMUNITY HEALTH - VI	44 WOODBINE LANE	0048920994	Commercial	1
11165.01	RINEHART DENTAL	20 WESNER LANE	1481726108	Commercial	1
Total 1:				10	10
10					
11110.01	BUSY BEAVER	23 WESNER LN	0053635505	Commercial	1.5
11139.01	MEADOWS COMM.	77 TOWER VIEW CIRCLE	0051583844	Commercial	1.5
11148.01	SHANER HOTEL GRP ✓	43 PINE BARN PLACE	1832339361	Commercial	1.5
11170.01	HAWKINS CHEVROLET	1856 MONTOUR BLVD.	1852732193	Commercial	1.5
11439.01	GEORGE HEIM CAR WASH	1802 MONTOUR BLVD	1541551330	Commercial	1.5
Total 1.5:				5	5
5					
11102.01	ATLANTIC EQUIP	15 ENTERPRISE DR	0048304212	Commercial	2
11108.01	EMMANUEL NAZARETH	1707 MONTOUR BLVD. 11108	1007034764	Commercial	2
11117.01	T & S REALTY	1083 BLOOM RD	0046645520	Commercial	2
11126.01	GUM REALTY GROUP LLC	74 SCHOOL HOUSE RD STE 101	0022379100	Commercial	2
11134.01	MARIA JOSEPH AL CENTER	MONTOUR BLVD. 11134	1832120637	Commercial	2
11136.01	GEISINGER HEALTH SYSTEMS - HUG	HUGHES CENTER SOUTH	0052693508	Commercial	2
11146.01	SHANER HOTEL GRP ✓	43 PINE BARN PLACE A	0043702654	Commercial	2
11166.02	DANKO HOLDINGS LP	1301 BLOOM RD	1548931502	Commercial	2
Total 2:				8	8
8					
11101.01	NAILS TO TAILS GROOMING SALON	938 BLOOM RD.	1810172132	Commercial	3/4
11109.01	BROKENSHERE JOHN	769 BLOOM RD.	1541276964	Commercial	3/4
11111.01	CERO JAMES PATRICK	795 BLOOM RD	1541282452	Commercial	3/4
11113.01	COLE'S HARDWARE	25 ENTERPRISE ROAD	1541310306	Commercial	3/4
11115.01	HAWKINS JAMES	1581 MONTOUR BLVD.	1852924202	Commercial	3/4
11116.01	HAWKINS COLLISION CENTER	MONTOUR BLVD. 11116	1541425432	Commercial	3/4

Commercial
Water meters
70

Residential
Water meters
1116

2"
+ 1 = 15 Wesner Lane
added 5/24/18

Total Meters
=
1186

21. Second, Ms. Vicari used inconsistent purchase price values to calculate the average costs per customer. Id. at 21-22.

(a) Incorrect Use of Projected Customers

Ms. Vicari used an incorrect number of customers for MACM. In Appendix A-17-a, it states that MACM has 12,780 customers, yet Ms. Vicari used 21,953 customers. OCA St. 1 at 20-21. She explained that she used that number because she counted the individual connections for each bulk customer. Id. She never supplied her calculation of the individual connections for the four bulk customers. Id.

Ms. Vicari does not necessarily apply that logic to the other acquisitions in her sample group by reflecting individual connections for any bulk customers. OCA St. 1S at 16-17. By using the actual number of customers for the other systems, she achieved a higher average cost per customer. She then multiplied this overstated cost per customer times the unsupported number of bulk customers' individual connection, compounding the error. Ms. Everette was not able to confirm whether all of the customer numbers in Ms. Vicari's sample group were consistently counted. She therefore used the 21,953 customer number used by Ms. Vicari to minimize the issues in the proceeding.

(b) Inconsistent Purchase Price Values

Similar to the problem with the customer count, MACM witness Vicari did not use consistent purchase price values. OCA St. 1 at 21-22. For the comparative acquisitions, she used the purchase price plus the value of capital improvements required by the agreement of sale. For MACM, however, she uses only the purchase price and does not consider the \$62.7 million of capital investments that PAWC anticipates making over the next 10 years. Including the cost



McKeesport sewer system to be sold for \$156 million

September 16, 2016 12:00 AM

By Deana Carpenter

The Municipal Authority of the City of McKeesport has agreed to sell its sewer system to Pennsylvania American Water for approximately \$156 million.

The sale is needed to bring the city to more stable financial ground and avoid Act 47, the program for financially distressed municipalities, or municipal bankruptcy, McKeesport Mayor Michael Cherepko said at the Sept. 7 council meeting.

“It became very clear to this administration that the only way to save our community from municipal bankruptcy, while continuing to offer the same level of services our residents deserve, would be to transfer our local sewage system to a regional or national utility company,” Mr. Cherepko said in a news release.

A purchase agreement was signed by both parties last Friday following votes by city council and the municipal authority to sell the sewer system. The sale is expected to be finalized in the second half of next year pending regulatory approvals and other closing conditions.

The system serves 22,000 customers in McKeesport and the communities of Dravosburg, Duquesne, East McKeesport, Elizabeth Township, Glassport, Liberty, Lincoln, North Versailles, Port Vue, Versailles and White Oak.

“We look forward to closing the proposed acquisition and to providing wastewater services that reflect our commitment to environmental stewardship and quality customer service,” said

Kathy L. Pape, president of Pennsylvania American Water, said that after the deal is closed, the company looks forward “to welcoming the Municipal Authority of the City of McKeesport’s employees and customers to the Pennsylvania American Water family.”

She said the company also looks forward to “providing wastewater services that reflect our commitment to environmental stewardship and quality customer service.”

The next step is approval of the acquisition by the Pennsylvania Public Utility Commission along with other approvals, such as from the state Department of Environmental Protection.

In June, state Auditor General Eugene DePasquale said McKeesport erred when it accidentally spent \$729,275 in state funds earmarked for pension costs and subsequently couldn't pay its \$2.3 million annual pension obligation last year.

McKeesport officials said then they would remedy the shortfall through “the sale of an asset in the near future.”

“The total proceeds of the pending sale of the Municipal Authority of the City of McKeesport will solidify the City of McKeesport’s financial position for years to come,” Mr. Cherepko said this week. “The down payment associated with this

sale will generate enough revenue to cover all of the city's outstanding financial obligations, including the minimum municipal obligations associated with the city's pension funds."

Deana Carpenter, freelance writer: suburbanliving@post-gazette.com.

EAST END SEWER ACCOUNTS

Type	2015-4	2015-3	2015-2	2015-1	2014-4	2014-3	2014-2	2014-1
CO1	2,070,000	2,060,000	1,831,000	2,284,000	2,971,000	2,665,000	1,498,000	1,278,000
CO2	739,000	1,050,000	885,000	793,000	1,028,000	1,061,000	873,000	873,000
IND								
MIX	15,000	9,000	10,000	4,000	17,000	14,000	12,000	18,000
RES	13,780,000	13,367,000	12,924,000	13,280,000	12,700,000	14,137,000	14,241,000	12,874,000
Grand Total	16,604,000	16,486,000	15,650,000	16,361,000	16,716,000	17,877,000	16,624,000	15,043,000

# DAYS	94	90	89	91	87	94	93	91
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Type	2015-4 GPD	2015-3 GPD	2015-2 GPD	2015-1 GPD	2014-4 GPD	2014-3 GPD	2014-2 GPD	2014-1 GPD
CO1	22,021	22,889	20,573	25,099	34,149	28,351	16,108	14,044
CO2	7,862	11,667	9,944	8,714	11,816	11,287	9,387	9,593
IND								
MIX	160	100	112	44	195	149	129	198
RES	146,596	148,522	145,213	145,934	145,977	150,394	153,129	141,473
Grand Total	176,638	183,178	175,843	179,791	192,138	190,181	178,753	165,308

Type	Total Units	Total Active Units	Total Accounts
CO1	145	109	65
CO2	40	16	13
IND			
MIX	8	7	3
RES	1,043	1012	823
Grand Total	1,236	1,144	904

Type	2015 Total	2014 Total
CO1	8,245,000	8,412,000
CO2	3,467,000	3,835,000
IND		
MIX	38,000	61,000
RES	53,351,000	53,952,000
Grand Total	65,101,000	66,260,000

Service Area	Total Units	Total Active Units	Total Accounts
BP	290	282	107
BR	52	51	52
BW	99	90	56
CR	5	4	5
CW	110	109	110
EE	1		1
GL	132	110	70
HD	127	110	112
PD	31	31	31
PM	48	47	48
PS	66	66	66
SC	65	37	40
SH	132	132	132
SRO	2	2	2
WB	76	73	72
Grand Total	1,236	1,144	904

SOUTH END SEWER ACCOUNTS

Type	2015-4	2015-3	2015-2	2015-1	2014-4	2014-3	2014-2	2014-1
CO1	163,000	68,000	33,000	27,000	277,000	265,000	28,000	25,000
RES	7,444,000	7,494,000	7,172,000	7,565,000	7,109,000	7,576,000	7,233,000	7,750,000
Grand Total	7,607,000	7,562,000	7,205,000	7,592,000	7,386,000	7,841,000	7,261,000	7,775,000

# DAYS	94	90	89	91	87	94	93	91
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Type	2015-4 GPD	2015-3 GPD	2015-2 GPD	2015-1 GPD	2014-4 GPD	2014-3 GPD	2014-2 GPD	2014-1 GPD
CO1	1,734	756	371	297	3,184	2,819	301	275
RES	79,191	83,267	80,584	83,132	81,713	80,596	77,774	85,165
Grand Total	80,926	84,022	80,955	83,429	84,897	83,415	78,075	85,440

Type	Total Units	Total Active Units	Total Accounts
CO1	6	2	2
RES	611	605	607
Grand Total	617	607	609

