



Aqua Pennsylvania, Inc.  
762 W. Lancaster Avenue  
Bryn Mawr, PA 19010

www.aquaamerica.com

March 3, 2015

**VIA FEDERAL EXPRESS**

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

**RE: Aqua Pennsylvania, Inc. – Docket No. \_\_\_\_\_  
Securities Certificate of Aqua Pennsylvania, Inc. for the issuance of  
An Unsecured Bank Note in a principal amount not in excess of \$50,000,000  
to be issued in one or more series**

Dear Secretary Chiavetta:

Enclosed for filing please find an Application for Registration of Securities Certificate to the Pennsylvania Public Utility Commission and check in the amount of \$350.00.

Also enclosed please find Aqua Pennsylvania, Inc.'s Securities Certificate – 2015 Bank Loan Data Requests.

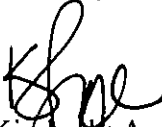
If you have any questions, please contact me at (610) 645.1077.

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SECRETARY'S BUREAU

Sincerely,

  
Kimberly A. Joyce  
Regulatory Counsel

KAJ/lf  
cc: Erin Laudenslager  
Andrew Herster  
Diana Moy Kelly

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Re: Securities Certificate of :  
AQUA PENNSYLVANIA, INC. :  
for the issuance of an Unsecured Bank Note :  
in a principal amount not.in : Docket No.:  
excess of \$50,000,000 to be issued :  
in one or more series :

**APPLICATION FOR REGISTRATION OF SECURITIES CERTIFICATE TO THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION:**

1. The name and address of the public utility filing this Securities Certificate is:

Aqua Pennsylvania, Inc.  
762 W. Lancaster Avenue  
Bryn Mawr, PA 19010

2. The name and address of the public utility's attorney is:

Kimberly A. Joyce, Esquire  
Aqua Pennsylvania, Inc.  
762 W. Lancaster Avenue  
Bryn Mawr, PA 19010  
(610) 645-1077 (phone)  
(610) 519-0989 (fax)  
[kajoyce@aquaamerica.com](mailto:kajoyce@aquaamerica.com) (e-mail)

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3. Aqua Pennsylvania, Inc. (hereinafter called the ("Company")) is a regulated public utility company, duly organized and existing under the laws of the Commonwealth of Pennsylvania. The Company's service territory is located in portions of Adams, Berks, Bradford, Bucks, Carbon, Chester, Clarion, Clearfield, Columbia, Crawford, Cumberland, Delaware, Forest, Juniata, Lackawanna, Lawrence, Lehigh, Luzerne, Mercer, Monroe, Montgomery, Northampton, Northumberland, Pike, Schuylkill, Snyder, Susquehanna, Venango, Warren, Wayne, and Wyoming Counties. The Company currently provides water service to approximately 442,000 customer accounts.

4. The Company is a direct, wholly owned subsidiary of Aqua America, Inc., a Pennsylvania corporation.

5. The Company proposes to issue securities in the form of an Unsecured Bank Note ("Notes") in one or more separate series in an aggregate amount not to exceed \$50,000,000. Notes to be issued in connection with this Securities Certificate (referred to herein as the "2015 Bank Loan") will be issued under a Credit Agreement with PNC Bank, National Association, as agent.

6. The purpose for which the Company proposes to issue the 2015 Bank Loan is to (a) to reduce the outstanding balance under the Credit Agreement dated as of November 30, 2010, by and among Aqua Pennsylvania, Inc., the several banks and other financial institutions, and PNC Bank, National Association, a national banking association, as administrative agent, (b) to fund costs of issuance, and (c) for general corporate purposes.

7. Certain terms of the 2015 Bank Loan are briefly summarized below.  
TITLE OF SECURITIES:

Aqua Pennsylvania, Inc.  
\$50.0 Million Bank Loan  
[2.03%] 2015 Series due 2018

AGGREGATE PRINCIPAL AMOUNT TO BE ISSUED:

Not to exceed Fifty Million dollars (\$50,000,000) in one or more separate series.

EXPECTED DATE (S) OF ISSUE:

The 2015 Bank Loan is expected to be issued on or before June 30, 2015, dependent upon market conditions and capital requirements of the Company.

DATES OF MATURITY:

Not more than 5 years from the first advance.

INTEREST RATE(S):

The interest rates on the 2015 Bank Loan will be determined by market conditions and will not exceed 3.00% per annum. As of the end of February, the interest rates on similar notes were approximately 2.03%.

INTEREST PAYMENT DATES:

Interest will generally be payable quarterly.

REDEMPTION PROVISIONS:

The Notes are to be subject to redemption pursuant to the terms of the Loan Agreement.

SECURITY FOR THE NOTES:

None; the 2015 Bank Loan is unsecured debt.

NAME AND ADDRESS OF THE TRUSTEE:

N/A

AFFILIATED RELATIONSHIP BETWEEN TRUSTEE AND COMPANY:

None.

8. PNC Capital Markets, LLC ("PNC") will act as lead arranger for the 2015 Bank Loan and will be paid an arrangement fee of 10 bps of the issuance amount. PNC is not affiliated with the Company.

The expenses to be incurred in connection with the issuance and sale of 2015 Bank Loan are estimated to be as follows:

Legal Fees	
Counsel for Company	\$ 5,000
Lender's Counsel and related expenses	\$ 20,000
Arrangement Fee	<u>\$ 50,650</u>
Total	<u>\$ 75,650</u>

9. No Registration Statement with respect to the proposed issue by the Company of 2015 Bank Loan will be filed with United States Securities Exchange Commission, since the issue and sale of the 2015 Bank Loan will be issued in a transaction not involving a public offering and, therefore, is exempt from registration by the provisions of Section 4(2) of the Securities Act of 1933, as amended.

10. There are appended hereto and made part hereof the following:

Exhibit A: Balance Sheet as of September 30, 2014

Exhibit B: *Statements of Income and Earned Surplus for the twelve months ended September 30, 2014*

Exhibit C: Statement with respect to plant accounts as of September 30, 2014

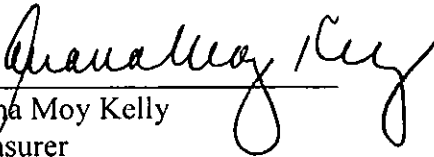
Exhibit D: Not Applicable. (Statement of Securities of other corporations owned by public utility)

- Exhibit E: Statement showing status of funded debt as of September 30, 2014
- Exhibit F: Statement showing status of outstanding capital stock as of September 30, 2014
- Exhibit G: Not Applicable. (Copy of the Registration Statement filed with the SEC)
- Exhibit H: Not Applicable. (Applications and Declarations filed with the SEC)
- Exhibit I: Form of Resolutions authorizing the issuance of the 2015 Bank Loan
- Exhibit J: Not Applicable (Supplemental Mortgage Indenture)
- Exhibit K: Statement showing (in journal entry form) all charges and credits to be made on the books of the Company as a result of the proposed issued of the 2015 Bank Loan
- Exhibit L: Draft Term Sheet
- Exhibit M: Statement of Capitalization
- Exhibit N: Interest Coverage – SEC Basis and Indenture Basis
- Exhibit O: Not Applicable (Summary of Capital Expenditures)

This application is being filed pursuant to chapter 19 of the Public Utility Code, 66 PaC.S. Section 1901 et seq.

THEREFORE Aqua Pennsylvania, Inc. prays your honorable Commission to register this Securities Certificate pursuant to Chapter 19 of the Public Utility Code.

AQUA PENNSYLVANIA, INC.

By:   
Diana Moy Kelly  
Treasurer  
Aqua Pennsylvania, Inc.

Date: 3/2/15

VERIFICATION

I hereby certify that the facts stated in the following are true and correct to the best of my personal knowledge, information and belief.

AQUA PENNSYLVANIA, INC.

