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Michael W. Hassell

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File #: 174732

January 31, 2022

***VIA ELECTRONIC FILING***

Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street  
Harrisburg, PA 17120

**Re: Joint Application of Aqua America, Inc., Aqua Pennsylvania, Inc., Aqua Pennsylvania Wastewater, Inc., Peoples Natural Gas Company LLC and Peoples Gas Company LLC for All of the Authority and the Necessary Certificates of Public Convenience to Approve a Change in Control of Peoples Natural Gas Company LLC and Peoples Gas Company LLC by Way of the Purchase of All of LDC Funding, LLC's Membership Interests by Aqua America, Inc.  
Docket Nos. A-2018-3006061, A-2018-3006062 and A-2018-3006063**

Dear Secretary Chiavetta:

By Order ("Order") entered January 24, 2020, in the above-captioned proceeding, the Pennsylvania Public Utility Commission ("Commission") approved, with certain modifications, a Joint Petition for Approval Of Non-Unanimous, Complete Settlement Among Most Parties ("Settlement") that authorized the sale of Peoples Natural Gas Company LLC ("Peoples Natural Gas") and Peoples Gas Company LLC ("Peoples Gas") ("collectively, the "Peoples Companies") to Aqua America, Inc., subject to certain conditions. Subsequent to the entry of the Commission's Order, Aqua America, Inc. changed its name to Essential Utilities, Inc. ("Essential"). Closing on the sale occurred on March 16, 2020.

Consistent with the Commission's Order, the Peoples Companies are filing this Annual Report that identifies the status of compliance with certain of the conditions imposed by the Settlement. In addition to the Annual Report, the Peoples Companies are providing Appendix A and CONFIDENTIAL Appendices B and C. Pursuant to the February 14, 2019 Interim Order Granting Motion for Protective Order issued in the above-captioned proceeding ("Protective Order"), copies

Rosemary Chiavetta, Secretary  
January 31, 2022  
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of the CONFIDENTIAL Appendices will be separately uploaded to the Commission's SharePoint site. The Peoples Companies requests that the copies of the materials that have been labeled "CONFIDENTIAL" and that have been directly filed with the Secretary be given confidential treatment by the Commission, including its various offices and bureaus, consistent with the Protective Order. That is, the Peoples Companies request that the confidential materials be excluded from the Commission's public document folder and that the confidential copies not be disclosed to the public.

Copies of this filing will be served upon the Commission's Bureau of Technical Utility Services, the Commission's Bureau of Investigation and Enforcement, the Office of Consumer Advocate, the Office of Small Business Advocate, and counsel for the Utility Workers Union of America, Local 612. Copies of the CONFIDENTIAL Appendices will be served upon these parties, consistent with their prior execution of an appropriate non-disclosure certificate pursuant to a Protective Agreement or the Protective Order.

Any questions regarding this filing may be directed to the undersigned.

Respectfully yours,



Michael W. Hassell

MWH/kl  
Attachments

cc: Kimberly Joyce  
Andrew Wachter  
Lynda Petrichevich  
William Roberts, II  
Carol Scanlon  
Rob Horensky, Manager Gas Safety  
Paul Diskin  
Certificate of Service

## CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been served upon the following persons, in the manner indicated, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

### VIA E-MAIL AND/OR FIRST-CLASS MAIL:

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*Michael W. Hassell*

Date: January 31, 2022

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Michael W. Hassell

2022 ANNUAL REPORT OF STATUS WITH REGARD TO EACH COMMITMENT CONTAINED IN SETTLEMENT IN  
DOCKET NOS. A-2018-3006061, A-2018-3006062, A-2018-3006063

Paragraph #	Commitment	Status
1	Aqua America commits to addressing the replacement of gathering pipe representing remediation of the bare steel within the Goodwin/Tombaugh Gathering System over a seven-year timeframe. The work to begin repair and replacement of the system would begin three months after closing (such work includes engineering and planning) and the Peoples Companies and interested parties would meet to discuss and provide updates on the status of the project every six months.	Meetings with the PUC occurred on 6/24/2020 (OCA), 6/25/2020 (OCA & I&E), 12/15/2020 (I&E, OCA & OSBA), and 8/31/2021 (I&E, OCA, OSBA).
2	Capital replaced and remediated for the Goodwin/Tombaugh systems will be recovered through a base rate case (rather than a DSIC). In addition, remediation of the Goodwin/Tombaugh systems shall occur concurrently with the Peoples Companies' other replacement projects.	Ongoing requirement. No current action required.
3	As the capital is completed and placed in service, the plant will then be transferred and become part of Peoples Natural Gas and regulated under the Commission's jurisdiction and classified as distribution pipeline and operated for safety purposes following all provisions under 49 C.F.R. § 192 for distribution pipeline.	Ongoing requirement. As capital is completed it is becoming part of Peoples Natural Gas distribution pipeline system.
4	The intent of this section is to replace and repair all the bare steel in the system so that customers are not abandoned. However, there will likely be circumstances that require further evaluation. For these situations, the interested parties and the Peoples Companies will meet to discuss at or before the six-month check meetings discussed above. As a general matter for discussion, PNG will identify areas where customer saturation levels may require further study and analysis.	Ongoing requirement. No current action required.
5	Complete rehabilitation of the bare steel in the system is estimated to cost \$120 million in present dollars. Up to \$120 million for the rehabilitation of the bare steel in the system is eligible for full recovery subject to Commission scrutiny and approval in a base rate proceeding. During the repair and replacement of the system, if it becomes apparent that this estimate is no longer sufficient, based on the actual extent of the rehabilitation effort, the Peoples Companies and the statutory advocates will meet to discuss. If an agreement cannot be reached, the Peoples Companies will submit a filing to the Commission for decision for	PUC notice for both Aqua & Peoples was filed with the PUC on 6/30/2020. Consistent with the June notice, the Aqua rate credits were provided in September 2020 and the Peoples rate credits were provided in November 2020.