Type	2015 Total	2014 Total
CO1	291,000	595,000
RES	29,675,000	29,668,000
Grand Total	29,966,000	30,263,000

Service Area	Total Units	Total Active Units	Total Accounts
ES	178	174	174
HGN	129	125	125
HGS	30	29	30
MG	21	21	21
WS	259	258	259
Grand Total	617	607	609

AVONDALE SEWER ACCOUNTS SEWER ACCOUNTS

Type	2015-4	2015-3	2015-2	2015-1	2014-4	2014-3	2014-2	2014-1
CO1	2,833,000	3,044,000	2,895,000	3,014,000	2,844,000	2,681,000	2,598,000	2,992,000
CO2	191,000	208,000	235,000	228,000	224,000	195,000	192,000	179,000
MIX	301,000	312,000	255,000	273,000	227,000	258,000	276,000	332,000
RES	4,090,000	3,750,000	3,588,000	4,089,000	3,506,000	4,183,000	4,716,000	3,705,000
TWP	31,000	24,000	20,000	19,000	21,000	22,000	19,000	74,000
Grand Total	7,446,000	7,338,000	6,993,000	7,623,000	6,822,000	7,339,000	7,801,000	7,282,000

# DAYS	94	90	89	91	87	94	93	91
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Type	2015-4 GPD	2015-3 GPD	2015-2 GPD	2015-1 GPD	2014-4 GPD	2014-3 GPD	2014-2 GPD	2014-1 GPD
CO1	30,138	33,822	32,528	33,121	32,690	28,521	27,935	32,879
CO2	2,032	2,311	2,640	2,505	2,575	2,074	2,065	1,967
MIX	3,202	3,467	2,865	3,000	2,609	2,745	2,968	3,648
RES	43,511	41,667	40,315	44,934	40,299	44,500	50,710	40,714
TWP	330	267	225	209	241	234	204	813
Grand Total	79,213	81,533	78,573	83,769	78,414	78,074	83,882	80,022

Type	Total Units	Total Active Units	Total Accounts
CO1	397	48	38
CO2	4	4	4
MIX	8	22	8
RES	306	282	230
TWP	3	3	3
Grand Total	718	359	283

Type	2015 Total	2014 Total
CO1	11,786,000	11,115,000
CO2	862,000	790,000
MIX	1,141,000	1,093,000
RES	15,517,000	16,110,000
TWP	94,000	136,000
Grand Total	29,400,000	29,244,000

Service Area	Total Units	Total Active Units	Total Accounts
41	308	76	46
BH	123	120	121
BH2	6	6	6
RR	130	119	79
TK	151	38	31
Grand Total	718	359	283

**Dilworth
Paxson**

Home > News / Events > Press Releases > The PA PUC Approves First Wastewater Sale Under New Act 12

The PA PUC Approves First Wastewater Sale Under New Act 12

06/14/2017

June 14, 2017 (Philadelphia, PA) - On June 14, 2017, the Pennsylvania Public Utility Commission approved, in a four-to-one vote, Aqua Pennsylvania Wastewater, Inc.'s application to acquire the wastewater system of New Garden Township and its Sewer Authority, and to begin providing wastewater service to the residents of New Garden and Kennett Townships in Chester County. The transaction is the first to be approved using the fair market valuation approach established by the Pennsylvania State Legislature and Governor Tom Wolf with Act 12 of 2016 (Act of Apr. 14, 2016, P.L. 76, No. 12, 66 Pa. C.S. § 1329).

Act 12 is changing the landscape for municipal sales of water and wastewater systems to PUC-regulated public utility companies. The new law allows the parties to the transaction to opt in to a new method of valuation, which takes the value of the system for ratemaking purposes as either the lower of the average of two independent fair market value appraisals—one obtained by the utility buyer and one by the municipal seller—or by the negotiated purchase price. Prior to Act 12, system value for ratemaking was based on depreciated original cost, which would likely always result in a lower sale price than fair market value. In addition, the new law requires the PUC to act within six months of the acceptance of the application.

Act 12 became effective mid-June 2016, and the PUC issued its final implementation order in October 2016. The New Garden transaction was the first Act 12 application, submitted for approval in December 2016. Aqua, New Garden, and the Authority agreed to a negotiated purchase price of \$29,500,000, which turned out to be less than the average of the two appraisals commissioned by Aqua and New Garden. The valuation for ratemaking purposes was therefore set at \$29,500,000.

A protest to Aqua's application for PUC approval pursuant to Act 12 in the New Garden transaction was filed by the Bureau of Investigation and Enforcement, which sought a review of both of the fair market appraisals used, additional information about the proposed rate freeze agreed to by the parties, and a determination of whether the transaction was in the public interest under Section 1102 of the Public Utility Code.

An additional protest was filed by the Office of Consumer Advocates requesting further information to determine whether supplementary conditions should be imposed on the transaction to ensure that Aqua's existing customers are treated in a fair and just manner; how the transaction will substantially and affirmatively benefit Aqua's existing customers; and whether the agreement sufficiently provides for safe, adequate, and reasonable service at just and reasonable rates.

An evidentiary hearing was held before an administrative law judge on February 16, 2017. After the hearing, the judge recommended the denial of Aqua's application, concluding that Aqua had failed to demonstrate by a preponderance of the evidence that the acquisition was in the public interest because it failed to demonstrate that the transaction will result in affirmative public benefits to its existing customers. The judge also concluded that Aqua had failed to support its rate stabilization plan with evidence to show its basis and impact. The judge did

Related Lawyers

Skye C.A. Nickalls

Marc A. Feller

Related Practices

Corporate and Business

Related Offices

Philadelphia, PA

1 invest in necessary capital improvements and resources, and experienced managerial and
2 operating personnel necessary to provide safe and reliable sewer services to the residents of
3 the TOS and surrounding areas. PAWC is currently the water provider within TOS and is
4 the operator of TOS's System pump station.

5
6 **Q. PLEASE DESCRIBE PAWC'S HISTORICAL RELATIONSHIP WITH TOS.**

7 A. Since PAWC's acquisition of the water and wastewater assets of the City of Coatesville
8 Authority ("CCA") in March 2001, PAWC has been the regional wastewater (and water)
9 provider in the City of Coatesville and surrounding communities. . PAWC's treats the
10 wastewater from the communities of Sadsbury Township, City of Coatesville, East
11 Fallowfield Township, Caln Township, West Caln Township, Valley Township, West
12 Sadsbury Township, Highland Township, West Brandywine Township and Parksburg
13 Borough. TOS has been a bulk wastewater customer of PAWC since PAWC's acquisition
14 of CCA's water and wastewater system assets. We maintain a relationship with TOS and
15 other local municipalities by participating in local events, providing environmental and
16 firefighting grants, offering the "H2O Assistance Program," and supporting economic
17 growth through infrastructure improvements in the communities we serve.

18
19 **Q. HOW MANY CUSTOMERS DOES THE TOS SYSTEM CURRENTLY SERVE**
20 **AND HOW MANY CUSTOMERS DOES PAWC CURRENTLY SERVE?**

21 A. As of December 31, 2016, TOS furnished wastewater services to 998 customers. This
22 number includes 950 residential and 48 commercial customer connections. Of these

1 interest in discussing the potential acquisition of the System and the use of Section 1329,
2 the fair market value approach. TOS's representatives executed the Letter of Interest on
3 December 6 and 7, 2016 and returned it to PAWC. This "Letter of Interest" was extended
4 through amendments on March 9, 2017, May 2, 2017, June 6, 2017, and July 5, 2017 to
5 allow the parties to enter into a definitive agreement. Through these extensions, PAWC
6 and TOS jointly retained the services of Herbert E. MacCombie, Jr., P.E., of Media
7 Pennsylvania to complete the Engineer's Assessment of Tangible Assets pursuant to
8 Section 1329. The Engineer's Assessment of Tangible Assets is included as Schedule 1.1
9 of the APA and included with the UVE fair market valuation reports at **Appendix A-5**.
10 PAWC, pursuant to Section 1329, retained the services of AUS Consultants of Greenfield
11 Wisconsin to complete an appraisal of the System. TOS retained the services of Herbert,
12 Rowland & Grubic, Inc. of Harrisburg, Pennsylvania to also complete an appraisal of the
13 System. These appraisals accompany the Application at **Appendix A-5** (together with
14 electronic working documents at **Appendix A-4**) and are included as Schedule 2.2 of the
15 APA. After receipt of the two appraisals and subsequent arms-length negotiations, on May
16 1, 2018 TOS's Board of Supervisors approved the APA, which was subsequently executed
17 by PAWC and TOS that day too. This APA includes a negotiated purchase price of
18 \$9,250,000.

19
20 **Q. CAN YOU PLEASE PROVIDE AN OVERVIEW OF THE APA?**

21 **A.** Yes. The APA is attached as **Appendix A-24-a** to the Application (**PAWC Exhibit KEG-**
22 **1**). The APA sets forth the terms and conditions pursuant to which the TOS will sell, and
23 PAWC will purchase, the System, as well as substantially all assets, properties and rights

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Aqua America's Pennsylvania Subsidiary Enters Agreement to Purchase Cheltenham Township Wastewater System

July 02, 2018 07:00 AM Eastern Daylight Time

BRYN MAWR, Pa.--(BUSINESS WIRE)--Aqua America announced today that its Pennsylvania subsidiary has signed an asset purchase agreement with Cheltenham Township to purchase its wastewater system, which serves approximately 10,500 connections in Montgomery County, for \$50.25 million. The agreement must be approved by the Pennsylvania Public Utility Commission.