By: William C. Packer  
William C. Packer  
Controller

Date: 3/2/2015

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**EXHIBIT A**

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**EXHIBIT A  
AQUA PENNSYLVANIA, INC.  
BALANCE SHEET  
SEPTEMBER 30, 2014**

**ASSETS AND OTHER DEBITS**

Title	Balance SEPTEMBER 30, 2014
<b>Utility Plant</b>	\$ 3,303,280,212
 <b>Investment and Fund Accounts</b>	
Other Physical Property	2,785,314
Investments in Affiliated Companies	8,255,071
Other Investments & Special Funds	-
<b>Total Investments and Fund Accounts</b>	11,040,385
 <b>Current and Accrued Assets</b>	
Cash	869,131
Working Funds	15,403
Temporary Cash Investments	-
Accounts Receivable	33,670,544
Accounts Receivable-Affiliated Companies	47,595,452
Accrued Utility Revenues	20,673,266
Materials & Supplies	5,872,049
Taxes Receivable	103,381,669
Prepayments	2,079,784
Miscellaneous Current & Accrued Assets	4,830,802
<b>Total Current Assets</b>	218,988,100
 <b>Deferred Debits</b>	
Unamortized Debt Discount and Expenses	14,287,639
Preliminary Survey & Investigation Charges	13,252
Other Deferred Debts	36,304,699
Regulatory Assets	575,499,102
<b>Total Deferred Debits</b>	626,104,692
 <b>Total Assets and Other Debits</b>	 \$ 4,159,413,389

**EXHIBIT A**  
**AQUA PENNSYLVANIA, INC.**  
**BALANCE SHEET**  
**SEPTEMBER 30, 2014**

**TOTAL LIABILITIES AND OTHER CREDITS**

Title	Balance SEPTEMBER 30, 2014
<b>Capital Stock</b>	
Common Capital Stock	\$ 100,000
Preferred Stock	-
Premium on Capital Stock	-
<b>Total Capital Stock</b>	<b>100,000</b>
 <b>Long Term Debt</b>	
Bonds	869,309,465
Other Long Term Debt	58,664,734
<b>Total Long Term Debt</b>	<b>927,974,199</b>
 <b>Current &amp; Accrued Liabilities</b>	
Current Portion of Long Term Debt	65,777,855
Loans Payable	2,257,040
Accounts Payable	24,379,056
Accounts Payable to Affiliated Companies	-
Dividends Payable	-
Customers' Deposits	-
Taxes Accrued	189,810
Interest Accrued	14,407,721
Other Current & Accrued Liabilities	3,471,636
Notes Payable to Affiliated Companies	-
<b>Total Current &amp; Accrued Liabilities</b>	<b>110,483,118</b>
 <b>Deferred Credits</b>	
Customers' Advances for Construction	39,192,293
Other Deferred Credits	1,125,825,516
<b>Total Deferred Credits</b>	<b>1,165,017,809</b>
 <b>Reserves</b>	
Reserves for Depreciation of Utility Plant	626,927,870
Reserve for Depreciation of Other Property	481,274
Reserve for Uncollectible Accounts	3,256,280
Property Insurance Reserve	-
<b>Total Reserve</b>	<b>630,665,424</b>
 <b>Contributions in Aid of Construction</b>	 <b>101,268,730</b>
 <b>Surplus</b>	
Capital Surplus	231,677,133
Earned Surplus	992,226,976
<b>Total Surplus</b>	<b>1,223,904,109</b>
 <b>Total Liabilities and Other Credits</b>	 <b>\$ 4,159,413,389</b>

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**EXHIBIT B**

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**EXHIBIT B**  
**AQUA PENNSYLVANIA, INC.**  
**INCOME STATEMENT AND SURPLUS ACCOUNTS**  
**TWELVE MONTHS ENDED**  
**SEPTEMBER 30, 2014**

**OPERATING REVENUES**

TITLE	12 MONTHS ENDED SEPTEMBER 30, 2014
Sales of Water	
<b>Metered Sales to General Customers:</b>	
Residential	\$ 261,491,074
Commercial	92,762,883
Public	8,100,808
Industrial	17,481,626
<b>Total</b>	<b>379,836,391</b>
<b>Flat Rate Sales to General Customers:</b>	
Private Fire Protection	12,353,927
Public Fire Protection	5,860,574
Sales to Other Water Utilities	2,353,363
<b>Total</b>	<b>20,567,864</b>
<b>Total Sales of Water</b>	<b>400,404,255</b>
<b>Other Operating Revenue:</b>	
Utility Tax Surcharge	-
Cus. Fortd. Disc. & Penal	1,426,013
DSIC Revenue	-
Miscellaneous Water Revenues	586,462
<b>Total Other Water Revenues</b>	<b>2,012,475</b>
<b>TOTAL OPERATING REVENUES</b>	<b>\$ 402,416,730</b>

**EXHIBIT B**  
**AQUA PENNSYLVANIA, INC.**  
**INCOME STATEMENT AND SURPLUS ACCOUNTS**  
**TWELVE MONTHS ENDED**  
**SEPTEMBER 30, 2014**

**OPERATING EXPENSES**

<b>TITLE</b>	<b>12 MONTHS ENDED</b> <b>SEPTEMBER 30, 2014</b>
<b>Operations and Maintenance Expenses</b>	
Labor	\$ 29,030,018
Employee's Welfare Expenses	14,369,955
Water Purchased for Resale	11,250,178
Purchased Power	9,630,107
Chemicals	4,224,512
Operations and Maintenance Supplies	2,182,797
Management Fees	18,353,758
Outside Services	18,175,630
Leases	566,827
Transportation	1,273,782
Insurance	4,854,587
Uncollectible Accounts	2,941,401
General Office Supplies and Expenses	3,524,719
<b>TOTAL OPERATIONS AND MAINTENANCE EXPENSES</b>	<b>\$ 120,378,271</b>

**EXHIBIT B**  
**AQUA PENNSYLVANIA, INC.**  
**INCOME STATEMENT AND SURPLUS ACCOUNTS**  
**TWELVE MONTHS ENDED**  
**SEPTEMBER 30, 2014**

**12 MONTHS ENDED**  
**SEPTEMBER 30, 2014**

Operating Revenues	\$	402,416,730
Operating Expenses		120,378,271
Depreciation		73,883,223
Amortization		318,209
Taxes		4,527,561
<b>Total Operating Revenue Deductions</b>		<u>199,107,264</u>
<b>Income from Operations</b>		<u>203,309,466</u>
Other Income (Expenses)		
Income from Merch., Jobbing & Contract Work		1,170,496
Revenue from Lease of Other Physical Property		40,426
Miscellaneous Non-Operating Revenues		3,114,649
Non-Operating Revenue Deductions		(1,863,433)
<b>Total Other Income</b>		<u>2,462,138</u>
<b>Gross Income</b>		<u>205,771,604</u>
<b>Income Deductions</b>		
Interest on Long Term Debt		47,414,423
Amortization on Debt Discount & Expenses		825,552
Other Interest Charges		230,013
Allowance for Funds Used During Construction		(3,206,056)
Gain on Sale of Other Assets		(315,698)
<b>Total Income Deductions</b>		<u>44,948,234</u>
<b>Net Income Transferred to Surplus</b>		160,823,370
Less: Preferred Dividend Requirement		-
<b>Earnings Available for Common Stock</b>	<b>\$</b>	<u>160,823,370</u>

**EXHIBIT C**

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**EXHIBIT C**  
**AQUA PENNSYLVANIA, INC.**  
**Statement of Change in Utility Plant Account**  
**Appearing on Balance Sheet as of**  
**September 30, 2014**

Utility Plant in Service December 31, 2013 as per Annual Report to the Pennsylvania Public Utility Commission for year ended December 31, 2013	\$ 3,078,377,191
Amount of completed additions, retirements & adjustments transferred to Utility Plant in Service since December 31, 2013	<u>146,464,015</u>
Account No 100.1 Utility Plant in Service September 30, 2014	3,224,841,206
Account 100.3 Construction Work in Progress September 30, 2014	71,227,862
Account 100.4 Utility Plant held for Future Use September 30, 2014	1,862,419
Account 100.5 Utility Plant Acquisition Adjustment September 30, 2014	4,584,561
Account 100.6 Utility Plant Acquisition September 30, 2014	<u>764,164</u>
Total Utility Plant per September 30, 2014 Balance Sheet	<u><u>\$ 3,303,280,212</u></u>



**EXHIBIT D**

**Not Applicable**

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**EXHIBIT E**

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**EXHIBIT E**  
**AQUA PENNSYLVANIA, INC.**  
**Statement Showing Status of**  
**Funded Debt Appearing**  
**on Balance Sheet as of**  
**SEPTEMBER 30, 2014**