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	<p>those amounts over the \$120 million. All parties will retain their rights to either challenge or support such a filing. Regardless of the actual capital spent to rehabilitate the systems, Aqua America agrees to provide all Peoples Companies' customers a rate credit of \$13 million. The rate credit will appear on the Peoples Companies' customers' bills within a prompt and reasonable time period following the closing date of the Proposed Transaction, but in no event later than the end of the year in which the Proposed Transaction is closed. The Joint Applicants will file a written notification with the Commission's Secretary to inform the Commission when the rate credit begins appearing on customers' bills</p>	
6	<p>Peoples Natural Gas and Aqua America will look to create and find synergies in the replacement of gathering and distribution pipe that eventually flow back to customers. In addition, the companies will explore the opportunity of grant eligibility and include PIOGA members for possible solutions and partnership addressing the issue.</p>	<p>As of 12/30/2021, 51 miles of pipeline have been removed from service without adversely impacting customers or supply. Research efforts for grants was kicked off on 12/8/2020. The most promising opportunity researched was the Pipeline Investment Program (PIPE). PIPE provides grants to construct the last few miles of natural gas distribution lines to business parks, existing manufacturing and industrial enterprises, which will result in the creation of new economic base jobs in the commonwealth while providing access to natural gas for residents. Although the GT project does not strictly meet the eligibility requirements, we plan to make a case and file an application in 2022.</p>
7	<p>The Commission's Gas Safety Division will be provided access to these systems to inspect for and safety concerns through the remediation period, and this access will continue at all times after the remediation is complete.</p>	<p>Peoples continues to provide access to Gas Safety for system inspections and records.</p>

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8	Effective October 1st following the first Unaccounted For Gas ("UFG") reporting period in which the Peoples Companies begin remediation of the Goodwin/Tombaugh systems, Peoples Natural Gas will adjust the annual Goodwin system retainage rate applicable to producers delivering gas into the Goodwin system. The Goodwin system retainage rate shall be adjusted annually to reflect the lower of: 1) the actual calculated UFG rate on the Goodwin system; or 2) a retainage rate calculated by reducing the then-effective annual retainage rate by a percentage (percentage rate of decline) that is equal to the annual rate of pipeline replacement on the Goodwin system. Peoples Natural Gas also agrees to conduct interim semi-annual reviews of actual Goodwin system UFG levels based on a rolling 12-month period and if a UFG decline trend is evident Peoples Natural Gas will also make an interim adjustment to the effective retainage rate to reflect the actual UFG level for the interim rolling 12-month period. In no case shall the Goodwin system retainage rate be less than the currently effective system-wide producer retainage rate.	Effective 10/1/2021, the Goodwin retainage rate was adjusted to 78% and the Tombaugh retainage rate remained at 9.5%.
9	Peoples Natural Gas will perform annual, instead of triennial (once every three years), leak surveys of all bare steel segments in the Goodwin/Tombaugh systems until that particular pipeline section is replaced as part of this remediation. This survey will be a walking survey in which the company will start at one end of the line and finish at the other.	All bare steel G/T lines are included in the 2021 survey plan and 100% are complete as of November 2021. 1084 miles have been surveyed.
10	Every leak detected as part of the accelerated annual surveys undertaken pursuant to Paragraph 37 [#9 above] that is within 450 feet of a house shall be fixed within 6 months unless it is located on a line scheduled for replacement within 6 months.	All leaks found in the annual surveys that are within 450' of occupied structures are tracked and are included in a plan to be repaired within the six-month timeframe.
11	All company and customer service lines (curb to meter) will be replaced by Peoples Natural Gas as part of the Goodwin/Tombaugh replacement program.	As of 12/30/2021, 134 customers were converted to new/replaced pipelines and the curb to meter service lines were also replaced.
12	All inside meters in the Goodwin/Tombaugh systems shall be placed outside the wall of the structures.	As of 12/30/2021, no inside meters were encountered when replacing the main lines.
13	Separate and apart from the \$13 million rate credit provided in Paragraph 33 above [#5 above], Aqua America will provide a one-time \$10 million rate credit to the Peoples Companies' natural gas customers, Aqua PA water customers,	PUC notice for both Aqua & Peoples was filed on 6/30/2020. Consistent with the June notice, the Aqua rate credits were provided in September 2020



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	and Aqua PA Wastewater customers (Aqua PA Water and Aqua PA Wastewater are collectively referred to herein as "Aqua PA" unless otherwise stated.) The rate credit will appear on customer bills within a prompt and reasonable time period following the closing date, but in no event later than the end of the year in which the Proposed Transaction is closed. The Joint Applicants will file a written notification with the Commission's Secretary to inform the Commission when the rate credit begins appearing on customers' bills.	and the Peoples rate credits were provided in November 2020.
14	The Peoples Companies and Aqua PA will continue to maintain reasonable accounting controls to govern any transactions with affiliates and that any changes are consistent with Commission requirements. Specifically, this includes maintaining detailed accounting records sufficient to document that charges to the Peoples Companies and Aqua PA from affiliates are at the lower of cost or market, and charges from the Peoples Companies and Aqua PA to non-regulated affiliates are at the higher of cost or market.	Ongoing.
15	The Peoples Companies and Aqua PA will operate as separate corporate subsidiaries and will maintain separate accounting for the companies sufficient to provide all Commission required financial statements.	Ongoing.
16	The Peoples Companies and Aqua PA agree to seek Commission approval of all new or amended agreements with affiliates consistent with Chapter 21 of the Public Utility Code.	Aqua PA filed the signed affiliate interest agreements 4/19/2021. These agreements were approved 11/18/2021 at Docket Nos. G-2020-3019819 and G-2020-3019820.
17	Aqua America commits that no equity or debt issued to finance the acquisition premium or goodwill will be included in ratemaking capital structure of any of the PA utility subsidiaries. Any goodwill resulting from this transaction on the balance sheet of Aqua PA or the Peoples Companies shall be excluded from that utility's ratemaking capital structure.	N/A. The Company did not book goodwill at the PA utilities.
18	Aqua America commits that financing of the acquisition will be at least 50% equity or equity equivalents calculated inclusive of the \$1.3 billion of PNG debt absorbed by Aqua America in the acquisition.	In compliance.

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19	Aqua America commits that any new equity and debt issued to finance the acquisition premium will be excluded from PA utility subsidiaries' balance sheets.	In compliance.
20	<p>Aqua America Commits to appropriate ring-fencing protections to the extent applicable to Aqua America's structure, and that there are no less protective of the ring-fencing protections currently in effect for Aqua PA and the Peoples Companies. The current ring fencing includes, but is not limited to the following:</p> <p>a) Aqua PA and the Peoples Companies ("Utility Subsidiaries") maintaining their status as corporate subsidiaries with their own corporate officers;</p> <p>b) each of the Utility Subsidiaries issuing their own sets of financial statements pursuant to Commission requirements;</p> <p>c) all transactions among the Utility Subsidiaries and their corporate affiliates (including Aqua America) taking place pursuant to the terms of a Commission-approved affiliated agreement to avoid cross subsidization;</p> <p>d) each Utility Subsidiary (and PNG) maintaining the capability to issue its own long-term debt (with such debt issues subject to Commission approval if required);</p> <p>e) the maintenance of maximum debt levels in the capital structure for the Utility Subsidiaries as specified in Paragraphs 51 and 52;</p> <p>f) no lending by the Utility Subsidiaries to corporate affiliates for a term in excess of one year; and</p> <p>g) no pledging or encumbering the assets of the Utility Subsidiaries or the provision of loan guarantees for the benefit of corporate affiliates.</p>	In compliance with all.
21	The Peoples companies and Aqua PA will not lend on a long-term basis (i.e., for a term exceeding one year) to Aqua America, Aqua PA, PNG, the Peoples Companies or any other corporate affiliates and will not provide debt guarantees or pledge assets for corporate affiliates without prior Commission approval.	No such activities have occurred.
22	In the event of a credit downgrade at Aqua America, PNG or Aqua PA to below medium triple B, the companies will provide notice to the Commission within 5 business days, which will state the reason for the downgrade and remedial actions intended to strengthen credit ratings.	N/A, no credit downgrade has occurred.