The transaction will be Aqua Pennsylvania's fourth acquisition application referred to the Pennsylvania PUC since Act 12, commonly referred to as fair market value legislation, was enacted last year. Aqua Pennsylvania has asset purchase agreements with the 2,100-customer New Garden Township wastewater system in Chester County and the 5,400-customer Limerick Township wastewater system in Montgomery County. The company also has an agreement, signed in December 2017, with East Bradford Township in Chester County to purchase its 1,200-customer wastewater collection system. Aqua already provides water service to East Bradford, as it does with Cheltenham.

These four systems, including Cheltenham, total more than 19,000 wastewater connections and would nearly double Aqua Pennsylvania's current 22,000-customer wastewater operation.

The new law encourages a consolidation of the fragmented industry for the benefit of customers, the environment, and local governments. This transaction will benefit customers by leveraging compliance expertise, purchasing power gained through economies of scale and operational efficiencies to ultimately benefit service to our customers at affordable rates.

"We are pleased with the momentum we are gaining to reach agreements with municipal systems," said Aqua America Chairman and CEO Christopher Franklin. "Act 12 is having its intended impact, allowing municipalities to be compensated for the fair value of their water and wastewater assets and enabling utility professionals to bring expertise to systems in need."

Aqua Pennsylvania President Marc Lucca says his team is ready to work with the Cheltenham community on making needed system improvements.

"As with our pending agreements with New Garden, East Bradford and Limerick, the Aqua Pennsylvania team is looking forward to assuming Cheltenham's sewer utility responsibilities so the township can direct its attention and capital to other priorities," said Lucca. "We are anxious to begin the work necessary to help the township meet the requirements of an outstanding Pennsylvania Department of Environmental Protection consent order, specifically related to inflow and infiltration issues there."

In total, Aqua has plans to spend nearly \$50 million over the next 10 years to improve Cheltenham's wastewater system.

Aqua America is one of the largest U.S.-based, publicly traded water utilities and serves nearly 3 million people in Pennsylvania, Ohio, North Carolina, Illinois, Texas, New Jersey, Indiana and Virginia. Aqua America is listed on the New York Stock Exchange under the ticker symbol WTR. Visit AquaAmerica.com for more information.

Forward-Looking Statements

This release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 including, among others: the company's ability to successfully close the acquisition of the wastewater systems noted in this release. There are important factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements including: general economic business conditions, the successful integration of the customers and the facilities, the success of the company's growth efforts including its ability to utilize Act 12, and other factors discussed in our Annual Report on Form 10-K, which is on file with the Securities and Exchange Commission.

Cheltenham Township
1329 Proceeding
Cheltenham Twp. - Water Accounts reported for Sewer Billing

Type of Service	Gallons	Customers ¹
Commercial	280,938,300	534
Industrial	364,400	14
Public	9,962,700	23
Residential	484,692,800	9,648
Total	775,958,200	10,219

1. Customers include all Active and Inactive Accounts

Wastewater treatment is provided by the Borough of West Chester pursuant to a Sewer Capacity Agreement dated November 14, 2017, by and between the Borough and East Bradford Township. Copies of West Chester's 2017 Chapter 94 Reports to DEP for the Goose Creek WWTP and for the Taylor Run WWTP are attached hereto as Exhibit E3 and Exhibit E4.

15. The Goose Creek WWTP has a permitted treatment capacity of 1.672 MGD. The Taylor Run WWTP has a permitted treatment capacity of 1.50 MGD. The elevation of the Goose Creek WWTP is generally about EL 370. The elevation of the Taylor Run WWTP is generally about EL 260. The elevation of the Requested Territory ranges from approximately EL 365 to EL 280.

16. Water service in the Requested Territory is provided by both Aqua Pennsylvania, Inc. and private wells.

17. The original cost, by year and major plant category, of the East Bradford Township used and useful plant in service is \$8,294,931 with a related calculation depreciation reserve of \$2,820,983. The original cost value includes a series of capped sewers along the North Benjamin Drive area of the Township. The capped sewers include approximately 3,300 linear feet of 8" Gravity PVC pipe and 20 manholes, with an estimated original cost value of approximately \$100,000 as estimated by Aqua. The pipe and manholes are included in the totals on page 2-11 and 2-12 of Exhibit W. Aqua will categorize the capped sewer pipe and manholes as plant held for future use in its asset allocation upon closing. The area of capped sewers along North Benjamin Drive is not included in the Requested Territory.

18. Tentative journal entries to record the transaction are presented in Section IV.

IV. ASSET PURCHASE AGREEMENT

19. The *Assets Purchase Agreement* is dated December 20, 2017. The *First Amendment to Assets Purchase Agreement* is dated April 18, 2018. The purchase price is Five Million Dollars

(\$5,000,000.00). In addition to the purchase price, Section 1.5 of the Agreement provides that Aqua will assume certain defined liabilities and pay certain out-of-pocket costs incurred by East Bradford Township.

20. The purchase price and Agreement are based on arm's length negotiations. Aqua and East Bradford Township are not affiliated with each other. Aqua will use short term debt initially for the purchase of the assets with the expectation that the short term debt will be converted to long term debt and equity capital at a later date.

21. The wastewater system assets to be acquired are the "Assets" and have the meaning specified in Section 1.1 of the Agreement. The Assets include the assets, properties and rights of East Bradford Township that comprise the wastewater system or that are owned by East Bradford Township and used by it solely in connection with operation of the system.

22. "Excluded Assets," which are those assets not being transferred to Aqua, have the meaning specified in Section 1.4 of the Agreement. Excluded Assets include customer service laterals that run from the curb area to individual customer residences or structures; piping and fixtures internal to each customer residence or structure; cash and cash equivalents; and the items set forth in Schedule 1.4 of the Agreement.

23. "Assumed Liabilities" has the meaning specified in Section 1.6 of the Agreement and include the liabilities and obligations under the Assumed Contracts that arise after Closing, liabilities incurred or arising from and after Closing under or from failure to comply with permits, approvals or licenses related to the system that are transferred to Aqua and the obligation to provide wastewater service after Closing. The Assumed Contracts, which are listed in Schedule 1.6 of the APA and attached hereto as **Exhibit F1** and **Exhibit F2**, are the Sewer Capacity Agreement dated November 14, 2017, by and between the Borough of West Chester and East Bradford Township and the Intergovernmental Cooperation Agreement dated March 15, 1999, between East Bradford and Birmingham Township.

East Bradford Township

	# of Customers	Annual Gallons Treated (2017)
Residential- Single Family	399	23,783,560
Residential- Townhomes	814	36,390,635
Commercial		
Bradford Retail - The Bistro		112,800
Bradford Retail - Strip Stores		688,000
Brookworth Plaza - Dunkin Donuts		147,200
Brookworth Plaza - CVS		35,300
Brookworth Plaza - empty building		-
Brookworth Plaza - Strip Stores		142,000
Brookworth Plaza - PNC Bank		17,000
Countryside Food Mart		52,700
Antique Ice Museum		3,600
Mrs. Mike's Restaurant		103,110
Brandywine Hall Nursing Home		8,281,000
Daily Local News - now empty building		24,400
Bradford Plaza - Strip Stores		1,991,430
Bradford Plaza - Giant Food Store		2,527,700
Bradford Plaza - Walgreens		47,000
Bradford Plaza - Giant Gas Station		6,200
Chester County Art Association		120,100
Industrial		
Diesel Systems		66,300
Chem Service		173,400
Other Class(?)*		
Goddard School		252,800
Hillsdale Elementary School		649,700
WCU S Campus Apts - 144		24,200
WCU S Campus Apts - 167		583,900
WCU S Campus Apts - 168		500,900
WCU S Campus Apts - 169		441,900
WCU S Campus Apts - 170		570,900
WCU S Campus Apts - 171		318,900
WCU S Campus Apts - 172		422,000
WCU S Campus Apts - 173		306,400
WCU S Campus Apts - 174		424,500
WCU S Campus Apts - 175		323,400
WCU S Campus Apts - 176		340,000
WCU S Campus Apts - 177		356,000
University Student Housing 1		4,463,500
University Student Housing 2		5,429,000
Total		90,121,435

*May include church, school, public, etc... (please insert a line for each)

420,000
153,300,000

35
399
814
1,248

Exeter Township supervisors agree to sell municipal wastewater system for \$96 million

 readingeagle.com/news/article/exeter-township-supervisors-agree-to-sell-municipal-wastewater-system-for-96-million

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The sale to Pennsylvania American Water Co. will keep taxes steady for 10 years and do other things for Exeter, the township manager said.

Written by Mike Urban
Exeter Township, PA —

The Exeter Township supervisors have agreed to sell the township's wastewater treatment plant and system to a private company for \$96 million, a move they expect will save taxpayers money and put the township on much better financial footing.

The supervisors voted 4-1 on April 23 to approve the sale to Pennsylvania American Water Co., which supplies water to the township and operates 15 wastewater treatment systems statewide.

The two sides must finalize the asset purchase agreement, and the sale will require Pennsylvania Utility Commission approval, meaning the earliest the company is likely to take ownership would be early next year.

Township Manager John A. Granger said that if the sale goes through as planned, it will allow the township to hold real estate taxes steady for 10 years or more; pay for future capital projects including equipment replacement, township building relocation and storm sewer improvements; and still leave \$48 million in the bank.

The current property tax rate is 2.14 mills, but that would have increased 32.6 percent to 2.8 mills in 2019 if the township retained ownership of the plant, he said.

The township is expected to raise sewer rates 29 percent before the sale is completed, but that rate hike would likely have been higher if the township held onto the system and made necessary upgrades, said Supervisor John Cusatis.

And the supervisors plan to enact a homestead tax exemption that would more than cover the rate increase for most homeowners, he said.

There are about 9,000 properties in Exeter connected to the wastewater system, and Pennsylvania American spokesman Terry M. Maenza said that they shouldn't notice any changes in sewer service once the company takes control of the system.