<u>Structure</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Original Amount</u>	<u>Long-Term Portion</u>	<u>Current Portion</u>	<u>Total LTD</u>
Tax Exempt	4.500%	11/17/10	12/01/42	15,000,000	15,000,000		15,000,000
Tax Exempt	4.980%	11/17/09	11/15/40	74,685,000	74,685,000		74,685,000
Tax Exempt	5.000%	05/19/05	11/01/36	21,770,000	21,770,000		21,770,000
Tax Exempt	5.000%	05/19/05	11/01/37	24,165,000	24,165,000		24,165,000
Tax Exempt	5.000%	05/19/05	11/01/38	25,375,000	25,375,000		25,375,000
Tax Exempt	5.000%	12/28/05	02/01/35	24,675,000	24,675,000		24,675,000
Tax Exempt	5.000%	01/16/07	02/01/40	23,915,000	23,915,000		23,915,000
Tax Exempt	5.000%	01/16/07	02/01/41	23,915,000	23,915,000		23,915,000
Tax Exempt	5.000%	07/18/09	07/15/39	58,000,000	58,000,000		58,000,000
Tax Exempt	5.000%	11/17/10	12/01/33	25,910,000	25,910,000		25,910,000
Tax Exempt	5.000%	11/17/10	12/01/34	19,270,000	19,270,000		19,270,000
Tax Exempt	5.000%	11/17/10	12/01/43	81,205,000	81,205,000		81,205,000
Tax Exempt	5.050%	11/30/04	10/01/39	14,000,000	14,000,000		14,000,000
Tax Exempt	5.250%	12/20/07	07/01/42	24,830,000	24,830,000		24,830,000
Tax Exempt	5.250%	12/20/07	07/01/43	24,830,000	24,830,000		24,830,000
Tax Exempt	6.250%	12/18/08	10/01/17	9,000,000	9,000,000		9,000,000
Tax Exempt	6.750%	12/18/08	10/01/18	13,000,000	13,000,000		13,000,000
Bond Premium		05/19/05	11/01/38	689,005	489,774		489,774
Bond Premium		12/28/05	02/01/35	322,749	225,533		225,533
Bond Premium		01/16/07	02/01/41	2,169,569	1,670,894		1,670,894
Bond Premium		12/20/07	07/01/43	338,432	272,848		272,848
Bond Discount		12/18/08	10/01/17	(179,370)	(61,200)		(61,200)
Bond Discount		07/18/09	10/31/39	(2,019,560)	(1,674,347)		(1,674,347)
Bond Premium		11/17/09	11/15/40	310,745	262,252		262,252
Bond Premium		11/17/10	12/01/43	1,838,245	1,630,529		1,630,529
<b>Total Tax Exempt</b>				<b>\$ 507,014,815</b>	<b>\$ 506,361,283</b>	<b>\$ -</b>	<b>\$ 506,361,283</b>

**EXHIBIT E**  
**AQUA PENNSYLVANIA, INC.**  
**Statement Showing Status of**  
**Funded Debt Appearing**  
**on Balance Sheet as of**  
**SEPTEMBER 30, 2014**

<u>Structure</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Original Amount</u>	<u>Long-Term Portion</u>	<u>Current Portion</u>	<u>Total LTD</u>
Pennvest	2.711%	04/21/05	05/01/26	1,054,868	547,037	43,641	590,678
Pennvest	1.274%	06/04/08	02/12/29	1,708,100	1,024,136	63,236	1,087,372
Pennvest	1.274%	05/27/08	10/01/28	698,000	344,211	22,956	367,167
Pennvest	1.559%	04/15/10	04/01/30	1,217,305	937,925	54,397	992,322
Pennvest	1.274%	12/15/10	12/01/30	2,347,056	1,837,786	104,736	1,942,522
Pennvest	1.274%	11/30/10	12/01/33	882,000	565,539	34,338	599,877
Pennvest	1.000%	10/07/10	10/01/30	3,138,825	2,464,310	144,962	2,609,271
Pennvest	1.000%	04/12/11	04/01/31	1,413,729	1,017,636	67,477	1,085,113
Pennvest	4.047%	11/29/00	08/01/21	920,802	282,131	43,423	325,554
Pennvest	3.631%	08/08/00	12/01/20	175,725	56,963	9,674	66,637
Pennvest	4.047%	08/08/00	12/01/20	415,250	133,130	22,310	155,440
Pennvest	3.550%	08/01/00	08/01/19	5,949,630	1,602,942	374,808	1,977,750
Pennvest	1.350%	03/22/00	12/01/20	651,125	145,100	26,493	171,593
Pennvest	3.631%	11/29/00	05/01/21	487,000	152,366	23,787	176,153
Pennvest	4.050%	11/29/00	08/01/21	1,174,916	438,954	64,366	503,321
Pennvest	3.030%	03/13/01	09/01/21	1,715,000	477,274	71,451	548,725
Pennvest	3.460%	08/07/03	05/01/25	9,975,741	4,941,830	445,749	5,387,579
Pennvest	3.468%	05/25/05	05/01/26	677,839	394,740	30,068	424,808
Pennvest	2.774%	04/05/06	07/01/27	2,611,380	1,663,188	117,136	1,780,324
Pennvest	4.047%	08/08/00	12/01/20	768,543	242,197	40,587	282,785
Pennvest	3.790%	12/13/01	12/13/21	2,025,180	967,007	102,831	1,069,838
Pennvest	3.810%	03/13/01	08/01/22	1,346,773	532,264	66,021	598,285
Pennvest	3.430%	07/23/03	07/23/23	1,547,054	635,166	79,998	715,165
Pennvest	2.770%	12/19/03	03/01/24	1,646,400	868,764	89,399	958,163
Pennvest	3.470%	08/07/03	01/01/25	6,366,625	3,275,108	304,873	3,579,981
Pennvest	3.430%	12/13/01	12/13/21	356,520	188,906	17,029	205,935
Pennvest	3.195%	07/25/06	10/01/27	2,225,000	1,475,479	98,498	1,573,977
Pennvest	2.556%	07/25/06	04/01/27	1,253,000	775,802	56,830	832,632
Pennvest	2.554%	04/18/07	05/01/28	1,395,800	933,069	61,611	994,680
Pennvest	1.274%	09/30/08	07/01/29	723,069	455,651	30,534	486,185
Pennvest	2.270%	09/30/08	08/01/29	1,493,848	1,066,458	60,622	1,127,080
Pennvest	1.274%	02/05/09	05/01/30	1,697,000	1,199,947	71,500	1,271,446
Pennvest	1.274%	07/22/09	09/01/30	1,132,200	792,490	53,690	846,180
Pennvest	1.274%	09/09/10	09/01/30	1,402,518	1,007,042	59,097	1,066,139
Pennvest	2.464%	09/09/10	02/01/31	2,144,750	1,643,524	100,248	1,743,772
Pennvest	1.274%	01/27/11	01/01/31	975,645	801,473	43,373	844,846
Pennvest	1.000%	01/27/11	01/01/34	9,955,500	5,799,095	488,775	6,287,870
Pennvest	3.330%	04/10/02	04/10/22	843,227	319,577	38,337	357,913
Pennvest	2.730%	06/27/02	03/01/24	5,538,900	2,608,317	269,713	2,878,031
Pennvest	2.668%	03/23/05	03/23/25	2,122,850	1,236,615	107,509	1,344,124
Pennvest	1.274%	01/26/10	01/01/31	1,226,000	955,043	56,108	1,011,151
Pennvest	1.000%	12/01/04	04/01/35	600,000	361,451	16,626	378,077
Pennvest	2.774%	05/25/05	04/01/26	321,522	184,009	14,756	198,765
Pennvest	2.774%	06/01/04	06/01/24	333,878	163,554	16,289	179,842
Pennvest	3.052%	08/25/05	10/01/26	1,151,000	645,404	48,210	693,614
Pennvest	3.470%	11/14/01	11/14/21	9,582,806	4,276,907	490,848	4,767,755
Pennvest	2.774%	11/05/02	04/01/24	2,201,840	1,078,354	110,038	1,188,392
Pennvest	1.000%	12/12/02	11/01/23	778,625	323,168	37,517	360,685
Pennvest	2.774%	08/02/05	05/01/27	2,311,200	1,266,549	90,696	1,357,245
Pennvest	3.365%	10/02/05	10/01/26	2,249,960	1,505,683	110,257	1,615,941
Pennvest	1.274%	06/17/08	02/01/30	2,045,000	1,493,274	91,399	1,584,673
Pennvest	1.000%	05/01/94	10/01/21	972,041	238,604	37,853	276,457
Pennvest	1.349%	04/19/00	12/01/20	343,845	107,181	19,569	126,750
Pennvest	1.000%	08/01/96	08/01/16	4,062,815	214,395	231,605	446,001
<b>Total Pennvest</b>				<b>\$ 112,355,225</b>	<b>\$ 58,664,728</b>	<b>\$ 5,377,855</b>	<b>\$ 64,042,584</b>

**EXHIBIT E**  
**AQUA PENNSYLVANIA, INC.**  
**Statement Showing Status of**  
**Funded Debt Appearing**  
**on Balance Sheet as of**  
**SEPTEMBER 30, 2014**