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23	The Peoples Companies will maintain a debt ratio measured at an annual level of no more than 50% (inclusive of short-term debt, but exclusive of goodwill) for at least five-years post-closing.	In compliance.
24	Aqua PA will maintain a debt ratio of no more than 50% (inclusive of short-term debt, but exclusive of goodwill) for at least five-years post-closing.	In compliance.
25	Aqua America will continue to seek to acquire and rehabilitate troubled Commission regulated water and wastewater systems. The transaction will not interfere with Aqua PA's ability to finance or pursue these acquisitions.	Aqua has continued to invest in infrastructure throughout its systems and continues to work with the Commission in addressing troubled systems in the Commonwealth. Aqua is currently the receiver for the North Heidelberg Sewer Company, James Black Water Service Company (Belle Aire Acres), and Twin Lakes Utilities, Inc.
26	Any acquisition premium or goodwill as a result of this transaction recorded on Aqua America's, or any affiliate's, books will be permanently excluded from rate base of Aqua PA (water and wastewater) and the Peoples Companies (Peoples Natural Gas and Peoples Gas) in jurisdiction and also will be excluded from the Peoples Companies and Aqua PA capital structures for ratemaking purposes.	N/A. The Company did not book goodwill at the PA utilities.
27	Aqua America and the Peoples Companies will file a Report of Action within 120 days of closing, which contains the closing date, the actual total sale price, and the actual accounting entries records in Aqua's and the Peoples Companies' books that reflect the acquisition including the following: all Transaction Cost and Transition Cost accounting entries for Aqua and the Peoples Companies that are recorded on the books of each entity; all Merger related fair value, Goodwill, and/or Acquisition Premium accounting entries for Aqua and the Peoples Companies and their subsidiaries; all Merger-related tax accounting entries for Aqua and the Peoples Companies and their subsidiaries; all Merger-related debt and equity financing accounting entries for Aqua and Peoples and their subsidiaries.	This was filed on 7/14/2020.
28	Aqua America will ensure any accounting treatments associated with Acquisition accounting do not affect rates charged to Pennsylvania public utility customers.	Ongoing. The Accounting of the Acquisition was prepared consistent with accounting standards and generally accepted regulatory treatment.

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29	Aqua America and the Peoples Companies will not claim in any future rate proceedings any Transaction Costs to complete the transaction. Such costs shall be borne by Aqua/Peoples Companies shareholders. All Transaction Costs shall be recorded on Aqua America and Funding books and shall be tracked to facilitate verification that none of the costs are being directly or indirectly included in cost of service for any Pennsylvania utility.	Ongoing. The Company has not and does not intend to make a claim for transaction costs in any prior or future rate proceeding.
30	Any termination fees incurred if the Acquisition is not consummated shall be borne by the shareholders and will not be recovered from Pennsylvania utility ratepayers.	N/A, transaction closed.
31	Aqua America commits that no Transition costs (incremental costs incurred to facilitate integration of companies, including all costs listed in Settlement Parties Joint Exhibit No. 2 (confidential)), shall be included in Aqua PA's or Peoples Companies' cost of service in any rate case.	Ongoing, and to be addressed in next base rate case.
32	Aqua America will track and account for Transition costs in sufficient detail to permit parties to review and verify no such costs have been included in cost of service for Aqua PA or the Peoples Companies.	Ongoing.
33	The Peoples Companies will report and identify the impact resulting from any constraints on their ability to monetize otherwise available tax benefits due to their affiliation with Aqua America and their post- merger participation in a federal consolidated tax return.	The inclusion of The Peoples Companies in the post-merger federal consolidated tax return is not projected to impact the ability to monetize the tax attributes on the Company's books. This includes Federal NOL carryforwards, Federal charitable contribution carryforwards and AMT credit carryforwards.
34	Aqua America will ensure that the acquisition closing will not affect accounting and ratemaking treatments of the Peoples Companies' Accumulated Deferred Income Taxes ("ADIT"), including excess deferred income taxes, accumulated deferred tax credits and net operating losses. Aqua America commits that no Section 338(h)(10) election will be employed that would result in a reduction of the pre- closing Peoples Companies' ADIT balances.	The accounting and ratemaking treatments of the Peoples Companies' Accumulated Deferred Income Taxes ("ADIT"), including excess deferred income taxes, accumulated deferred tax credits and net operating losses have not been impacted as a result of the transaction closing. There has not been, nor does the Company intend to make a Section 338(h)(10) election relative to this transaction closing.

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35	Aqua America will ensure the acquisition accounting is rate-neutral for Peoples Companies' customers.	Ongoing.												
36	Aqua America will report key credit metrics to the Commission for a five-year period and will use reasonable efforts to maintain existing Aqua America, Aqua PA, and Peoples Companies' credit ratings at investment grade for their publicly traded debt securities.	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td></td> <td style="text-align: center;">S&amp;P</td> <td style="text-align: center;">Moody's</td> </tr> <tr> <td style="text-align: center;">Essential</td> <td style="text-align: center;">A</td> <td style="text-align: center;">Baa2</td> </tr> <tr> <td style="text-align: center;">Aqua PA</td> <td style="text-align: center;">A</td> <td style="text-align: center;">N/A</td> </tr> <tr> <td style="text-align: center;">PNG Companies</td> <td style="text-align: center;">A</td> <td style="text-align: center;">Baa1</td> </tr> </table> <p>All credit rates remain at an investment level.</p>		S&P	Moody's	Essential	A	Baa2	Aqua PA	A	N/A	PNG Companies	A	Baa1
	S&P	Moody's												
Essential	A	Baa2												
Aqua PA	A	N/A												
PNG Companies	A	Baa1												
37	The Peoples Companies and Aqua PA each will maintain the capability of issuing their own long-term debt unless authorized otherwise by the PUC.	No actions have been taken to prevent the ability to issue debt.												
38	The Peoples Companies and Aqua PA will not guarantee debt of Funding, Aqua America or any of their other affiliates, grant liens upon their own property other than to finance their own utility operations, or make loans/extend credit for a term of more than one year without Commission approval, if required under the Public Utility Code.	No such activities have occurred.												
39	Aqua America shall investigate the feasibility of establishing a commercial paper program for short-term debt financing for the Peoples Companies and Aqua America within six months of closing on the transaction.	Immediately post-closing, the states placed restrictions on businesses (including working from home orders) and the debt/liquidity markets and the Commercial Paper markets had a temporary shutdown or unfavorable pricing. This caused Aqua (Essential) and other utilities to secure extra liquidity loans, in our case a \$500 million one-year term loan (which was subsequently paid back) and for us to upsize our public debt issuance in April 2020 to ensure maximum liquidity as we began living with the COVID restrictions. We also issued public debt in 2021, paying the Essential \$1.0B revolver balance down materially. In addition, we secured a \$100M, 364-day revolving credit facility at PNG in November 2021. Due to our securing this additional liquidity we had lower outstanding												