"It should be seamless," he said.

The company plans to retain the township's six wastewater employees, he said.

Cusatis and fellow Supervisors Lisa VanderLaan, William F. White and David G. Speece Jr. voted for the sale, saying it was a tough decision but the economic benefits were too good to turn down.

"The sale will pay off the library and sewer debt, stabilize the tax base and improve the township's credit rating," Cusatis said.

Supervisor Gary E. Lloyd Jr. voted against the sale, saying he didn't want to lose the valuable asset.

Cusatis said that most Exeter residents he spoke with support the move, but at the April 23 meeting several expressed concern about selling public property to private industry and giving up control of the wastewater system.

A written handout from resident Sherrie Greene noted that: "I have done some research and read that many municipalities have taken this route, then regretted it later. Once our sewer system is sold, it is gone forever and we cannot get it back."

Pennsylvania American, headquartered in Hershey, is a subsidiary of American Water Works Co., based in Voorhees, N.J.

This would be Pennsylvania American's first wastewater treatment system in Berks.

(Correspondent Valdis I. Lacis contributed to this story.)

Contact Mike Urban: 610-371-5023 or murban@readingeagle.com.

Report by Class

Account	Name Service Address	Tax ID	Book	Status	Alert Code
97990.00	F M BROWN SONS INC 790 DANIEL BOONE ROAD	43-5345-07-68-8539 BIRDSBORO	PA	A 19508-8737	
99991.00	DIEROLF, CANDACE 21 PINE AVENUE	BIRDSBORO	PA	A 19508	
99992.00	TELFORD, MARK 19-6 CRANBERRY RIDGE	READING	PA	A 19606-3934	
Total Class: R: 8,708					
Class: TRAILER PARK					
20000.00	KLIEWER, KIM B 4851 PERKIOMEN AVENUE	43-5325-08-79- READING	100 PA	A 19606	
(610)670-0191 20010.00	KL MHC LLC 44 KEYSTONE ROAD	43-5335-14-34- READING	201 PA	A 19606-3655	
20020.00	BORDIC MOBILE HOME PARK 214 BORDIC ROAD	43-5335-09-16- READING	200 PA	A 19606-3605	
20030.00	KL MHC LLC 44 KEYSTONE ROAD	43-5335-10-35- READING	201 PA	A 19606-3655	
20060.00	ALSACE TOWNSHIP 240 SPIES CHURCH ROAD	READING	101 PA	A 19606	
20070.00	KL MHC LLC 44 KEYSTONE ROAD	43-5335-14-34-2494 READING	PA	A 19606-3655	
91230.00	PENN VIEW MOBILE PARK BROADWAY AVENUE	43-5327-14-42- READING	200 PA	A 19606	
(610)779-4202					

Total Class: T: 7**Total: 8,984**

ASSET PURCHASE AGREEMENT

7. Aqua and Limerick are parties to an Asset Purchase Agreement dated November 16, 2016. Aqua Exhibit 1, Application ¶ 5 and ¶ 18; *see also* Aqua Exhibit No. 1, Exhibit C.

8. The negotiated purchase price, which is based on arms' length negotiation, is Seventy-Five Million One Hundred Thousand Dollars (\$75,100,000.00). Aqua and Limerick are not affiliated with each other. Aqua Exhibit No. 1, Application ¶ 18 and Aqua St. No. 1 at 6, lines 6 through 10.

9. Aqua will use short term credit lines to fund the transaction. The short term credit funding will be converted to a mix of long-term debt and equity capital shortly after closing. Aqua St. No. 1 at 7, lines 18 through 20; *see also* Aqua Exhibit No. 1, Application ¶ 18.

ASSETS BEING TRANSFERRED

10. The wastewater system assets to be transferred are the "Acquired Assets" and have the meaning specified in Section 2.01 of the Agreement. The Acquired Assets include all real property Limerick owns and uses in the operation of the wastewater system and all sanitary wastewater related treatment and conveyance facilities, including the Possum Hollow Waste Water Treatment Plant ("PHWWTP"), the King Road Waste Water Treatment Plant ("KRWWTTP") and all pipes, pumping stations, manholes and pipelines and billing and collections related assets necessary to run the system. Aqua Exhibit No. 1, Application ¶ 19.

11. Acquired Assets also include the contracts identified on Schedule 4.15 of the Agreement to which Limerick is a party (the "Assigned Contracts"). Since contract parties, other than Limerick, are identified by name, Schedule 4.15 and the Assigned Contracts are considered CONFIDENTIAL. Copies of CONFIDENTIAL Schedule 4.15 and the CONFIDENTIAL Assigned Contracts were included with the Application as Confidential Exhibit F and admitted into evidence as CONFIDENTIAL Aqua Exhibit No. 4. Aqua Exhibit No. 1, Application ¶ 20 and Tr. 13 and 20.

SDR-18 Attachment 1

Service Address	Customer Number	Edu Purchased	Group Code	Drainage Basin	SPA Amt	SPA Qty	SWR Amt	SWR Qty	Swr Base Amt	PEN Amt	INT Amt
3793 900 FOXMEADOW DR	12133	16	King Road	SOUTHEAST (6)	-	116,300.00	F	-	\$ 1,348.80	-	-
3794 1000 FOXMEADOW DR	12134	16	King Road	SOUTHEAST (6)	-	94,400.00	F	-	\$ 1,348.80	-	-
3795 1100 FOXMEADOW DR	12135	16	King Road	SOUTHEAST (6)	\$ 216.44	153,200.00	F	-	\$ 1,348.80	-	-
3796 1200 FOXMEADOW DR	12136	16	King Road	SOUTHEAST (6)	\$ 69.15	130,400.00	F	-	\$ 1,348.80	-	-
3799 1500 FOXMEADOW CIR	12139	16	King Road	SOUTHEAST (6)	\$ 43.95	126,500.00	F	-	\$ 1,348.80	-	-
3800 1600 FOXMEADOW CIR	12140	16	King Road	SOUTHEAST (6)	-	82,300.00	F	-	\$ 1,348.80	-	-
3801 1700 FOXMEADOW CIR	12141	16	King Road	SOUTHEAST (6)	-	84,300.00	F	-	\$ 1,348.80	-	-
3802 1800 FOXMEADOW CIR	12142	16	King Road	SOUTHEAST (6)	-	92,500.00	F	-	\$ 1,348.80	-	-
3803 1900 FOXMEADOW DR	12143	16	King Road	SOUTHEAST (6)	-	111,200.00	F	-	\$ 1,348.80	-	-
3804 2000 FOXMEADOW CIR	12144	16	King Road	SOUTHEAST (6)	\$ 8.42	121,000.00	F	-	\$ 1,348.80	-	-
3805 2100 FOXMEADOW CIR	12145	16	King Road	SOUTHEAST (6)	\$ 160.88	144,600.00	F	-	\$ 1,348.80	-	-
3806 2200 FOXMEADOW DR	12146	16	King Road	SOUTHEAST (6)	-	101,000.00	F	-	\$ 1,348.80	-	-
3807 2300 FOXMEADOW DR	12147	16	King Road	SOUTHEAST (6)	\$ 176.38	147,000.00	F	-	\$ 1,348.80	-	-
3808 2400 FOXMEADOW CIR	12148	16	King Road	SOUTHEAST (6)	\$ 94.99	134,400.00	F	-	\$ 1,348.80	-	-
3809 2500 FOXMEADOW CIR	12149	16	King Road	SOUTHEAST (6)	\$ 107.26	136,300.00	F	-	\$ 1,348.80	-	-
161 640 N LEWIS RD	275	17	King Road	SOUTHEAST (6)	\$ 1,932.95	306,700.00	F	-	\$ 84.30	-	-
3674 7-27 W RIDGE PIKE/STRP ML	12005	18	King Road	SOUTHEAST (6)	\$ 63.37	92,100.00	F	-	\$ 927.30	-	-
3727 125 SUNSET RD	12065	18	King Road	282 GRATERFORD RD (20)	\$ 1,198.45	193,000.00	F	-	\$ 84.30	-	-
3772 15 KEYSTONE DR	12112	18	King Road	TRINLEY (5)	\$ 2,452.98	387,200.00	F	-	\$ 84.30	-	-
5199 256 SWAMP PIKE/SCHOOL	60965	18	Possum Hollow	RAVENS CLAW (18)	\$ 2,015.24	334,400.00	F	-	\$ 252.90	-	-
162 339 N LEWIS RD	276	19	King Road	SOUTHEAST (6)	\$ 1,256.59	202,000.00	F	-	\$ 84.30	-	-
3706 W RIDGE PIKE/STRIP/BANK	12039	19	King Road	SOUTH LIMERICK (3)	\$ 1,373.73	272,500.00	F	-	\$ 674.40	-	-
3745 542 N LEWIS RD	12084	19	King Road	TRINLEY (5)	\$ 112.65	32,400.00	F	-	\$ 168.60	-	-
3411 70 BUCKWALTER RD/1350/APPLEB	11737	20	King Road	SOUTHEAST (6)	\$ 3,375.47	530,000.00	F	-	\$ 84.30	-	-
5389 206 JONES BLVD/MICROCOAX	70011	20	Possum Hollow	BROOKE EVANS (16)	\$ 14,938.23	2,319,900.00	F	-	\$ 84.30	-	-
3445 70 BUCKWALTER RD/1250/TEXAS	11771	21	King Road	SOUTHEAST (6)	\$ 2,419.39	382,000.00	F	-	\$ 84.30	-	-
3707 22 ANCHOR PARKWAY	12040	23	King Road	SOUTHEAST (6)	\$ 1,958.79	310,700.00	F	-	\$ 84.30	-	-
3773 77 GRATERFORD RD	12113	23	King Road	282 GRATERFORD RD (20)	\$ 1,208.14	194,500.00	F	-	\$ 84.30	-	-
64 677 ELM ST	170	24	Royersford	ORCHARD TERRACE (OT)	-	12,000.00	F	-	\$ 2,023.20	-	-
3863 430 W LINFIELD TRAPPE RD	12208	24	King Road	TRINLEY (5)	\$ 4,782.46	747,800.00	F	-	\$ 84.30	-	-
794 1101 ENTERPRISE DR	2573	28	King Road	TRINLEY (5)	\$ 1,182.95	190,600.00	F	-	\$ 84.30	-	-
2502 196 W RIDGE PK/FLEA MRKT	10679	29	King Road	RIDGE PIKE (10)	\$ 629.07	247,000.00	F	-	\$ 1,686.00	\$ 1.80	-
3869 420 LINFIELD TRAPPE RD	12214	30	King Road	TRINLEY (5)	\$ 852.20	139,400.00	F	-	\$ 84.30	-	-
5410 14 W LIGHTCAP RD	70032	34	Possum Hollow	POSSUM HOLLOW (17)	\$ 7,741.14	1,205,800.00	F	-	\$ 84.30	-	-
3401 19 W LINFIELD TRAPPE RD	11727	36	King Road	SOUTHEAST (6)	\$ 5,421.59	846,736.00	F	-	\$ 84.30	-	-
107 475 N LEWIS RD	216	52	King Road	SOUTHEAST (6)	\$ 3,921.34	614,500.00	F	-	\$ 84.30	-	-
3761 88 ANCHOR PARKWAY	12101	52	King Road	SOUTHEAST (6)	\$ 3,746.92	587,500.00	F	-	\$ 84.30	-	-
2292 420 W LINFIELD TRAPPE RD	10357	59	King Road	TRINLEY (5)	\$ 5,568.64	869,500.00	F	-	\$ 84.30	-	-
167 350 S LEWIS RD	282	60	King Road	SOUTHEAST (6)	\$ 3,791.50	594,400.00	F	-	\$ 84.30	-	-
2465 827 N LEWIS RD	10630	80	King Road	SOUTH LIMERICK (3)	-	150,200.00	F	-	\$ 6,744.00	-	-
3091 FOX RIDGE APTS	11378	97	King Road	SOUTH LIMERICK (3)	\$ 2,050.04	1,043,000.00	F	-	\$ 8,177.10	-	-
2685 165 W RIDGE PIKE/TRLR PK	10913	115	King Road	SOUTHEAST (6)	\$ 6,018.69	1,792,000.00	F	-	\$ 9,694.50	-	-
5397 EXELON LIM GEN STA	70019	137	Possum Hollow	POSSUM HOLLOW (17)	N	-	\$ 8,659.75	1,348,000.00	\$ 84.30	\$ 1,041.07	-
5400 18 LIGHTCAP RD	70022	200	Possum Hollow	POSSUM HOLLOW (17)	\$ 4,006.31	1,278,500.00	F	-	\$ 7,418.40	-	-
5416	8402				\$ 299,707.92	89,160,697	\$ 25,039.14	7,288,556	\$ 600,843.05	\$ 14,296.74	\$ 1,169.98