<u>Structure</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Original Amount</u>	<u>Long-Term Portion</u>	<u>Current Portion</u>	<u>Total LTD</u>
First Mtg Bond	3.79%	11/13/12	12/01/41	40,000,000	40,000,000		40,000,000
First Mtg Bond	3.80%	11/13/12	12/01/42	20,000,000	20,000,000		20,000,000
First Mtg Bond	3.85%	11/13/12	12/01/47	20,000,000	20,000,000		20,000,000
First Mtg Bond	5.08%	05/10/04	05/15/15	20,000,000	0	20,000,000	20,000,000
First Mtg Bond	5.17%	05/10/04	05/10/17	7,000,000	7,000,000		7,000,000
First Mtg Bond	5.75%	05/10/04	05/15/19	15,000,000	15,000,000		15,000,000
First Mtg Bond	5.75%	05/10/04	05/15/19	5,000,000	5,000,000		5,000,000
First Mtg Bond	5.98%	05/10/04	05/15/28	3,000,000	3,000,000		3,000,000
First Mtg Bond	6.06%	05/10/04	05/10/27	15,000,000	15,000,000		15,000,000
First Mtg Bond	6.06%	05/10/04	05/15/27	5,000,000	5,000,000		5,000,000
First Mtg Bond	6.89%	12/19/95	12/15/15	12,000,000	12,000,000		12,000,000
First Mtg Bond	7.72%	07/09/95	05/15/25	15,000,000	15,000,000		15,000,000
First Mtg Bond	8.14%	11/01/95	11/01/25	4,000,000	4,000,000		4,000,000
First Mtg Bond	9.17%	11/12/91	09/15/21	8,000,000	2,400,000	400,000	2,800,000
First Mtg Bond	9.29%	11/12/91	09/15/26	12,000,000	12,000,000		12,000,000
First Mtg Bond	9.97%	07/25/88	06/01/18	5,000,000	5,000,000		5,000,000
First Mtg Bond	3.94%	10/24/13	11/01/31	25,000,000	25,000,000		25,000,000
First Mtg Bond	4.61%	10/24/13	11/01/45	25,000,000	25,000,000		25,000,000
First Mtg Bond	4.62%	10/24/13	11/01/46	25,000,000	25,000,000		25,000,000
<b>Total FMB</b>				<b>\$ 281,000,000</b>	<b>\$ 255,400,000</b>	<b>\$ 20,400,000</b>	<b>\$ 275,800,000</b>
Unsecured Note	5.50%	05/15/07	05/15/17	2,132,180	2,132,180		2,132,180
Unsecured Note	5.64%	09/29/06	09/30/16	4,489,000	4,489,000		4,489,000
Unsecured Note	5.64%	09/29/06	09/30/20	5,466,000	5,466,000		5,466,000
Unsecured Note	5.64%	09/29/06	09/30/21	5,461,000	5,461,000		5,461,000
Unsecured Note	5.66%	12/28/07	12/28/14	40,000,000	0	40,000,000	40,000,000
Unsecured Note	5.95%	03/31/06	03/31/23	10,000,000	10,000,000		10,000,000
Unsecured Note	5.95%	03/31/06	03/31/24	10,000,000	10,000,000		10,000,000
Unsecured Note	5.95%	03/31/06	03/31/33	10,000,000	10,000,000		10,000,000
Unsecured Note	5.95%	03/31/06	03/31/34	10,000,000	10,000,000		10,000,000
Bank Loan	1.92%	09/29/14	09/29/17	50,000,000	50,000,000		50,000,000
<b>Total Notes</b>				<b>\$ 147,548,180</b>	<b>\$ 107,548,180</b>	<b>\$ 40,000,000</b>	<b>\$ 147,548,180</b>
<b>Total</b>					<b>\$ 927,974,191</b>	<b>\$ 65,777,855</b>	<b>\$ 993,752,047</b>

**EXHIBIT F**

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**EXHIBIT F**  
**AQUA PENNSYLVANIA, INC.**  
**STATUS OF OUTSTANDING CAPITAL STOCK**  
**September 30, 2014**

a. Description of kind and class	Common	Preferred
b. Number of shares authorized	1,000,000	0
c. Par Value per share	\$100	\$0
d. Amount authorized total par value	1,000	0
e. Amount Outstanding	1,000	0
Held by the Utility		
f. Reacquired and held in Treasury	None	None
g. Pledged	None	None
h. In sinking or other funds	None	None
j. Stated book value of outstanding stock having no par value as of date of balance sheet.	None	None

**EXHIBIT G**

**Not Applicable**

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**EXHIBIT H**

**Not Applicable**

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**EXHIBIT I**

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**AQUA PENNSYLVANIA, INC.  
RESOLUTION**

**[XX,XX, 2015]**

**WHEREAS**, Aqua Pennsylvania, Inc. ("Company") is a corporation duly organized and validly existing under the laws of the Commonwealth of Pennsylvania;

**WHEREAS**, the Company desires to secure financing to refinance existing lines of credit, to fund working capital needs, for general corporate purposes, and to pay financing costs ("Project"); and

**WHEREAS**, the Company intends to incur indebtedness consisting of an unsecured term loan in an amount up to \$50,000,000 (the "2015 Bank Loan"), the proceeds of which shall provide funds necessary to finance the Project; and

**WHEREAS**, the Company is engaging PNC Capital Markets, LLC ("Lead Arranger") to assist the Company in structuring, arranging and placing the 2015 Bank Loan;

**WHEREAS**, PNC Bank, National Association shall act as Administrative Agent ("Agent") for the Financial Institutions (defined below);

**NOW, THEREFORE**, it is hereby:

**RESOLVED**, that the Company is authorized to incur the indebtedness represented by the 2015 Bank Loan, to issue one or more unsecured obligations (the "Obligations") in an aggregate principal amount not to exceed \$50,000,000, to evidence the 2015 Bank Loan, and enter into one or more credit agreements, financing agreements, loan agreements or similar agreements (the "Agreements") with one or more financial institutions or other financing entity (the "Financial Institutions") providing the funding evidenced by the 2015 Bank Loan; and it is further

**RESOLVED**, that the sums advanced under the 2015 Bank Loan shall bear a fixed rate of interest not to exceed 3.00%.

**RESOLVED**, that the term of the 2015 Bank Loan shall not exceed three (3) years; and it is further

**RESOLVED**, that the Company is authorized to execute and file with the Pennsylvania Public Utility Commission a securities certificate with respect to the proposed issuance of the 2015 Bank Loan and to execute and file such amendments and take such further action as is necessary or appropriate to secure the registration of said securities certificate.

**RESOLVED**, that the Company is authorized to execute all documents necessary or appropriate in connection with the 2015 Bank Loan, including, without limitation, one or more Agreements and Obligations relating thereto; and it is further

**RESOLVED**, that the Company is authorized to pay all appropriate and reasonable fees and expenses in connection with the 2015 Bank Loan; and it is further

**RESOLVED**, that PNC Capital Markets is hereby appointed as Lead Arranger for the 2015 Bank Loan; and it is further

**RESOLVED**, that PNC Bank, National Association is hereby approved as Administrative Agent for the Financial Institutions; and it is further

**RESOLVED**, that the Chairman, President, Chief Financial Officer, any Vice President, Treasurer and the Controller of the Company be and each of them is hereby authorized to act on behalf of the Company under these resolutions and is directed at any time from time to time to take any and all action, to make, execute verify and file all applications, certificates, documents and other instruments, and to do any and all acts and things necessary or advisable to carry out the purposes of the foregoing resolutions; and it is further

**RESOLVED**, that with respect to all documents to be executed hereunder, the Company is hereby authorized to cause the corporate seal to be affixed and to be attested by the Secretary or Assistant Secretary of this Company; and it is further

**RESOLVED**, that the actions that have heretofore been taken by the officers and agents of the Company with respect to the 2015 Bank Loan are hereby approved and ratified.