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		<p>borrowings on our Essential \$1.0B credit facility (as of 9/30/2020 we had only \$33.3 million of outstanding borrowing, which is well below a baseline of outstanding debt to establish a Commercial Paper program.) The Company will continue to look at the feasibility of and need for a commercial paper program in 2022, assuming the COVID issues are resolved and borrowings and commercial paper markets perform at a normal level.</p>
40	<p>Aqua America commits to continue the Peoples Companies' Combined UFG Mitigation Plan and the Peoples Companies will continue to be subject to the UFG targets set forth in the Plan.</p>	<p>UFG results are monitored monthly and will be reported to the PUC on September 30 for the twelve-month period ending August 2021. The mitigation plan is tracked on a calendar year basis and includes leak surveys of all bare steel gathering pipe (100% complete), repair of hot list leaks that are likely to be large contributors to UFG and replacement of gathering pipelines (we have replaced/removed 82 miles which exceeds the planned 62 miles).</p>
41	<p>Aqua America commits to continue to meet the Peoples Companies' Combined Distribution Long Term Infrastructure Improvement Plan ("LTIP"). In addition, Aqua America commits to further accelerate the replacement of higher risk pipe, with a focus on its distribution assets totaling at least \$30 million per year and approximately 25 miles per year of distribution pipe. In order to accomplish this, the Peoples Companies will file a modified LTIP within six months after closing that will propose this further acceleration of the replacement of high-risk pipe. The Peoples Companies will plan for pipe replacement needs in connection with the Peoples Companies' modified LTIP and associated in-house and sub-contracting needs matched to projected annual projects and work will commence in 2021 after PUC review and approval of the modified LTIP. This modified LTIP filing is in addition to the plant replacement discussed under Section III.A.</p>	<p>The Peoples Companies filed a modified LTIP on 9/15/2020, which was approved on 1/14/2021.</p>

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42	The Peoples Companies will propose a damage prevention program designed to reduce line hit damages which will be filed by March 31, 2020.	Completed.
43	Aqua America will provide full support for the Peoples Companies' operator qualification requirements.	Essential/Aqua has and continues to provide full and ongoing support for Peoples' Operator Qualification programs.
44	The Joint Applicants commit to maintain a benchmark of 95% of the construction contractor crews utilized per calendar year in the City of Pittsburgh, Baldwin Borough, Brentwood Borough, Whitehall Borough, Borough of Dormont, Green Tree Borough, Crafton Borough, Ingram Borough, McKees Rocks Borough, Borough of Roslyn Farms, Borough of Carnegie, Borough of Thornburg, and Baldwin Township for on-site construction work in connection with Peoples' LTIP accelerated pipeline	A review of the 2021 LTIP Program (as of 12/14/2021) shows that 95% of the work in the referenced areas was completed utilizing Union labor in accordance with the settlement. Live Gas work was performed by Peoples Union Employees.
45	Aqua America currently has one Board member that is employed by a natural gas utility and all nine board of director seats will be filled at the closing of this transaction. Aqua America commits to include natural gas distribution utility operations as a component of its search process for board membership and will endeavor to have additional members on its Board with background and experience with natural gas distribution utility operations. When any new Board member is added over the next ten years, Aqua America commits to providing notice of the change to its Board's composition to OCA, I&E, OSBA and the Commission. Such notice shall include identification of the new Board member and sufficient background on their work history and experience. The commitment acknowledges that compliance with rules regarding conflict of interest, related party transactions and director independence impact this Paragraph.	David A. Ciesinski was appointed to the Board on 7/2/2021 as the ninth member. Essential Utilities 8-K form is included in this filing.
46	Aqua America will hold at least one Board meeting in Pittsburgh every year for five years.	Board meetings were held in Pittsburgh in May and December of 2021.

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47	Aqua America will ensure Peoples Companies' executive operational management possess best in class natural gas distribution utility experience, will ensure changes to leadership do not present public safety, reliability, or customer service risks, and will develop succession plans to ensure that any replacements are qualified and knowledgeable. Operational management includes pipeline safety and gas utility pipeline integrity management. In addition, Aqua America will ensure the current organization structure is maintained in which natural gas operational workers are reporting directly to trained natural gas managers. Aqua America commits to providing OCA, I&E, OSBA and the Commission an organization chart that shows the reporting duties of the Peoples Companies' executive level employees responsible for operations management, and their individual direct reporting employees in operations management. Included with this organizational chart will be a summary of the qualifications and length of service for each such employee.	Completed.
48	The Peoples Companies commit to maintain at least the field staffing level for the next five years, with the baseline staffing numbers established at closing; providing however that the baseline number shall be no less than 825 employees, of which no less than 720 shall be members of UWUA, which are the actual number of field employees and union-represented field employees working in Pennsylvania field locations on October 31, 2018. The Peoples Companies agree to provide annual reports to the Commission, I&E, OSBA, OCA, and UWUA regarding field offices and staffing levels in its service territory for a period of five years	As of 12/31/2021, the total employee headcount of Peoples Companies is 1645 with 855 of those employees being members of UWUA.
49	Aqua PA and the Peoples Companies commit to adhere to the collective bargaining agreements in effect as of closing of the transaction.	In compliance.
50	The Aqua America Board will hold a meeting with the Peoples Companies' gas distribution utility executives at least twice per year for five-years post-merger. One of these two meetings will take place in the Pittsburgh, PA headquarters or other location in the Peoples Companies' service area.	Board meetings were held in Pittsburgh in May and December of 2021.
51	After closing of the transaction, the CEO of Aqua America, CEO of Duquesne Light, and the Peoples Companies' president of natural gas operations will endeavor to meet at least twice per year to discuss how their respective utilities	Chris Franklin, Rick Fox & Mike Huwar met with the CEO of Duquesne (Kevin Walker) on 6/15/2021. Chris Franklin met Mr. Walker several times at civic events in 2021 where they were also