\$5,572,770. Exh. A-14-a, SWPA St. 1 at 11-12. The allocated purchase price for the water system is \$4,734,800 and the wastewater system is \$4,765,200. Appendix A-14, SWPA St. 2 at 4-5.

The valuation experts were paid \$59,145 for the Fair Market Value Appraisal Reports for both the water and wastewater systems. Exh. A-8-a. SWPA also indicates that it will incur transaction and closing costs of approximately \$1,000,000 between the Water System and the Wastewater System, which will be included in rate base. Appendix A-14, SWPA St.1 at 5-6; Appendix A-12.

OCA will examine the ratemaking rate base claims to determine if the claims are reasonable and appropriate for ratemaking purposes.

2. Proposed Rates: SWPA proposes to charge customers of the Mahoning Township system the Mahoning Township water and wastewater rates in effect at closing. Application at 6, 11; Appendix A-13. Those rates will remain in effect until SWPA's next base rate case but SWPA may impose any fee or surcharge permitted by its Commission-approved tariff. Id.

The proposed rates do not appear to match the existing Mahoning Township rates. The OCA will investigate this apparent discrepancy. The OCA will investigate the impacts on the current customers as well as on Mahoning Township customers of the various assumptions and proposals.

3. The OCA submits that additional information is necessary to determine how the transaction will substantially and affirmatively benefit Suez's existing customers.

4. Conditions: Whether any conditions should be imposed upon the proposed transfer to ensure that Suez's customers are treated in a fair and just manner in accord with Pennsylvania law and Commission rules and regulations.

MAHONING TOWNSHIP CUSTOMER LIST

Customer No	Name	Service Address	Service	SWR EDUs	EDU	Count
11470.01	T & S REALTY	304 HOLLOW DR	Sewer	1	1	1431
11471.01	T & S REALTY	306 HOLLOW DR	Sewer	1	1	1432
11472.01	T & S REALTY	308 HOLLOW DR	Sewer	1	1	1433
11473.01	T & S REALTY	310 HOLLOW DR	Sewer	1	1	1434
11474.01	T & S REALTY	312 HOLLOW DR	Sewer	1	1	1435
11475.01	DAVID & JOANNE BROOKO\	32 TERRE LANE	Sewer	1	1	1436
11476.02	JAYA SUGUNARAJ & JESSIT\	214 ABBEY RD	Sewer	1	1	1437
11478.01	DAVID BULBIN & BARBARA	74 WOODLAND DR	Sewer	1	1	1438
11479.01	JEFFREY MOLINARO	1318 BLOOM RD	Sewer	1	1	1439
11480.01	CRYSTAL DOMETITA	91 WOODLAND DR	Sewer	1	1	1440
11482.01	AYUSA SINHA	672 LOWER ST	Sewer	1	1	1441
11483.01	MADIAN YAHYA	676 LOWER ST	Sewer	1	1	1442
11484.01	JEFF WATSON	168 KASEVILLE RD	Sewer	1	1	1443
11485.01	ANWER & SARAH QURESHI	656 LOWER ST	Sewer	1	1	1444
11486.01	ROSS & ASHLEY PETERS	83 TERRE LN	Sewer	1	1	1445
11488.01	QUESHI ANWER	664 LOWER STREET	Sewer	1	1	1446
11489.01	MATHUR HERSH	660 LOWER STREET	Sewer	1	1	1447
11490.01	PRASANNA SANKEPALLI & S	668 LOWER ST	Sewer	1	1	1448
11491.01	MARK GATSKI & CATHERINI	82 DELWOOD DR	Sewer	1	1	1449
11492.01	JONATHAN & LAURA SPAHF	78 TERRE LN	Sewer	1	1	1450
11166.02	DANKO HOLDINGS LP	1301 BLOOM RD	Sewer	0	1	1451
TOTALS					2195	1451

Report Criteria:
Customer.Final bill date = (IS NULL)

5/30/18

Customer #	Name	Service Address	Meter ID	Customer Type	Size
11104.01	ANIMAL CARE	32 ENTERPRISE DR	0049503582	Commercial	1
11107.01	EMMANUEL HOME	MONTOUR BLVD. 11107	8280982952	Commercial	1
11120.02	REDEEMER ORTHODOX PRESBYTER	1820 MONTOUR BLVD.	1540802894	Commercial	1
11121.01	FAB-TEX	29 WOODBINE LANE	0004695133	Commercial	1
11137.01	GEISINGER HEALTH SYSTEMS - MCB	MCBRIDE	1541355520	Commercial	1
11151.01	ROAT-KRINER ROAT	1133 BLOOM RD.	1541286282	Commercial	1
11157.01	TRINITY METHODIST CHURCH	84 LOMBARD AVE	1018010545	Commercial	1
11159.01	VINTAGE KNOLLS ASSISTED LIVING	9 JUSTIN DR 101	1541313242	Commercial	1
11160.01	GEISINGER COMMUNITY HEALTH - VI	44 WOODBINE LANE	0048920994	Commercial	1
11165.01	RINEHART DENTAL	20 WESNER LANE	1481726108	Commercial	1
Total 1:				10	10
10					
11110.01	BUSY BEAVER	23 WESNER LN	0053635505	Commercial	1.5
11139.01	MEADOWS COMM.	77 TOWER VIEW CIRCLE	0051583844	Commercial	1.5
11148.01	SHANER HOTEL GRP ✓	43 PINE BARN PLACE	1832339361	Commercial	1.5
11170.01	HAWKINS CHEVROLET	1856 MONTOUR BLVD.	1852732193	Commercial	1.5
11439.01	GEORGE HEIM CAR WASH	1802 MONTOUR BLVD	1541551330	Commercial	1.5
Total 1.5:				5	5
5					
11102.01	ATLANTIC EQUIP	15 ENTERPRISE DR	0048304212	Commercial	2
11108.01	EMMANUEL NAZARETH	1707 MONTOUR BLVD. 11108	1007034764	Commercial	2
11117.01	T & S REALTY	1083 BLOOM RD	0046645520	Commercial	2
11126.01	GUM REALTY GROUP LLC	74 SCHOOL HOUSE RD STE 101	0022379100	Commercial	2
11134.01	MARIA JOSEPH AL CENTER	MONTOUR BLVD. 11134	1832120637	Commercial	2
11136.01	GEISINGER HEALTH SYSTEMS - HUG	HUGHES CENTER SOUTH	0052693508	Commercial	2
11146.01	SHANER HOTEL GRP ✓	43 PINE BARN PLACE A	0043702654	Commercial	2
11166.02	DANKO HOLDINGS LP	1301 BLOOM RD	1548931502	Commercial	2
Total 2:				8	8
8					
11101.01	NAILS TO TAILS GROOMING SALON	938 BLOOM RD.	1810172132	Commercial	3/4
11109.01	BROKENSHERE JOHN	769 BLOOM RD.	1541276964	Commercial	3/4
11111.01	CERO JAMES PATRICK	795 BLOOM RD	1541282452	Commercial	3/4
11113.01	COLE'S HARDWARE	25 ENTERPRISE ROAD	1541310306	Commercial	3/4
11115.01	HAWKINS JAMES	1581 MONTOUR BLVD.	1852924202	Commercial	3/4
11116.01	HAWKINS COLLISION CENTER	MONTOUR BLVD. 11116	1541425432	Commercial	3/4

Commercial
Water meters
70

Residential
Water meters
1116

2"
+ 1 = 15 Wesner Lane
added 5/24/18

Total Meters
=
1186



McKeesport sewer system to be sold for \$156 million

September 16, 2016 12:00 AM

By Deana Carpenter

The Municipal Authority of the City of McKeesport has agreed to sell its sewer system to Pennsylvania American Water for approximately \$156 million.