**EXHIBIT J**

**Not Applicable**

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**EXHIBIT K**

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**EXHIBIT K  
AQUA PENNSYLVANIA, INC.  
STATEMENT SHOWING CHARGES AND CREDITS  
TO BE MADE ON THE BOOKS AS A RESULT  
OF THE PROPOSED SECURITIES ISSUE**

<b>CURRENT AND ACCRUED ASSETS</b>	<b>DEBIT</b>	<b>CREDIT</b>
<u>Acct No. 131 - Cash</u>		
Proceeds from issuance of Bank Loan, principal amount \$50,000,000	\$ 50,000,000	
<b>LONG TERM DEBT</b>		
<u>Acct No. 221 - Long-Term Debt</u>		
Amount Borrowed under Bank Loan.		\$ 50,000,000
<u>Acct No. 232 - Short-Term Debt</u>		
Repayment	\$ 49,924,350	
<u>Acct No. 131 - Cash</u>		
Repay Short Term Debt		\$ 49,924,350
<b>CURRENT AND ACCRUED ASSETS</b>		
<u>Acct No. 131 - Cash</u>		
Amount to be paid for expenses incurred with issuance of Bank Loan		\$ 75,650
<u>Acct No. 181 - Unamortized Debt Discount and Expense</u>		
Expenses to be incurred in connection with the issue of Bank Loan to be amortized over the average life of the Bank Loan	\$ 75,650	
<b>UNAMORTIZED DEBT DISCOUNT AND EXPENSE</b>		
<u>Acct No. 428 - Amortization of Debt Discount and Expense</u>		
Discount and Expense	\$ 75,650	
<u>Acct No. 181 - Unamortized Debt Discount and Expense</u>		
Expenses to be incurred in connection with the issue of Bank Loan to be amortized over the average life of the Bank Loan		\$ 75,650

**EXHIBIT L**

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**Aqua Pennsylvania, Inc.**  
**Summary of Indicative Terms and Conditions**  
**\$50,000,000 Term Loan Facility**

- BORROWER:** Aqua Pennsylvania, Inc., a Pennsylvania corporation ("Aqua PA" or the "Borrower").
- ADMINISTRATIVE AGENT:** PNC Bank, National Association ("PNC Bank") will act as the administrative agent (the "Administrative Agent"). PNC Bank shall seek formal approval to commit up to \$25.0 million to the Term Loan Facility.
- LEAD ARRANGER AND BOOKRUNNER:** PNC Capital Markets LLC will act as sole lead arranger and sole bookrunner (the "Lead Arranger").
- LENDERS:** The Administrative Agent and other lending institution(s) acceptable to the Company and the Lead Arranger providing a portion of the Credit Facility described below (the "Lenders").
- CREDIT FACILITY:** A \$50.0 million senior unsecured term loan facility (the "Term Loan" or the "Credit Facility").
- CLOSING DATE:** Funding on or around June 8<sup>th</sup>, 2015 (the "Closing Date").
- MATURITY DATE:** The Credit Facility shall terminate and all amounts outstanding thereunder shall be due and payable in full three (3) years from the Closing Date (the "Maturity Date").
- INTEREST RATE:** Pricing will be based on a fixed rate equal to the 3-year ask swap rate of the US Tsy Interpolated Benchmark provided by Bloomberg on a daily basis (the "Swap Rate"), plus 75.0 basis points. By way of example, the Swap Rate as of February 20, 2015 was 1.28%, which would equate to a fixed rate of 2.03%.
- COVENANTS:** Negative and affirmative covenants will be substantially similar to the Borrower's existing \$100.0 million revolving credit facility and will include the following financial covenants (same as Revolver):
- Minimum Equity to Capital Ratio: 38%
  - Minimum Interest Coverage Ratio: 1.80 to 1.00
- ARRANGEMENT FEE:** 10.0 basis points on the aggregate amount of the Credit Facility shall be payable to the Lead Arranger on the Closing Date.

This Summary of Indicative Terms and Conditions is not a commitment or an offer to lend and does not create any obligation on the part of PNC Bank, the Lead Arranger, any Lender or any affiliate thereof. Neither PNC Bank, the Lead Arranger, any Lender nor any affiliate thereof will be deemed to extend any commitment to the Borrower unless and until a formal commitment letter is issued and has been executed and delivered. This outline is only a brief description of the principal terms of the suggested facility and is intended for discussion purposes only.

**EXHIBIT M**

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**EXHIBIT M**  
**AQUA PENNSYLVANIA, INC.**  
**STATEMENT OF CAPITALIZATION**

The Company's capitalization as of September 30, 2014 and as adjusted to reflect activity since 9/30/14 and the proposed Bank Loan issuance is as follows:

	Actual Amount	As Adjusted Amount
Tax Exempt		
4.50% Due 2042	\$ 15,000,000	15,000,000
4.98% Due 2040	74,685,000	74,685,000
5.00% Due 2036	21,770,000	21,770,000
5.00% Due 2037	24,165,000	24,165,000
5.00% Due 2038	25,375,000	25,375,000
5.00% Due 2035	24,675,000	24,675,000
5.00% Due 2040	23,915,000	23,915,000
5.00% Due 2041	23,915,000	23,915,000
5.00% Due 2039	58,000,000	58,000,000
5.00% Due 2033	25,910,000	25,910,000
5.00% Due 2034	19,270,000	19,270,000
5.00% Due 2043	81,205,000	81,205,000
5.05% Due 2039	14,000,000	-
5.25% Due 2042	24,830,000	24,830,000
5.25% Due 2043	24,830,000	24,830,000
6.25% Due 2017	9,000,000	9,000,000
6.75% Due 2018	13,000,000	13,000,000
Premium Due 2038	489,774	489,774
Premium Due 2035	225,533	225,533
Premium Due 1941	1,670,894	1,670,894
Premium Due 2043	272,848	272,848
Discount Due 2017	(61,200)	(61,200)
Discount Due 1939	(1,674,347)	(1,674,347)
Premium Due 2040	262,252	262,252
Premium Due 2043	1,630,529	1,630,529
Total Tax Exempt	<u>\$ 506,361,283</u>	<u>\$ 492,361,283</u>

**EXHIBIT M**  
**AQUA PENNSYLVANIA, INC.**  
**STATEMENT OF CAPITALIZATION**

The Company's capitalization as of September 30, 2014 and as adjusted to reflect activity since 9/30/14 and the proposed Bank Loan issuance is as follows:

	Actual Amount	As Adjusted Amount
Pennvest		
2.71% Due 2026	\$ 590,678	\$ 590,678
1.27% Due 2029	1,087,372	1,087,372
1.27% Due 2028	367,167	367,167
1.56% Due 1930	992,322	992,322
1.27% Due 1930	1,942,522	1,942,522
1.27% Due 1933	599,877	599,877
1.00% Due 2030	2,609,271	2,609,271
1.00% Due 1931	1,085,113	1,085,113
4.05% Due 2021	325,554	325,554
3.63% Due 2020	66,637	66,637
4.05% Due 2020	155,440	155,440
3.55% Due 2019	1,977,750	1,977,750
1.35% Due 2020	171,593	171,593
3.63% Due 2021	176,153	176,153
4.05% Due 2021	503,321	503,321
3.03% Due 2021	548,725	548,725
3.46% Due 2025	5,387,579	5,387,579
3.47% Due 2026	424,808	424,808
2.77% Due 2027	1,780,324	1,780,324
4.05% Due 2020	282,785	282,785
3.79% Due 2021	1,069,838	1,069,838
3.81% Due 2022	598,285	598,285
3.43% Due 2023	715,165	715,165
2.77% Due 2024	958,163	958,163
3.47% Due 2025	3,579,981	3,579,981
3.43% Due 2021	205,935	205,935
3.20% Due 2027	1,573,977	1,573,977
2.56% Due 2027	832,632	832,632
2.55% Due 2028	994,680	994,680
1.27% Due 2029	486,185	486,185
2.27% Due 2029	1,127,080	1,127,080
1.27% Due 1930	1,271,446	1,271,446
1.27% Due 2030	846,180	846,180
1.27% Due 1930	1,066,139	1,066,139
2.46% Due 2031	1,743,772	1,743,772
1.27% Due 1931	844,846	844,846
1.00% Due 2034	6,287,870	6,287,870
3.33% Due 2022	357,913	357,913
2.73% Due 2024	2,878,031	2,878,031
2.67% Due 2025	1,344,124	1,344,124
1.27% Due 2031	1,011,151	1,011,151
1.00% Due 2035	378,077	378,077
2.77% Due 2026	198,765	198,765
2.77% Due 2024	179,842	179,842
3.05% Due 2026	693,614	693,614
3.47% Due 2021	4,767,755	4,767,755
2.77% Due 2024	1,188,392	1,188,392
1.00% Due 2023	360,685	360,685
2.77% Due 2027	1,357,245	1,357,245
3.37% Due 2026	1,615,941	1,615,941
1.27% Due 1930	1,584,673	1,584,673
1.00% Due 2021	276,457	276,457
1.35% Due 2020	126,750	126,750
1.00% Due 2016	446,001	446,001
Principal Amortization		(3,557,759)
New issue		1,726,748
<b>Total Pennvest</b>	<b>\$ 64,042,584</b>	<b>\$ 62,211,572</b>