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	can collaborate and work more closely together for the benefit of their mutual customers and stakeholders in southwestern Pennsylvania.	able to meet one on one. An additional meeting is scheduled for Q1 2022.
52	Aqua America will continue tracking and complying with existing Peoples Companies' merger commitments listed in Settlement Parties' Joint Exhibit No. 3.	On track.
53	Aqua America will continue to maintain the current Peoples Companies' corporate headquarters through at least January 31, 2029, at which point it will evaluate whether to exercise the option to extend the lease by 5 more years or negotiate a new lease.	The People Companies' corporate headquarters remain in Pittsburgh.
54	After January 31, 2029, the Peoples Companies commit to not moving their headquarters outside of the Peoples Companies' service territory unless through application to, and approval by, the Commission.	The Peoples Companies remain committed to this.
55	Aqua commits to improve Aqua's call center performance to meet or exceed the same performance standards that the Peoples Companies agreed to meet in the 2013 Settlement concerning the acquisition of Equitable Gas Company (Docket No. A-2013-2353647 et al.) for the following three metrics in each of the five calendar years (2020-2024) following closing: i. Percent of calls answered within 30 seconds of at least 82%, ii. Busy-out rate of no more than 0.25%, iii. Average call abandonment rate that is no higher than 4% for 2020-2021, no higher than 3% for 2022-2023, and no higher than 2.5% for 2024.	The 2021-year end metrics are as follows: i. 79.4% ii. 0.05% iii. 12.6% Multiple events took place in 2021 that impacted Aqua's year end results (i.e., The Company continued to experience impacts of the COVID19 Pandemic, staffing created a significant challenge; weather events such as the early 2021 Texas storms and Hurricane Ida in September in Pennsylvania. The Company also continued to experience USPS delays throughout the year.) These events created an increased call volume combined with staffing challenges.
56	Aqua America will maintain, at the minimum, the Peoples Companies capital expenditures at pre-acquisition budgeted levels and will provide the OCA, I&E and OSBA with projected expenditures for 2019 and 2020.	Completed.
57	Aqua PA will develop a system to track Aqua PA customer complaints in a live Excel spreadsheet, consistent with Paragraph 47 in the Joint Petition for Settlement submitted in Aqua PA's recent base rate case (Docket Nos. R-2018-	Aqua PA's customer complaints and disputes are attached to this report.

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	3003558 and R-2018-3003561). Aqua PA will review this information and conduct a root cause analysis of adverse trends at least annually.	
58	Aqua PA will commit to a significant reduction in the number of days to respond to customer complaints so that, within 24 months, the average is less than 10.	Aqua PA continues to commit to a significant reduction in the number of days to respond to customer complaints. Aqua PA has maintained the average response time of 10 days or less since September 2021. The average response time for the 24-month period ending in December 2021 is 11 days.
59	Aqua PA will develop and adopt a methodology to track whether appointments are made and kept for field operations in a manner similar to that used by the Peoples Companies within 18 months and adopt internal performance standards that meet or exceed those of the Peoples Companies for this performance standard for five years.	Aqua has produced a report that mimics the one created by PNG using existing tracked data sets at Aqua. The PNG internal performance standard is 90%. Aqua has been at this same performance standard since 2018 in our tracked metrics. Aqua PA achieved 96% for 2021.
60	Aqua PA will meet its internal 2019 performance objectives as listed below and will continue to establish and strive to meet comparable or more strict performance objectives for five years: <ul style="list-style-type: none"> <li>i. Estimate read rate - less than 0.5%</li> <li>ii. Actual read rate - 99%</li> <li>iii. Lost time accidents - 19</li> <li>iv. Responsible vehicle accidents - 4.1</li> <li>v. Compliance with water regulations - 99.5%</li> <li>vi. Compliance with wastewater regulations - 94.5%</li> </ul>	See below for the metrics at the end of 2021. <ul style="list-style-type: none"> <li>i. i. Estimate read rate - 0.6% - The excess rate is due to ERT failures in the Roaring Creek area. Aqua PA has a project scheduled in 2022 to replace ~9,000 meters and ERTs in Central Pa (6,000 in the Roaring Creek division and 3,000 in the Susquehanna division). The project focus is on accounts that have 40/50W model ERTs due to premature battery life problems. We are working with a contractor named Itron/Keystone who will complete the exchanges in calendar year 2022.</li> <li>ii. Actual read rate - 99.4%</li> <li>iii. Lost time accidents - 3</li> <li>iv. Responsible vehicle accidents - 4.3 - The rate increase is due to Aqua Pa ending 2021 with 5 more RVAs than in 2020. The RVAs continue to involve primarily backing and</li> </ul>

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		<p>hitting stationary objects. We have performed the following to reduce RVA accidents: a) New Employee training; b) High risk advanced driver training; c) Training Module for parking, backing, and hitting stationary objects; d) Safety Day training for safe driving highlighting RVA's and how to avoid.</p> <p>v. Compliance with water regulations - 99.5%</p> <p>vi. Compliance with wastewater regulations - 98.8%</p>
61	<p>Aqua PA will provide a report to OCA, I&amp;E, and OSBA each calendar year for a period of five years following closing regarding its achievement of the service quality metrics listed in Paragraphs 83-88 [55-60 above]. The report will outline the actual metrics achieved and additional actions expected to be taken in the following year to further improve customer service. If Aqua PA has not achieved an identified metric, the report must also include the reasons for the failure and Aqua PA's plan to reach the service quality metric. Aqua PA must then convene a collaborative with OCA, I&amp;E, and OSBA to discuss such report.</p>	<p>This annual report satisfies the settlement provision. Multiple events took place in 2021 that impacted Aqua's year end results (i.e., The Company continued to experience impacts of COVID19 Pandemic, Staffing created a significant challenge; weather events such as the early 2021 Texas storms and Hurricane Ida in Pennsylvania in September. The Company also continued to experience USPS delays throughout the year. These events created an increased call volume combined with staffing challenges. Aqua is actively and aggressively working to fill vacancies in the customer organization, in particular, contact center to address the staffing challenges. The goal is to meet the YE metrics outlined above.</p>