The sale is needed to bring the city to more stable financial ground and avoid Act 47, the program for financially distressed municipalities, or municipal bankruptcy, McKeesport Mayor Michael Cherepko said at the Sept. 7 council meeting.

“It became very clear to this administration that the only way to save our community from municipal bankruptcy, while continuing to offer the same level of services our residents deserve, would be to transfer our local sewage system to a regional or national utility company,” Mr. Cherepko said in a news release.

A purchase agreement was signed by both parties last Friday following votes by city council and the municipal authority to sell the sewer system. The sale is expected to be finalized in the second half of next year pending regulatory approvals and other closing conditions.

The system serves 22,000 customers in McKeesport and the communities of Dravosburg, Duquesne, East McKeesport, Elizabeth Township, Glassport, Liberty, Lincoln, North Versailles, Port Vue, Versailles and White Oak.

“We look forward to closing the proposed acquisition and to providing wastewater services that reflect our commitment to environmental stewardship and quality customer service,” said

Kathy L. Pape, president of Pennsylvania American Water, said that after the deal is closed, the company looks forward “to welcoming the Municipal Authority of the City of McKeesport’s employees and customers to the Pennsylvania American Water family.”

She said the company also looks forward to “providing wastewater services that reflect our commitment to environmental stewardship and quality customer service.”

The next step is approval of the acquisition by the Pennsylvania Public Utility Commission along with other approvals, such as from the state Department of Environmental Protection.

In June, state Auditor General Eugene DePasquale said McKeesport erred when it accidentally spent \$729,275 in state funds earmarked for pension costs and subsequently couldn't pay its \$2.3 million annual pension obligation last year.

McKeesport officials said then they would remedy the shortfall through “the sale of an asset in the near future.”

“The total proceeds of the pending sale of the Municipal Authority of the City of McKeesport will solidify the City of McKeesport’s financial position for years to come,” Mr. Cherepko said this week. “The down payment associated with this

sale will generate enough revenue to cover all of the city's outstanding financial obligations, including the minimum municipal obligations associated with the city's pension funds."

Deana Carpenter, freelance writer: suburbanliving@post-gazette.com.

21. Second, Ms. Vicari used inconsistent purchase price values to calculate the average costs per customer. Id. at 21-22.

(a) Incorrect Use of Projected Customers

Ms. Vicari used an incorrect number of customers for MACM. In Appendix A-17-a, it states that MACM has 12,780 customers, yet Ms. Vicari used 21,953 customers. OCA St. 1 at 20-21. She explained that she used that number because she counted the individual connections for each bulk customer. Id. She never supplied her calculation of the individual connections for the four bulk customers. Id.

Ms. Vicari does not necessarily apply that logic to the other acquisitions in her sample group by reflecting individual connections for any bulk customers. OCA St. 1S at 16-17. By using the actual number of customers for the other systems, she achieved a higher average cost per customer. She then multiplied this overstated cost per customer times the unsupported number of bulk customers' individual connection, compounding the error. Ms. Everette was not able to confirm whether all of the customer numbers in Ms. Vicari's sample group were consistently counted. She therefore used the 21,953 customer number used by Ms. Vicari to minimize the issues in the proceeding.

(b) Inconsistent Purchase Price Values

Similar to the problem with the customer count, MACM witness Vicari did not use consistent purchase price values. OCA St. 1 at 21-22. For the comparative acquisitions, she used the purchase price plus the value of capital improvements required by the agreement of sale. For MACM, however, she uses only the purchase price and does not consider the \$62.7 million of capital investments that PAWC anticipates making over the next 10 years. Including the cost

**Dilworth
Paxson**

Home > News / Events > Press Releases > The PA PUC Approves First Wastewater Sale Under New Act 12

The PA PUC Approves First Wastewater Sale Under New Act 12

06/14/2017

June 14, 2017 (Philadelphia, PA) - On June 14, 2017, the Pennsylvania Public Utility Commission approved, in a four-to-one vote, Aqua Pennsylvania Wastewater, Inc.'s application to acquire the wastewater system of New Garden Township and its Sewer Authority, and to begin providing wastewater service to the residents of New Garden and Kennett Townships in Chester County. The transaction is the first to be approved using the fair market valuation approach established by the Pennsylvania State Legislature and Governor Tom Wolf with Act 12 of 2016 (Act of Apr. 14, 2016, P.L. 76, No. 12, 66 Pa. C.S. § 1329).

Act 12 is changing the landscape for municipal sales of water and wastewater systems to PUC-regulated public utility companies. The new law allows the parties to the transaction to opt in to a new method of valuation, which takes the value of the system for ratemaking purposes as either the lower of the average of two independent fair market value appraisals—one obtained by the utility buyer and one by the municipal seller—or by the negotiated purchase price. Prior to Act 12, system value for ratemaking was based on depreciated original cost, which would likely always result in a lower sale price than fair market value. In addition, the new law requires the PUC to act within six months of the acceptance of the application.

Act 12 became effective mid-June 2016, and the PUC issued its final implementation order in October 2016. The New Garden transaction was the first Act 12 application, submitted for approval in December 2016. Aqua, New Garden, and the Authority agreed to a negotiated purchase price of \$29,500,000, which turned out to be less than the average of the two appraisals commissioned by Aqua and New Garden. The valuation for ratemaking purposes was therefore set at \$29,500,000.

A protest to Aqua's application for PUC approval pursuant to Act 12 in the New Garden transaction was filed by the Bureau of Investigation and Enforcement, which sought a review of both of the fair market appraisals used, additional information about the proposed rate freeze agreed to by the parties, and a determination of whether the transaction was in the public interest under Section 1102 of the Public Utility Code.

An additional protest was filed by the Office of Consumer Advocates requesting further information to determine whether supplementary conditions should be imposed on the transaction to ensure that Aqua's existing customers are treated in a fair and just manner; how the transaction will substantially and affirmatively benefit Aqua's existing customers; and whether the agreement sufficiently provides for safe, adequate, and reasonable service at just and reasonable rates.

An evidentiary hearing was held before an administrative law judge on February 16, 2017. After the hearing, the judge recommended the denial of Aqua's application, concluding that Aqua had failed to demonstrate by a preponderance of the evidence that the acquisition was in the public interest because it failed to demonstrate that the transaction will result in affirmative public benefits to its existing customers. The judge also concluded that Aqua had failed to support its rate stabilization plan with evidence to show its basis and impact. The judge did

Related Lawyers

Skye C.A. Nickalls

Marc A. Feller

Related Practices

Corporate and Business

Related Offices

Philadelphia, PA

EAST END SEWER ACCOUNTS

Type	2015-4	2015-3	2015-2	2015-1	2014-4	2014-3	2014-2	2014-1
CO1	2,070,000	2,060,000	1,831,000	2,284,000	2,971,000	2,665,000	1,498,000	1,278,000
CO2	739,000	1,050,000	885,000	793,000	1,028,000	1,061,000	873,000	873,000
IND								
MIX	15,000	9,000	10,000	4,000	17,000	14,000	12,000	18,000
RES	13,780,000	13,367,000	12,924,000	13,280,000	12,700,000	14,137,000	14,241,000	12,874,000
Grand Total	16,604,000	16,486,000	15,650,000	16,361,000	16,716,000	17,877,000	16,624,000	15,043,000

# DAYS	94	90	89	91	87	94	93	91
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Type	2015-4 GPD	2015-3 GPD	2015-2 GPD	2015-1 GPD	2014-4 GPD	2014-3 GPD	2014-2 GPD	2014-1 GPD
CO1	22,021	22,889	20,573	25,099	34,149	28,351	16,108	14,044
CO2	7,862	11,667	9,944	8,714	11,816	11,287	9,387	9,593
IND								
MIX	160	100	112	44	195	149	129	198
RES	146,596	148,522	145,213	145,934	145,977	150,394	153,129	141,473
Grand Total	176,638	183,178	175,843	179,791	192,138	190,181	178,753	165,308

Type	Total Units	Total Active Units	Total Accounts
CO1	145	109	65
CO2	40	16	13
IND			
MIX	8	7	3
RES	1,043	1012	823
Grand Total	1,236	1,144	904

Type	2015 Total	2014 Total
CO1	8,245,000	8,412,000
CO2	3,467,000	3,835,000
IND		
MIX	38,000	61,000
RES	53,351,000	53,952,000
Grand Total	65,101,000	66,260,000

Service Area	Total Units	Total Active Units	Total Accounts
BP	290	282	107
BR	52	51	52
BW	99	90	56
CR	5	4	5
CW	110	109	110
EE	1		1
GL	132	110	70
HD	127	110	112
PD	31	31	31
PM	48	47	48
PS	66	66	66
SC	65	37	40
SH	132	132	132
SRO	2	2	2
WB	76	73	72
Grand Total	1,236	1,144	904