**EXHIBIT M**  
**AQUA PENNSYLVANIA, INC.**  
**STATEMENT OF CAPITALIZATION**

The Company's capitalization as of September 30, 2014 and as adjusted to reflect activity since 9/30/14 and the proposed Bank Loan issuance is as follows:

	Actual Amount		As Adjusted Amount	
<b>First Mortgage Bonds</b>				
3.79% Due 2041	\$ 40,000,000		\$ 40,000,000	
3.80% Due 2042	20,000,000		\$ 20,000,000	
3.85% Due 2047	20,000,000		\$ 20,000,000	
5.08% Due 2015	20,000,000		\$ -	
5.17% Due 2017	7,000,000		\$ 7,000,000	
5.75% Due 2019	15,000,000		\$ 15,000,000	
5.75% Due 2019	5,000,000		\$ 5,000,000	
5.98% Due 2028	3,000,000		\$ 3,000,000	
6.06% Due 2027	15,000,000		\$ 15,000,000	
6.06% Due 2027	5,000,000		\$ 5,000,000	
6.89% Due 2015	12,000,000		\$ 12,000,000	
7.72% Due 2025	15,000,000		\$ 15,000,000	
8.14% Due 2025	4,000,000		\$ 4,000,000	
9.17% Due 2021	2,800,000		\$ 2,800,000	
9.29% Due 2026	12,000,000		\$ 12,000,000	
9.97% Due 2018	5,000,000		\$ 5,000,000	
3.94% Due 2031	25,000,000		\$ 25,000,000	
4.61% Due 2045	25,000,000		\$ 25,000,000	
4.62% Due 2046	25,000,000		\$ 25,000,000	
3.64% Due 2035	-		\$ 25,000,000 <sup>2</sup>	
4.01% Due 2040	-		\$ 15,000,000 <sup>2</sup>	
4.06% Due 2045	-		\$ 13,000,000 <sup>2</sup>	
4.11% Due 2054	-		\$ 12,000,000 <sup>2</sup>	
<b>Total FMB</b>	<u>\$ 275,800,000</u>		<u>\$ 320,800,000</u>	
<b>Unsecured Notes</b>				
5.50% Due 2017	\$ 2,132,180		\$ 2,132,180	
5.64% Due 2016	4,489,000		4,489,000	
5.64% Due 2020	5,466,000		5,466,000	
5.64% Due 2021	5,461,000		5,461,000	
5.66% Due 2014	40,000,000		-	<sup>1</sup>
5.95% Due 2023	10,000,000		10,000,000	
5.95% Due 2024	10,000,000		10,000,000	
5.95% Due 2033	10,000,000		10,000,000	
5.95% Due 2034	10,000,000		10,000,000	
1.92% Due 2017	50,000,000		50,000,000	
[2.03%] Due 2018	-		50,000,000	
<b>Total Notes</b>	<u>\$ 147,548,180</u>		<u>\$ 157,548,180</u>	
<b>Total Long Term Debt</b>	<u>\$ 993,752,047</u>	45%	<u>\$ 1,032,921,035</u>	46%
<b>Common Equity</b>				
Common Stock	\$ 100,000		\$ 100,000	
Capital in Excess of Par	231,677,133		231,677,133	
Capital Stock Premium	-		-	
Reacquired Capital Stock	-		-	
Retained Earnings	992,226,976		992,226,976	
<b>Total Common Equity</b>	<u>\$ 1,224,004,109</u>	55%	<u>\$ 1,224,004,109</u>	54%
<b>Total Permanent Capital</b>	<u>\$ 2,217,756,156</u>	100%	<u>\$ 2,256,925,144</u>	100%

<sup>1</sup> Redeemed on 12/29/2014 with proceeds raised under Docket S-2014-2444494

<sup>2</sup> Issued on 12/29/2014 under Docket S-2014-2444494

**EXHIBIT N**

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**EXHIBIT N  
AQUA PENNSYLVANIA, INC.  
INTEREST COVERAGE  
INDENTURE BASIS**

	<b>Actual 12 Mos. Ended September 30, 2014</b>	<b>Adjustment</b>	<b>Pro Forma 12 Mos. Ended September 30, 2014</b>
Operating Revenue	\$ 402,416,730		\$ 402,416,730
Operating Expenses	120,378,271		120,378,271
Depreciation	73,883,223		73,883,223
Amortization	318,209		318,209
Other Taxes	9,019,121		9,019,121
	<u>203,598,824</u>		<u>203,598,824</u>
Net Earnings (a)	\$ 198,817,906		\$ 198,817,906
Interest on First Mortgage Bonds (b)	\$ 39,852,738	\$ 366,100	\$ 40,218,838
Coverage (a/b)	4.99		4.94
Required by Indenture	1.75		1.75

<sup>1</sup> Includes impact of \$65 million first mortgage bonds issued 12/29/2014 under Docket S-2014-2444494

**EXHIBIT N**  
**AQUA PENNSYLVANIA, INC.**  
**INTEREST COVERAGE**  
**SEC BASIS**

	<b>Actual</b>		<b>Pro Forma</b>
	<b>12 Mos. Ended</b>	<b>Adjustment</b>	<b>12 Mos. Ended</b>
	<b>September 30, 2014</b>		<b>September 30, 2014</b>
Operating Revenue	\$ 402,416,730		\$ 402,416,730
Operating Expenses	120,378,271		120,378,271
Depreciation	73,883,223		73,883,223
Amortization	318,209		318,209
Other Taxes	9,019,121		9,019,121
Miscellaneous Deductions	-		-
	<u>203,598,824</u>		<u>203,598,824</u>
Net Earnings before interest & taxes(a)	<u>\$ 198,817,906</u>	<u>\$ -</u>	<u>\$ 198,817,906</u>
Interest on First Mortgage Bonds (b)	\$ 39,852,738	\$ 366,100	\$ 40,218,838
Other Interest	7,084,017	\$ (289,000)	6,795,017
Gross Interest (b)	<u>\$ 46,936,755</u>	<u>\$ 77,100</u>	<u>\$ 47,013,855</u>
Coverage (a/b)	4.24		4.23

<sup>1</sup> Includes impact of \$65 million first mortgage bonds issued 12/29/2014 under Docket S-2014-2444494 and proposed financing.



**EXHIBIT O**

**Not Applicable**

**RECEIVED**

MAR 03 2015

PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

**AQUA PENNSYLVANIA, INC.**  
**SECURITIES CERTIFICATE – 2015 Bank Loan**  
**DATA REQUESTS**

DR1. Previous registration balances. Provide docket numbers, initial registration amount, issuances by type, amount and date and current remaining balance. Plans for these balances vis-à-vis the current registration.

A. Please see attached Schedule DR-1 that provides the information requested above. The current registration will be used (a) to reduce the outstanding balance under the Credit Agreement dated as of November 30, 2010, by and among Aqua Pennsylvania, Inc., the several banks and other financial institutions, and PNC Bank, National Association, a national banking association, as administrative agent, (b) to fund costs of issuance, and (c) for general corporate purposes.

**RECEIVED**

MAR 03 2015

PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

Agua Pennsylvania, Inc.  
Securities Certificate - 2015 Bank Loan  
Data Request - Securities Certificate Listing