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62	Aqua America will ensure that the Peoples Companies will provide a report to OCA, I&E, and OSBA each calendar year for a period of five years following Closing regarding its achievement of the service quality metrics listed in Paragraphs 91-93 [63-65 below]. The report will outline the actual metrics achieved and additional actions expected to be taken in the following year to further improve customer service. If the Peoples Companies have not achieved an identified metric, the report must also include the reasons for the failure and the Peoples Companies' detailed plan to reach the service quality metric. The Peoples Companies must then convene a collaborative with OCA, I&E, and the OSBA to discuss such report.	Please refer to the individual responses to items 63-65 below for the actual service quality metrics from 2021. We will schedule a collaborative with the OCA, I&E, and the OSBA.
63	The Peoples Companies will meet performance standards at or more strict than the following for a five-year period, as listed below: i. Call center service level - 82% ii. % of calls abandoned - 2.0% iii. Busy-out rate - 0% iv. % of bills not rendered each billing period - .008% v. % of meters not read within 6 months - .15% vi. % of meters not read within 12 months - 0.15% vii. % of company disputes not answered within 30 days - 1% viii. Emergency response - average minutes to respond - 27.5 minutes	The Peoples Companies have met or exceeded the metric standards for the year 2021. 2021 year-end metrics: i. 86.3% ii. 1.5% iii. 0% iv. 0% v. 0% vi. 0.01% vii. 0% viii. 24.3 minutes
64	The Peoples Companies will continue to track their field operations appointments and continue the performance standard of meeting 99% of all appointments for a five-year period.	The Peoples Companies continues to track their field operations appointments. At the end of 2021, 99.9% of all appointments were met.
65	The Peoples Companies will meet the overall average performance customer survey results reflected in 2017-2018 results for a period of five years.	The Peoples Companies managed to achieve the results reflected in 2017-2018 during 2021 despite moratorium being lifted in spring of 2021. YTD Metrics: Dec YTD 2017 = 93.3% Dec YTD 2018 = 93.6% Dec YTD 2019 = 93.4% Dec YTD 2020 = 95.6% Dec YTD 2021 = 92.0%

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66	Aqua America and the Peoples Companies will maintain or increase the location and staffing of call center employees in PA. Aqua America will further commit to maintain the Peoples Companies' call center within Peoples service territory and in or near Pittsburgh. If it becomes apparent that the Pittsburgh call center performance lags the results of the other call centers, Aqua America reserves the right to initiate discussion with the Commission and interested parties to explore mitigation alternatives.	Aqua America and Peoples have not changed staffing levels at the contact centers. However, 2021 has been a challenging year for turnover, more so at Aqua. We are aggressively recruiting to fill positions.
67	Any significant reductions in Pennsylvania call center staffing or transfer of call center employment outside of Pennsylvania will be subject to Commission approval.	There were no significant reductions in PA call center staffing for 2021.
68	Aqua PA will conduct a cost, benefit, timetable and rate impact analysis for implementation of the Peoples Companies' SAP system and submit the analysis and report to the OCA, I&E, & OSBA prior to any implementation of such SAP system to Aqua PA. Aqua PA's future implementation of an SAP system will not be considered a transition cost.	Complete.
69	The Peoples NGDCs will intervene (at the request of any statutory advocate) in any proceeding involving the potential abandonment of natural gas customers by others in an area neighboring the Peoples Companies' existing pipeline distribution system, for the purposes of studying and evaluating the possibility of the Peoples Companies extending service to those customers. The intent of this condition is premised on the future possibility of a troubled natural gas provider needing assistance whereby it could be helpful to have another entity extend service. It is not intended to create an issue with service territory disputes and is limited to special circumstances.	During 2020, Equitrans filed to abandon certain of its gathering assets at FERC Docket No. CP20-312-000. As this filing may have an impact on customers of the Peoples Companies, an intervention was filed at FERC and the Companies continue to participate in this proceeding.
70	The Peoples Companies shall continue to fund the Companies' Universal Service Programs, including its Customer Assistance Program ("CAP"), Low Income Usage Reduction Program ("LIURP"), CARES, and hardship fund at levels that, at a minimum, are not less than the funding levels proposed in its most recent Universal Service and Energy Conservation Plan for 2019-2021 at Docket No. M-2018-3003177, plus the increased funding outlined in this settlement. Within 90 days of approval of the settlement in this case, the Peoples Companies will file an amended Universal Service Plan for 2019-2021 with the Commission to reflect the changes adopted in the proceeding.	Completed.

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71	Aqua America will contribute historical universal service program contribution levels for the Peoples Companies' LIURP for four years after the date of closing. Funding for LIURP will not be reduced after this four-year period, but just and reasonable costs will be recovered by the approved universal service cost recovery mechanism in effect at the time.	Ongoing.
72	Aqua America shareholders will contribute an additional \$100,000 each year for four years after closing to Dollar Energy. This increase will be over and above the funding levels that are currently in place and will be allocated proportionately based on the needs assessments across both divisions of Peoples Natural Gas and Peoples Gas.	The contribution occurred in September 2020 and scheduled annually thereafter.
73	Aqua America will increase the Peoples Companies' LIURP emergency furnace repair by \$75,000. The Peoples Companies will amend eligibility criteria to include renters as well as homeowners. A maximum of 25% of the annual emergency furnace repair budget will be made available for renters. The Peoples Companies will include in their 2022-2024 USECP filing a breakdown of dollars spent annually on renters versus homeowners and will make a recommendation about whether the 25% cap should be raised or eliminated. Funds not used will rollover to subsequent years. This increase will be paid by Aqua America shareholders for a three year period post-closing. After that three-year period, the Peoples Companies' LIURP will be funded by the approved universal service cost recovery mechanism in place at that time. This funding will remain at the total proposed levels until a different funding level is approved by the Commission based on needs assessment.	Ongoing.
74	Aqua America commits to continue to use community-based organizations within the Peoples Companies' service territories for delivery, implementation, and community financial support of Universal Service programs. The Peoples Companies will also continue to promote their hardship fund through its public advertising and sponsorship of such activities that bring in additional non-shareholder revenue to the Dollar Energy Fund.	Ongoing.
75	Aqua America commits to continue to use community-based organizations within the Peoples Companies' service territories for delivery, implementation, and community financial support of Universal Service programs. The Peoples Companies will also continue to promote their hardship fund through its public	Completed.