SOUTH END SEWER ACCOUNTS

Type	2015-4	2015-3	2015-2	2015-1	2014-4	2014-3	2014-2	2014-1
CO1	163,000	68,000	33,000	27,000	277,000	265,000	28,000	25,000
RES	7,444,000	7,494,000	7,172,000	7,565,000	7,109,000	7,576,000	7,233,000	7,750,000
Grand Total	7,607,000	7,562,000	7,205,000	7,592,000	7,386,000	7,841,000	7,261,000	7,775,000

# DAYS	94	90	89	91	87	94	93	91
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Type	2015-4 GPD	2015-3 GPD	2015-2 GPD	2015-1 GPD	2014-4 GPD	2014-3 GPD	2014-2 GPD	2014-1 GPD
CO1	1,734	756	371	297	3,184	2,819	301	275
RES	79,191	83,267	80,584	83,132	81,713	80,596	77,774	85,165
Grand Total	80,926	84,022	80,955	83,429	84,897	83,415	78,075	85,440

Type	Total Units	Total Active Units	Total Accounts
CO1	6	2	2
RES	611	605	607
Grand Total	617	607	609

Type	2015 Total	2014 Total
CO1	291,000	595,000
RES	29,675,000	29,668,000
Grand Total	29,966,000	30,263,000

Service Area	Total Units	Total Active Units	Total Accounts
ES	178	174	174
HGN	129	125	125
HGS	30	29	30
MG	21	21	21
WS	259	258	259
Grand Total	617	607	609

AVONDALE SEWER ACCOUNTS SEWER ACCOUNTS

Type	2015-4	2015-3	2015-2	2015-1	2014-4	2014-3	2014-2	2014-1
CO1	2,833,000	3,044,000	2,895,000	3,014,000	2,844,000	2,681,000	2,598,000	2,992,000
CO2	191,000	208,000	235,000	228,000	224,000	195,000	192,000	179,000
MIX	301,000	312,000	255,000	273,000	227,000	258,000	276,000	332,000
RES	4,090,000	3,750,000	3,588,000	4,089,000	3,506,000	4,183,000	4,716,000	3,705,000
TWP	31,000	24,000	20,000	19,000	21,000	22,000	19,000	74,000
Grand Total	7,446,000	7,338,000	6,993,000	7,623,000	6,822,000	7,339,000	7,801,000	7,282,000

# DAYS	94	90	89	91	87	94	93	91
--------	----	----	----	----	----	----	----	----

Type	2015-4 GPD	2015-3 GPD	2015-2 GPD	2015-1 GPD	2014-4 GPD	2014-3 GPD	2014-2 GPD	2014-1 GPD
CO1	30,138	33,822	32,528	33,121	32,690	28,521	27,935	32,879
CO2	2,032	2,311	2,640	2,505	2,575	2,074	2,065	1,967
MIX	3,202	3,467	2,865	3,000	2,609	2,745	2,968	3,648
RES	43,511	41,667	40,315	44,934	40,299	44,500	50,710	40,714
TWP	330	267	225	209	241	234	204	813
Grand Total	79,213	81,533	78,573	83,769	78,414	78,074	83,882	80,022

Type	Total Units	Total Active Units	Total Accounts
CO1	397	48	38
CO2	4	4	4
MIX	8	22	8
RES	306	282	230
TWP	3	3	3
Grand Total	718	359	283

Type	2015 Total	2014 Total
CO1	11,786,000	11,115,000
CO2	862,000	790,000
MIX	1,141,000	1,093,000
RES	15,517,000	16,110,000
TWP	94,000	136,000
Grand Total	29,400,000	29,244,000

Service Area	Total Units	Total Active Units	Total Accounts
41	308	76	46
BH	123	120	121
BH2	6	6	6
RR	130	119	79
TK	151	38	31
Grand Total	718	359	283

1 interest in discussing the potential acquisition of the System and the use of Section 1329,
2 the fair market value approach. TOS's representatives executed the Letter of Interest on
3 December 6 and 7, 2016 and returned it to PAWC. This "Letter of Interest" was extended
4 through amendments on March 9, 2017, May 2, 2017, June 6, 2017, and July 5, 2017 to
5 allow the parties to enter into a definitive agreement. Through these extensions, PAWC
6 and TOS jointly retained the services of Herbert E. MacCombie, Jr., P.E., of Media
7 Pennsylvania to complete the Engineer's Assessment of Tangible Assets pursuant to
8 Section 1329. The Engineer's Assessment of Tangible Assets is included as Schedule 1.1
9 of the APA and included with the UVE fair market valuation reports at **Appendix A-5**.
10 PAWC, pursuant to Section 1329, retained the services of AUS Consultants of Greenfield
11 Wisconsin to complete an appraisal of the System. TOS retained the services of Herbert,
12 Rowland & Grubic, Inc. of Harrisburg, Pennsylvania to also complete an appraisal of the
13 System. These appraisals accompany the Application at **Appendix A-5** (together with
14 electronic working documents at **Appendix A-4**) and are included as Schedule 2.2 of the
15 APA. After receipt of the two appraisals and subsequent arms-length negotiations, on May
16 1, 2018 TOS's Board of Supervisors approved the APA, which was subsequently executed
17 by PAWC and TOS that day too. This APA includes a negotiated purchase price of
18 \$9,250,000.

19
20 **Q. CAN YOU PLEASE PROVIDE AN OVERVIEW OF THE APA?**

21 **A.** Yes. The APA is attached as **Appendix A-24-a** to the Application (**PAWC Exhibit KEG-**
22 **1**). The APA sets forth the terms and conditions pursuant to which the TOS will sell, and
23 PAWC will purchase, the System, as well as substantially all assets, properties and rights

1 invest in necessary capital improvements and resources, and experienced managerial and
2 operating personnel necessary to provide safe and reliable sewer services to the residents of
3 the TOS and surrounding areas. PAWC is currently the water provider within TOS and is
4 the operator of TOS's System pump station.

5
6 **Q. PLEASE DESCRIBE PAWC'S HISTORICAL RELATIONSHIP WITH TOS.**

7 A. Since PAWC's acquisition of the water and wastewater assets of the City of Coatesville
8 Authority ("CCA") in March 2001, PAWC has been the regional wastewater (and water)
9 provider in the City of Coatesville and surrounding communities. . PAWC's treats the
10 wastewater from the communities of Sadsbury Township, City of Coatesville, East
11 Fallowfield Township, Caln Township, West Caln Township, Valley Township, West
12 Sadsbury Township, Highland Township, West Brandywine Township and Parksburg
13 Borough. TOS has been a bulk wastewater customer of PAWC since PAWC's acquisition
14 of CCA's water and wastewater system assets. We maintain a relationship with TOS and
15 other local municipalities by participating in local events, providing environmental and
16 firefighting grants, offering the "H2O Assistance Program," and supporting economic
17 growth through infrastructure improvements in the communities we serve.

18
19 **Q. HOW MANY CUSTOMERS DOES THE TOS SYSTEM CURRENTLY SERVE**
20 **AND HOW MANY CUSTOMERS DOES PAWC CURRENTLY SERVE?**

21 A. As of December 31, 2016, TOS furnished wastewater services to 998 customers. This
22 number includes 950 residential and 48 commercial customer connections. Of these

PENNSYLVANIA REAL-TIME NEWS

Steelton water sale closer to completion as Pa. American Water signs \$22.5 million agreement

Updated Nov 15, 2018;
Posted Nov 15, 2018



Pennsylvania American Water announced today it signed an agreement to acquire the water assets of the Steelton Borough Authority. Pending regulatory approvals, the sale should be complete by the third quarter of 2019.

1

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By **Steve Marroni** | smarroni@pennlive.com

The sale of Steelton's water system is one step closer to completion.

Pennsylvania American Water announced today it has signed an agreement to acquire the water assets of the Steelton Borough Authority for \$22.5 million.

The two will next seek approval of the acquisition from the Pennsylvania Public Utility Commission and other necessary approvals from the Pennsylvania Department of Environmental Protection, according to the company.

Elizabeth Rose Triscari, Esquire
Pennsylvania-American Water Company
800 West Hersheypark Drive
Hershey, PA 17033
(717) 520-4606
elizabeth.triscari@amwater.com

The Applicant's attorneys are authorized to receive all notices and communications regarding this Application.

6. PAWC is a regulated public utility corporation duly organized and existing under the laws of the Commonwealth of Pennsylvania, and is engaged in the business of collecting, treating, storing, supplying, distributing and selling water to the public, and collecting, treating, transporting and disposing of wastewater for the public. Water and wastewater services are furnished by PAWC to the public in a service territory encompassing more than 400 communities across the Commonwealth with a combined population of over 2,400,000. A description of PAWC's existing certificated water and wastewater service territory is found in **Appendix B**, along with a detailed corporate history, outlining all of the mergers, acquisitions and consolidations, which have created PAWC as it exists on the date of this Application.

7. Steelton is a municipal water authority, organized by the Borough of Steelton in accordance with the Municipality Authorities Act, 53 Pa. C.S. §5601, et seq., with its offices located at 123 North Front Street, Steelton, Pennsylvania. Steelton owns and operates the Steelton System, providing water service to the public in the Borough of Steelton and a portion of Swatara Township (the "Service Area"), in Dauphin County, Pennsylvania.

8. As of November 30, 2018, Steelton furnishes water service to 2,472 customers including 2,289 residential, 124 commercial, 13 industrial, 34 institutional, 11 municipal, and one bulk sales customer connection.