Year	Supplemental Indenture No.	Securities Certificate Docket	Designation	Original Amount	Outstanding Amount
1941	Indenture	S.C. 214	3.25% Series due 1971	\$ 16,375,000	\$ -
1948	1	S.C. 840	3.00% Series due 1978	2,000,000	-
1952	2	S.C. 1372	3.39% Series due 1982	4,000,000	-
1953	3	S.C. 1588	3.90% Series due 1983	5,000,000	-
1955	4	S.C. 1884	3.50% Series due 1986	6,000,000	-
1957	5	S.C. 2038	4.50% Series due 1987	4,000,000	-
1958	6	S.C. 2205	4.13% Series due 1988	4,000,000	-
1959	7	S.C. 2393	5.00% Series due 1989	4,000,000	-
1961	8	S.C. 2578	4.63% Series due 1991	3,000,000	-
1962	9	S.C. 2687	4.70% Series due 1992	3,000,000	-
1964	10	S.C. 2924	4.55% Series due 1994	4,000,000	-
1966	11	S.C. 3209	5.50% Series due 1996	4,000,000	-
1967	12	S.C. 3325	6.88% Series due 1993	4,500,000	-
1970	13	S.C. 3548	9.63% Series due 1975	10,000,000	-
1970	14	S.C. 3599	9.15% Series due 1977	10,000,000	-
1972	15	S.C. 3837	7.88% Series due 1997	5,000,000	-
1975	16	S.C. 4088	10.13% Series due 1995	10,000,000	-
1976	17	S.C. 4253	9.20% Series due 2001	7,000,000	-
1977	18	S.C. 4281	8.40% Series due 2002	10,000,000	-
1980	19	S-80054567	8.88% Series due 2010	8,000,000	-
1983	20	S-834983	12.45% Series due 2003	10,000,000	-
1985	21	S-850009	13.00% Series due 2005	8,000,000	-
1986	22	S-860111	10.65% Series due 2006	10,000,000	-
1987	23	S-870231	8.44% Series due 1997	12,000,000	-
1988	24	S-880341	9.89% Series due 2008	5,000,000	-
1988	24	S-880342	9.93% Series due 2013	5,000,000	-
1988	24	S-880343	9.97% Series due 2018	5,000,000	5,000,000
1989	25	S-890980	9.12% Series due 2010	20,000,000	-
1991	26	S-910164	9.17% Series due 2011	5,000,000	-
1991	26	S-910165	9.17% Series due 2021	8,000,000	2,800,000
1991	26	S-910135	9.29% Series due 2026	12,000,000	12,000,000
1992	27	S-920233	5.95% Series due 2002	4,000,000	-
1992	27	S-920237	6.50% Series due 2010	3,200,000	-
1993	28	S-930316	7.15% Series due 2008	22,000,000	-
1995	29	S-950491	1995 MTN - 7.72% Series A due 2025	15,000,000	15,000,000
1995	29	S-950491	1995 MTN - 6.82% Series B due 2005	10,000,000	-
1995	29	S-950491	1995 MTN - 6.89% Series C due 2015	12,000,000	12,000,000
1995	29	S-950491	1995 MTN - 6.99% Series D due 2006	10,000,000	-
1995	29	S-950491	1995 MTN - 7.47% Series E due 2003	10,000,000	-
1995	29	S-950491	1995 MTN - 6.83% Series F due 2003	10,000,000	-
1995	29	S-950491	1995 MTN - 7.06% Series G due 2004	10,000,000	-
1995	30	S-950490	6.35% Series due 2025	22,000,000	-
1997	31	S-970618	1997 MTN - 6.75% Series A due 2007	10,000,000	-
1997	31	S-970618	1997 MTN - 6.30% Series B due 2002	10,000,000	-
1997	31	S-970618	1997 MTN - 6.14% Series C due 2008	10,000,000	-
1997	31	S-970618	1997 MTN - 5.80% Series D due 2003	10,000,000	-
1997	31	S-970618	1997 MTN - 5.85% Series E due 2004	10,000,000	-
1997	31	S-970618	1997 MTN - 6.00% Series F due 2004	15,000,000	-
1999	32	S-980684	6.00% Series due 2029	25,000,000	-
1999	33	S-990760	1999 MTN - 7.40% Series A due 2005	15,000,000	-
1999	33	S-990760	1999 MTN - 7.40% Series B due 2005	11,000,000	-
1999	33	S-990760	1999 MTN - 6.21% Series C due 2011	15,000,000	-
1999	33	S-990760	1999 MTN - 9.53% Series D due 2019	4,000,000	-
1999	33	S-990760	1999 MTN - 6.375% Series E due 2023	14,000,000	-
1999	33	S-990760	1999 MTN - 8.26% Series F due 2022	1,500,000	-
1999	33	S-990760	1999 MTN - 9.50% Series G due 2006	1,440,000	-
1999	33	S-990760	1999 MTN - 9.22% Series H due 2019	2,534,480	-
1999	33	S-990760	1999 MTN - 8.32% Series I due 2022	3,500,000	-
1999	33	S-990760	1999 MTN - 8.14% Series J due 2025	4,000,000	4,000,000
1999	33	S-990760	1999 MTN - 6.00% Series K due 2030	18,360,000	-
1999	33	S-990760	1999 MTN - 5.93% Series L due 2012	25,000,000	-
1999	33	S-990760	1999 MTN - 2.65% Series M due 2006	5,000,000	-
1999	33	S-990760	1999 MTN - 3.461% Series N due 2007	12,000,000	-
1999	33	S-990760	1999 MTN - 5.08% Series O due 2015	20,000,000	20,000,000

**Aqua Pennsylvania, Inc.**  
**Securities Certificate - 2015 Bank Loan**  
**Data Request - Securities Certificate Listing**

Year	Supplemental Indenture No.	Securities Certificate Docket	Designation	Original Amount	Outstanding Amount
1999	33	S-990760	1999 MTN - 5.17% Series P due 2017	7,000,000	7,000,000
1999	33	S-990760	1999 MTN - 5.751% Series Q due 2019	15,000,000	15,000,000
1999	33	S-990760	1999 MTN - 5.751% Series R due 2019	5,000,000	5,000,000
1999	33	S-990760	1999 MTN - 6.06% Series S due 2027	15,000,000	15,000,000
1999	33	S-990760	1999 MTN - 6.06% Series T due 2027	5,000,000	5,000,000
1999	33	S-990760	1999 MTN - 5.98% Series U due 2028	3,000,000	3,000,000
2001	34	S-0010873	5.35% Series due 2031	30,000,000	-
2001	35	A-210104	Merger Agreement with Consumers	-	-
2002	36	S-00020892	5.55% Series due 2032	25,000,000	-
2002	37	S-00020928	3.75% Series due 2010	3,200,000	-
2002	37	S-00020928	5.15% Series due 2032	25,000,000	-
2004 <sup>2</sup>	38	S-00041024	5.05% Series due 2039	14,000,000	14,000,000
2005	39	S-00051048	5.00% Series due 2036	21,770,000	21,770,000
2005	39	S-00051048	5.00% Series due 2037	24,165,000	24,165,000
2005	39	S-00051048	5.00% Series due 2038	25,375,000	25,375,000
2005	40	S-00051085	5.00% Series due 2035	24,675,000	24,675,000
2007	41	S-00061171	5.00% Series due 2040	23,915,000	23,915,000
2007	41	S-00061171	5.00% Series due 2041	23,915,000	23,915,000
2007	42	S-00071216	5.25% Series due 2042	24,830,000	24,830,000
2007	42	S-00071216	5.25% Series due 2043	24,830,000	24,830,000
2008	43	S-2008-2066186	6.25% Series due 2017	9,000,000	9,000,000
2008	43	S-2008-2066186	6.75% Series due 2018	13,000,000	13,000,000
2009	44	S-2009-2094305	5.00% Series due 2039	58,000,000	58,000,000
2009	45	S-2009-2127672	5.00% Series due 2040	62,165,000	62,165,000
2009	45	S-2009-2127672	4.75% Series due 2040	12,520,000	12,520,000
2010	46	S-2010-2197020	5.00% Series due 2033	25,910,000	25,910,000
2010	46	S-2010-2197020	5.00% Series due 2034	19,270,000	19,270,000
2010	46	S-2010-2197020	4.50% Series due 2042	15,000,000	15,000,000
2010	46	S-2010-2197020	5.00% Series due 2043	81,205,000	81,205,000
2012	47	S-2012-2322022	3.79% Series due 2041	40,000,000	40,000,000
2012	47	S-2012-2322022	3.80% Series due 2042	20,000,000	20,000,000
2012	47	S-2012-2322022	3.81% Series due 2047	20,000,000	20,000,000
2013	48	S-2013-2376653	3.94% Series due 2031	25,000,000	25,000,000
2013	48	S-2013-2376653	4.81% Series due 2045	25,000,000	25,000,000
2013	48	S-2013-2376653	4.62% Series due 2046	25,000,000	25,000,000
2014 <sup>1</sup>	48	S-2014-2444494	3.64% Series due 2035	25,000,000	-
2014 <sup>1</sup>	48	S-2014-2444494	4.01% Series due 2040	15,000,000	-
2014 <sup>1</sup>	48	S-2014-2444494	4.06% Series due 2045	13,000,000	-
2014 <sup>1</sup>	48	S-2014-2444494	4.11% Series due 2054	12,000,000	-
Issued Under Mortgage Indenture and Outstanding as of September 30, 2014					<u>\$779,345,000</u>
2006	---	S-00061093	5.95% Unsecured Notes due 2023	10,000,000	\$ 10,000,000
2006	---	S-00061093	5.95% Unsecured Notes due 2024	10,000,000	10,000,000
2006	---	S-00061093	5.95% Unsecured Notes due 2033	10,000,000	10,000,000
2006	---	S-00061093	5.95% Unsecured Notes due 2034	10,000,000	10,000,000
2006	---	S-00061093	5.64% Unsecured Notes due 2014	4,584,000	-
2006	---	S-00061093	5.64% Unsecured Notes due 2016	4,489,000	4,489,000
2006	---	S-00061093	5.64% Unsecured Notes due 2020	5,466,000	5,466,000
2006	---	S-00061093	5.64% Unsecured Notes due 2021	5,461,000	5,461,000
2007	---	S-00071188	5.50% Unsecured Notes due 2017	2,132,180	2,132,180
2007 <sup>3</sup>	---	TN-7	5.66% Unsecured Notes due 2014	40,000,000	40,000,000
2014	---	S-2014-2432416	1.921% Bank Note due 2017	50,000,000	50,000,000
					<u>\$147,548,180</u>
Total Debt Outstanding as of September 30, 2014 Issued by Securities Certificates					<u>\$926,893,180</u>

<sup>1</sup> Issued on 12/29/2014.