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	advertising and sponsorship of such activities that bring in additional non-shareholder revenue to the Dollar Energy Fund.	
76	The Peoples Companies will continue the Peoples Universal Service Advisory Group. The Group will invite community-based organizations ("CBOs"), Low-Income Advocates, the OCA and other interested stakeholders. The Group will meet quarterly to discuss all universal service issues including, but not limited to, recommendations concerning LIURP, LIURP eligibility, concerns and landlord issues that may present a barrier to customer participation.	Ongoing.
77	Aqua PA will commit to leverage the Peoples Companies experience with programming for low-income customers for the benefit of Aqua PA's low-income customers.	Ongoing.
78	Aqua PA agrees to invite at least one member of the Peoples Companies' current Universal Service Staff to its Helping Hand Collaborative meetings and agrees to invite staff in charge of collections to the Peoples Companies' Universal Service Advisory Committee meetings.	Helping Hand meetings began in October 2020 and are ongoing.
79	For Aqua PA, the company will review the feasibility of collecting the data in accordance with its recent rate case settlement in Docket No. R- 2018-3003558; specifically: <ul style="list-style-type: none"> <li>i. Number of estimated and confirmed low-income customers;</li> <li>ii. Number of confirmed low income customers with arrears and the average arrearage amount;</li> <li>iii. Average monthly bill amount of confirmed low income customers;</li> <li>iv. Amount of arrearages for customers entering Helping Hand;</li> <li>v. Terminations for nonpayment of confirmed low income customers;</li> <li>vi. Number and amounts of hardship grants dispersed;</li> <li>vii. The average arrearage of Aqua PA customers receiving an Aqua PA hardship grant;</li> <li>viii. The number of accounts receiving a notice of disconnection for nonpayment;</li> <li>ix. The number of accounts receiving a notice of disconnection levels of poverty: 1) 0%-49%; 2) 50%-74%; 3) 75%-99%; 4) 100%-125%; 5) 125%-149%</li> <li>x. Average usage of Helping Hand participants</li> </ul>	Aqua PA has evaluated the feasibility of collecting the data in accordance with its recent rate case settlement in Docket No. R-2018-3003558.

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80	Aqua PA will include in the Helping Hand collaborative agreed to in its recent rate case settlement at Docket No. R-2018-3003558, discussion of the development of a comprehensive universal service and conservation program that will be proposed by Aqua PA. The items to be evaluated for inclusion in Aqua PA's proposal include: (1) a bill payment/customer assistance program; (2) a hardship fund; (3) a water conservation program; (4) a low income service repair line and replacement program; and (5) a comparable funding mechanism that exists for electric and gas utilities in Pennsylvania. Aqua PA will submit a rate recoverable universal service proposal in Aqua PA's next base rate case that considers the best practices learned from the Peoples Companies and through conversations from the Helping Hand collaborative.	Aqua PA included a rate recoverable universal service proposal in Aqua PA's recent base rate case that includes best practices from the Peoples Companies and the Helping Hand collaborative.
81	Aqua America's shareholders will contribute an additional \$50,000 to the hardship grant component being developed for Aqua PA's Helping Hand Program annually for four years. The Company agrees to	Completed.
82	The Peoples Companies shall continue the current Universal Service organization structure and staffing levels for its Universal Service Programs as outlined and explained in the Peoples Companies' Universal Service and Energy Conservation Plan for 2019-2021 at Docket No. M-2018-3003177, for at least five years. In addition, Aqua America will ensure that the Peoples Companies' universal service staff will have the appropriate authority and discretion to continue to operate the Peoples Companies' Universal Service programs in a manner which is reasonably consistent with the manner in which the programs were operated prior to the acquisition.	Ongoing.
83	The Peoples Companies shall continue the "Help at Peoples Now" program that allows field employee personnel to make referrals to the Peoples Companies for payment and payment arrangements in lieu of termination of service for at least the next five years after closing.	Ongoing.
84	The Peoples Companies will continue to comply with the Commission's diversity policy, 52 Pa. Code Section 69.801-69.809.	Peoples continues to comply with the Commission's diversity policy.
85	Aqua America commits to spending at least one half of one percent of pre-tax net income each year for charitable contributions with a goal of spending one percent of pre-tax net income for charitable contributions annually by the fifth anniversary of the closing. The Peoples Companies shall commit to spending at	<ol style="list-style-type: none"> <li>1) PNG Charitable Contributions 2021 - \$2,702,693</li> <li>2) Aqua Charitable Contributions 2021 - \$1,928,122</li> </ol>



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	least \$2.7 million annually in corporate contributions for a period of not less than 5 years.	
86	Aqua America will file an annual report of these contributions with the OCA, I&E, and OSBA each year for five years and these contributions shall not be recovered in rates.	Refer to the charitable contribution totals above.
87	Upon request, the Peoples Companies will provide Choice suppliers heat load and baseload factors for their Priority Once Choice pools on a monthly basis.	Completed/Ongoing.
88	Upon request for non-residential customers with load greater than 300 mcf/year and with appropriate authorization from the customer of record, the Peoples Companies will provide heat load and baseload factors.	Completed/Ongoing.
89	Upon request, the Peoples Companies will provide the daily temperatures used to produce Priority One Choice daily targets.	Completed/Ongoing.
90	The Peoples Companies will provide 20 rate codes for each pool. Upon request, the Peoples Companies will provide 10 additional rate codes, up to a maximum of 50 rate codes per pool. Any requests greater than 50 rate codes must be reviewed and approved by the Peoples Companies. In no case shall the Peoples Companies provide more than 100 rate codes per pool.	Completed/Ongoing.
91	The Peoples Companies will increase the purchase of receivables customer eligibility from 300 Mcf annually to 1000 Mcf annually, for Rate SGS customers.	Complete.
92	The Peoples Companies will maintain the Local Production Pool Tracking System.	Completed/Ongoing.
93	The Peoples Companies will maintain their upgraded Electronic Bulletin Board.	Completed/Ongoing.
94	The Peoples Companies will maintain Local Production Pool invoicing that includes identifying information.	Completed/Ongoing.
95	The Peoples Companies will maintain the group contact e-mail process.	Completed/Ongoing.
96	The Peoples Companies will provide to each supplier, through existing billing files, the total number of individual customer burns that make up the aggregate burn pool.	Completed/Ongoing.
97	The Peoples Companies agree to undertake an assessment on the ability to accelerate the timing of issuance of daily delivery requirements (Targets) and capacity (gate space) requests. The results of this assessment and any resulting proposed modifications will be shared with suppliers prior to any implementation.	Completed.