DEALS AUGUST 6, 2018 / 5:11 PM / 6 MONTHS AGO

SJW Group makes \$1.1 billion all-cash offer for Connecticut Water

3 MIN READ



NEW YORK (Reuters) - SJW Group ([SJW.N](#)) and Connecticut Water Service Inc (CTWS.O) said on Monday they were changing from a merger to an acquisition agreement, with SJW offering to buy the New England utility for \$1.1 billion in cash instead of combining stock.

The switch to an all-cash offer is worth \$70 per Connecticut Water share, a 33 percent premium to Connecticut Water's share price prior to the original deal announced in March, according to a joint statement.

It was also higher than the implied \$61.86 per share value of the Clinton, Connecticut-based firm under the merger-of-equals transaction, which would have created a combined company in which existing SJW shareholders would hold 60 percent of the stock.

SJW closed 2.3 percent lower, while Connecticut Water was 9 percent higher at \$68.50.

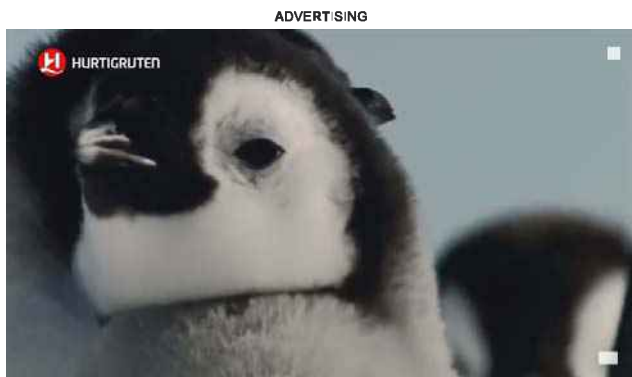
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To pay for the acquisition, SJW will initially utilize a \$975 million bridge loan from financial adviser JP Morgan Chase ([JPM.N](#)). Ultimately, the purchase would be covered by debt and between \$450 million and \$500 million of equity finance.

The new deal aims to conclude in the first quarter of 2019, subject to approvals from Connecticut Water's shareholders, as well as regulators in Connecticut and Maine.

The duo's original all-stock merger announcement in March triggered competing offers from Eversource Energy (ES.N) and California Water Service Group (CWT.N).

ADVERTISEMENT



"We have converted from a stock-for-stock deal to a cash offer, which will resolve any further market distractions from the inferior proposals," SJW Chief Executive Eric Thornburg told Reuters, in reference to the actions by Eversource and CalWater.

Switching to an acquisition, versus a merger structure, means that SJW shareholders will no longer be required to vote on approving the deal, the statement said.

CalWater has an open tender offer to acquire SJW that runs until Sept. 28.

However, asked if the change was aimed at heading off any shareholder challenge to the deal, Thornburg told Reuters it "wasn't a consideration" and it had received nothing but support from its shareholders.

RBS sounds alarm over Brexit

CalWater declined to comment. A spokesman for Eversource said the company was evaluating developments but, as it has made clear, it will be disciplined in pursuing this or any other transaction.

Reporting by David French in New York; Additional Reporting by Liana B. Baker; Editing by Lisa Shumaker

Our Standards: [The Thomson Reuters Trust Principles.](#)

MORE FROM REUTERS

The following table breaks down the above total figures by customer class as of December 31, 2017, 2016, and 2015 :

	2017	2016	2015
Customers:			
Residential	118,493	111,494	110,254
Commercial	9,386	8,626	8,569
Industrial	536	479	478
Public Authority	1,072	948	964
Fire Protection	3,178	2,876	2,815
Other (including non-metered accounts)	2,980	545	553
Total	135,645	124,968	123,633
Water Revenues (in thousands):			
Residential	\$ 62,831	\$ 59,884	\$ 58,439
Commercial	13,676	12,250	11,816
Industrial	3,196	3,176	3,229
Public Authority	3,845	3,510	3,193
Fire Protection	20,235	18,486	18,016
Other (including non-metered accounts)	3,271	1,361	1,348
Total	\$ 107,054	\$ 98,667	\$ 96,041
Customer Water Consumption (millions of gallons):			
Residential	6,408	6,583	6,551
Commercial	2,026	1,954	1,941
Industrial	711	724	777
Public Authority	575	539	503
Total	9,720	9,800	9,772

The Regulated Companies own various small, discrete parcels of land that are no longer required for water supply purposes. At December 31, 2017, this land totaled over 600 acres. Over the past several years, we have been disposing of these land parcels through sales and/or donations, primarily to towns and municipalities. For more information, please refer to *Segments of Our Business* below.

Additional information on land dispositions can be found in Item 7 – “Management’s Discussion and Analysis of Financial Conditions and Results of Operations – Commitments and Contingencies”.

Competition

Our Regulated Companies face competition from a few small privately-owned water systems operating within, or adjacent to, our franchise areas and from municipal and public authority systems whose service areas in some cases overlap portions of our franchise areas.

Employees

As of December 31, 2017, we employed a total of 294 people. Our employees are not covered by collective bargaining agreements.

Elizabeth Rose Triscari, Esquire
Pennsylvania-American Water Company
800 West Hersheypark Drive
Hershey, PA 17033
(717) 520-4606
elizabeth.triscari@amwater.com

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Respondent: Harold Walker III, Manager, Financial Studies, Gannett Fleming Valuation and
Rate Consultants LLC
and
Dylan W. D'Ascendis, Director, ScottMadden, Inc.
Date: 03/03/2020

AQUA PENNSYLVANIA WASTEWATER, INC.
DELAWARE COUNTY REGIONAL WATER QUALITY CONTROL AUTHORITY
Section 1329 Application Standard Data Requests

Appraisals

19. Have Buyer's and Seller's UVE corresponded with regard to their respective fair market value appraisals of the assets at issue in this case? If yes, provide the following information:
- a. Identify the nature and date(s) of correspondence;
 - b. Identify the type(s) of correspondence (i.e. written, verbal, etc); and,
 - c. Provide copies of any written correspondence exchanged between the UVEs

Response: No.

Respondent: Mark J. Bubel, Sr. Project Engineer III of Aqua Pennsylvania, Inc.
and
Michael J. DiSantis, Director of Operations and Maintenance of DELCORA
and
Harold Walker III, Manager, Financial Studies, Gannett Fleming Valuation and Rate Consultants
LLC
and
Dylan W. D'Ascendis, Director, ScottMadden, Inc.
Date: 03/03/2020

**AQUA PENNSYLVANIA WASTEWATER, INC.
DELAWARE COUNTY REGIONAL WATER QUALITY CONTROL AUTHORITY
Section 1329 Application Standard Data Requests**

Miscellaneous

20. Are there any outstanding compliance issues that the Seller's system has pending with the PA Department of Environmental Protection. If yes, provide the following information:
- a. Identify the compliance issue(s);
 - b. Provide an estimated date of compliance;
 - c. Explain Buyer's anticipated or actual plan for remediation;
 - d. Provide Buyer's estimated costs for remediation; and,
 - e. Indicate whether the cost of remediation was or is anticipated to be factored into either or both fair market valuation appraisals offered in this proceeding.

Response: a.- d. Compliance issues

Mark J. Bubel, Sr. and Michael J. DiSantis

Please see the Direct Testimony of Michael J. DiSantis, Application Exhibit W3 (Aqua Statement No. 7) page 8 to 11. Aqua will implement the capital plan for the DELCORA system which will address the Long-Term Control Plan ("LTCP") and other projects. Please see Appendix A to the Direct Testimony of Mark J. Bubel, Sr. for the projected capital plan and costs.

e. Cost of remediation

Harold Walker III:

Gannett Fleming believes that remediation related assets which existed prior to the time of the engineer's assessment are part of Gannett Fleming's appraised value. Further, DELCORA's 2019 and 2020 budgets were utilized by Gannett Fleming

Respondent: Mark J. Bubel, Sr. Project Engineer III of Aqua Pennsylvania, Inc.
and
Michael J. DiSantis, Director of Operations and Maintenance of DELCORA
and
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LLC
and
Dylan W. D'Ascendis, Director, ScottMadden, Inc.
Date: 03/03/2020

**AQUA PENNSYLVANIA WASTEWATER, INC.
DELAWARE COUNTY REGIONAL WATER QUALITY CONTROL AUTHORITY
Section 1329 Application Standard Data Requests**

during the appraisal and may include remediation related operating expenses. However, the prospective cost of remediation was not specifically factored into Gannett Fleming's appraised value. Gannett Fleming does provide an indication of value which factored in the costs related to the Chester LTCP on pages 39 and 40 of the appraisal, but did not include these indications of value in the overall appraised value.

Dylan W. D'Ascendis:

All prospective capital improvements from 2020-2040 were included in Mr. D'Ascendis' valuation appraisal, which would include any capital expenditures associated with any compliance issues pending with the PA Department of Environmental Protection.

Respondent: Mark J. Bubel, Sr. Project Engineer III of Aqua Pennsylvania, Inc.
and
Michael J. DiSantis, Director of Operations and Maintenance of DELCORA
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Date: 03/03/2020

**AQUA PENNSYLVANIA WASTEWATER, INC.
DELAWARE COUNTY REGIONAL WATER QUALITY CONTROL AUTHORITY
Section 1329 Application Standard Data Requests**

Miscellaneous

21. Are there any outstanding compliance issues that the Seller's system has pending with the US Environmental Protection Agency. If yes, provide the following information:
- a. Identify the compliance issue(s);
 - b. Provide an estimated date of compliance;
 - c. Explain Buyer's anticipated or actual plan for remediation;
 - d. Provide Buyer's estimated costs for remediation; and
 - e. Indicate whether the cost of remediation was or is anticipated to be factored into either or both fair market valuation appraisals offered in this proceeding.

Response: Please see the responses to SDR-20.