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98	The Peoples Companies will identify the customers' billing cycles on its invoices.	Completed.
99	The Peoples Companies will add a posting date to the daily billing files to serve as an indicator of the month being billed for all accounts, including the largest high-pressure accounts.	Completed.
100	Within 90 days of the closing of the merger, the Peoples Companies will commence a process to obtain the input of interested stakeholders, including but not limited to, NGSs, public advocates, and customers, regarding the broad subject of increasing customer participation in the competitive natural gas market in their service territories. While the topic of this collaborative may be broad, it shall not include or recommend elimination of the supplier of last resort function on the Peoples Companies systems.	Completed.
101	That Aqua Pennsylvania, Inc., Aqua Pennsylvania Wastewater, Inc., Peoples Natural Gas Company LLC, and Peoples Gas Company, LLC, as applicable, shall file with the Secretary of the Commission, with a copy served on the Commission's Bureau of Technical Utility Services, an annual report on the status of compliance with all Settlement terms by January 31 of each year, beginning with the first annual report due on January 31, 2021, until such time as all Settlement terms are satisfied or the Commission determines the reports may cease.	This provision will be satisfied with 2022 report.
102	That pursuant to the time frame set forth in modified Settlement Paragraph Numbers 33 and 41, Aqua Pennsylvania, Inc., Aqua Wastewater, Inc., Peoples Natural Gas Company LLC, and Peoples Gas Company, LLC shall, within sixty (60) days prior to the rate credits appearing on customers' bills, file with the Secretary of the Commission, with a copy served on the Commission's Bureau of Technical Utility Services, a document detailing how the rate credits will be calculated and applied to customers' bills.	The required notice was filed on 6/30/2020 at Docket Nos. A-2018-3006061, A-2018-3006062 and A-2018-3006063.
103	That within sixty (60) days of the closing of the transaction approved in Ordering Paragraph No. 4, pursuant to Settlement Paragraph Number 44, Aqua Pennsylvania, Inc., Aqua Pennsylvania Wastewater, Inc., Peoples Natural Gas Company LLC, and Peoples Gas Company, LLC shall file with the Commission all necessary new or amended agreements with affiliated interests consistent with Chapter 21 of the Public Utility Code	Appropriate affiliate interest agreements were filed.

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104	That Aqua Pennsylvania, Inc., Aqua Pennsylvania Wastewater, Inc., Peoples Natural Gas Company LLC, and Peoples Gas Company, LLC shall file with the Secretary of the Commission, with a copy served on the Commission's Bureau of Technical Utility Services, a copy of the reports required by Settlement Paragraph Numbers 55, 64, 76, 89, 90, and 114.	This report includes the requirements of the listed settlement paragraphs and will be filed appropriately.
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# **APPENDIX A**

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

FORM 8-K

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

Date of report (Date of earliest event reported): July 2, 2021

Essential Utilities, Inc.  
(Exact Name of Registrant Specified in Charter)

<u>Pennsylvania</u> (State or Other Jurisdiction of Incorporation)	<u>001-06659</u> (Commission File Number)	<u>23-1702594</u> (I.R.S. Employer Identification No.)
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762 West Lancaster Avenue  
Bryn Mawr, Pennsylvania  
(Address of Principal Executive Offices)

19010-3489  
(Zip Code)

Registrant's telephone number, including area code: (610) 527-8000  
**Not Applicable**  
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common stock, \$.50 par value	WTRG	New York Stock Exchange
6.00% Tangible Equity Units	WTRU	New York Stock Exchange

**Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.**

*Appointment of David A. Ciesinski to the Board of Directors*

On July 2, 2021, the Board of Directors (the “Board”) of Essential Utilities, Inc. (the “Company”), increased the size of the Board to nine and appointed David A. Ciesinski to the Board, effective on July 2, 2021, to fill the vacancy.

David A. Ciesinski currently serves as President and Chief Executive Officer of Lancaster Colony Corporation (“Lancaster Colony”). Lancaster Colony is a manufacturer and marketer of specialty food products for the retail and foodservice markets. Lancaster Colony is the parent of the well-known and well-established T. Marzetti Company, among other brands. Mr. Ciesinski has served as President of Lancaster Colony since April 2016 and as its Chief Executive Officer since July 2017. He previously served as President of the Meal Solutions Division at Kraft Foods Group, Inc. and as its Executive Vice President and President of Meals & Desserts from 2014 to 2015, in which capacity he was responsible for leading Kraft’s grocery business. Between 2013 and 2014, Mr. Ciesinski served as Chief Commercial Officer and Executive Vice President of Forever, Inc., a cloud-based storage company, in which capacity he was responsible for leading the sales, marketing, business development and operations functions. Between 2003 to 2013, Mr. Ciesinski served in various leadership roles at H.J. Heinz Company, including Vice President of Global Business Development (from 2012 to 2013), in which capacity he was responsible for leading the corporate business development activities of H.J. Heinz Company; as Group Vice President and Chief Marketing Officer of the U.S. Retail Division (from 2011 to 2012), in which capacity he was responsible for leading Heinz’s marketing and demand generation functions of their U.S. consumer products business; and in various other leadership roles (from 2003 to 2011), including those in marketing and strategic planning functions. Prior to joining H.J. Heinz Company, Mr. Ciesinski was a consultant with Ernst & Young LLP.

The Board has determined that Mr. Ciesinski is independent in accordance with the Company’s corporate governance guidelines and applicable requirements of the New York Stock Exchange and the Securities and Exchange Commission (the “SEC”). The Board has determined, based on his personal abilities, qualifications, knowledge, judgment, character, leadership skills and executive experience, that Mr. Ciesinski is qualified to serve on the Board and will make a positive contribution to the Board. Mr. Ciesinski has not been a party to any transaction involving the Company required to be disclosed under Item 404(a) of Regulation S-K.

The current compensation paid to non-employee members of the Board as last approved by the Board in December 2020, consists of an annual cash retainer of \$100,000 and an annual stock grant equal to \$100,000 in value.

The Board has also appointed Mr. Ciesinski as a member of its Audit Committee and its Corporate Governance Committee. Based on his (i) understanding of generally accepted accounting principles and financial statements; (ii) ability to assess the general application of such principles in connection with the accounting for estimates, accruals and reserves under U.S. GAAP; (iii) experience preparing, auditing, analyzing or evaluating financial statements that

present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the registrant's financial statements, or experience actively supervising one or more persons engaged in such activities; (iv) understanding of internal controls and procedures for financial reporting; and (v) understanding of audit committee functions, the Board has determined that Mr. Ciesinski is an "audit committee financial expert" as such term is defined under the rules and regulations of the SEC.

**SIGNATURES**

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

ESSENTIAL UTILITIES, INC.

July \_\_, 2021

By:                     /s Christopher P. Luning                    

Name: Christopher P. Luning

Title: Executive Vice President, General Counsel  
and Secretary



**APPENDIX B**  
**(No Public Version)**

**APPENDIX C**  
**(No Public Version)**