**AQUA PENNSYLVANIA, INC.**  
**SECURITIES CERTIFICATE – 2015 Bank Loan**  
**DATA REQUESTS**

DR-2. What effect will this issuance have upon the capital structure of the utility? Show calculations.

A. Please see attached Schedule DR-2 that provides the capital structure for Aqua Pennsylvania, Inc. as of September 30, 2014 and adjustments for activity from October 2014 – June 2015, including the proposed issuance.

**Agua Pennsylvania, Inc.**  
**Securities Certificate - 2015 Bank Loan**  
**Data Request - Pro Forma Capital Structure**  
**\$000's**

	Actual 9/30/2014	Activity Oct 14 - Jun 15	Projected 6/30/2015
Long-Term Debt	\$ 993,752	39,169	1,032,921
Total Stockholders Equity	1,224,004	117,717	1,341,721
Non-controlling interest	227	(187)	40
Total Equity	1,224,231	117,530	1,341,761
Total Permanent Capital	2,217,983	156,699	2,374,682
Short-Term Debt	2,257	23,073	25,330
Total Capital Employed	\$ 2,220,240	179,772	2,400,012

Long-Term Debt	44.8%	43.5%
Common Equity	55.2%	56.5%
	<u>100.0%</u>	<u>100.0%</u>

Total Debt	44.9%	44.1%
Common Equity	55.1%	55.9%
	<u>100.0%</u>	<u>100.0%</u>

**Long-Term Debt**

Issuance (Oct - Jun)	115,000
Refi/amortization	<u>(75,831)</u>
Change in LTD	39,169

Incr in Rest Cash	-
Use of Rest Cash	<u>-</u>
change in rest cash	-

Undrawn rest cash	-
Net change LTD	39,169

**Retained Earnings**

Net Income - (Oct- Jun 15)	117,717
	<u>-</u>
Change in RE	<u>117,717</u>

**Aqua Pennsylvania, Inc.**  
**Securities Certificate – 2015 Bank Loan**  
**Data Request - Interest Coverage Ratios**  
**\$000's**

Indenture Basis	Projected 12 Mos. Ended December 31, 2014	Projected 12 Mos. Ended December 31, 2015	Projected 12 Mos. Ended December 31, 2016	Projected 12 Mos. Ended December 31, 2017
Operating Revenue	\$ 423,340	\$ 421,445	\$ 419,681	\$ 439,565
Operating Expenses	130,323	129,301	132,928	133,228
Depreciation	76,934	75,864	79,940	83,331
Amortization	885	887	931	947
Other Taxes	9,859	9,783	10,092	10,204
	<u>218,001</u>	<u>215,835</u>	<u>223,891</u>	<u>227,710</u>
Net Earnings (a)	\$ 205,339	\$ 205,610	\$ 195,790	\$ 211,855
Interest on First Mortgage Bonds (b)	40,486	41,638	43,339	49,139
Coverage (a/b)	5.07	4.94	4.52	4.31
Required by Indenture	1.75	1.75	1.75	1.75

**Aqua Pennsylvania, Inc.**  
**Securities Certificate – 2015 Bank Loan**  
**Data Request - Interest Coverage Ratios**  
**\$000's**

<b>SEC Basis</b>	<b>Projected 12 Mos. Ended December 31, 2014</b>	<b>Projected 12 Mos. Ended December 31, 2015</b>	<b>Projected 12 Mos. Ended December 31, 2016</b>	<b>Projected 12 Mos. Ended December 31, 2017</b>
Operating Revenue	\$ 423,340	\$ 421,445	\$ 419,681	\$ 439,565
Operating Expenses	130,323	129,301	132,928	133,228
Depreciation	76,934	75,864	79,940	83,331
Amortization	885	887	931	947
Other Taxes	9,859	9,783	10,092	10,204
Miscellaneous Deductions	-	-	-	-
	<u>218,001</u>	<u>215,835</u>	<u>223,891</u>	<u>227,710</u>
Net Earnings before interest & taxes(a)	\$ 205,339	\$ 205,610	\$ 195,790	\$ 211,855
Interest on First Mortgage Bonds (b)	40,486	41,638	43,339	49,139
Other Interest	7,769	6,144	6,752	6,114
Gross Interest (b)	\$ 48,255	\$ 47,782	\$ 50,090	\$ 55,253
Coverage (a/b)	4.26	4.30	3.91	3.83



**AQUA PENNSYLVANIA, INC.**  
**SECURITIES CERTIFICATE – 2015 Bank Loan**  
**DATA REQUESTS**

DR-3. Current and three year projections for; (Provide details of calculation)

Sources and Uses of Funds

Capital Expenditures

Ratio of Capital Expenditures to Depreciation and Amortization

Capitalization Ratios

Dividend payout ratio

Interest coverage ratios – both SEC and Indenture basis

A. Please see attached Schedule DR-3

**Aqua Pennsylvania, Inc.**  
**Securities Certificate - 2015 Bank Loan**  
**Data Request - Projected Key Financial Statistics**  
**\$000's**

	Consolidated			
	Projected 2014	Projected 2015	Projected 2016	Projected 2017
<b>Sources and Uses of Funds</b>				
Cash Flow from Operating Activities	233,223	234,413	228,891	235,026
Cash Flow Used for Investing Activities	(234,203)	(242,739)	(249,155)	(245,620)
Cash Flow from Financing Activities	888	8,326	20,264	10,594
Capital Expenditures	230,592	242,739	249,155	245,620
Depreciation & Amortization Expense	77,883	76,751	80,871	84,278
Depreciation only	77,008	75,864	79,940	83,331
Ratio of Capital expend to depreciation	2.99	3.20	3.12	2.95
Long-term Debt	1,004,514	1,066,299	1,195,602	1,286,355
Equity	1,267,873	1,392,312	1,456,095	1,644,479
Capital	2,272,387	2,458,611	2,651,697	2,930,834
LT Debt/Capital	44.2%	43.4%	45.1%	43.9%
Equity/Capital	55.8%	56.6%	54.9%	56.1%
Long-term Debt	1,004,514	1,066,299	1,195,602	1,286,355
Restricted Cash	-	-	-	-
Net Long Term Debt	1,004,514	1,066,299	1,195,602	1,286,355
Equity	1,267,873	1,392,312	1,456,095	1,644,479
Total Capital	2,272,387	2,458,611	2,651,697	2,930,834
Net Long Term Debt/Capital	44.2%	43.4%	45.1%	43.9%
Equity/Capital	55.8%	56.6%	54.9%	56.1%
Dividend Payout Ratio	12.5%	0.0%	0.0%	0.0%
Dividend to Parent	20,000	-	-	-
Net income	160,151	167,111	169,102	170,886

**AQUA PENNSYLVANIA, INC.**  
**SECURITIES CERTIFICATE – 2015 Bank Loan**  
**DATA REQUESTS**

DR-4. Three year history of credit ratings – By credit rating agency and class.

- A. Aqua Pennsylvania, Inc. has an "A+" Corporate Credit rating from Standard and Poor's. In addition, the company's last two tax-exempt bond issues were rated "AA-" with a recovery rating of "1+" by Standard and Poor's. Copies of the latest Standard and Poor's reports are attached.

# RatingsDirect®

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## Summary:

# Aqua Pennsylvania Inc.

### Primary Credit Analyst:

Matthew L O'Neill, New York (1) 212-438-4295; matthew.oneill@standardandpoors.com

### Secondary Contact:

Barbara A Eiseman, New York (1) 212-438-7666; barbara.eiseman@standardandpoors.com

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Rationale

Outlook

Standard & Poor's Base-Case Scenario

Business Risk

Financial Risk

Liquidity

Other Modifiers

Group Influence

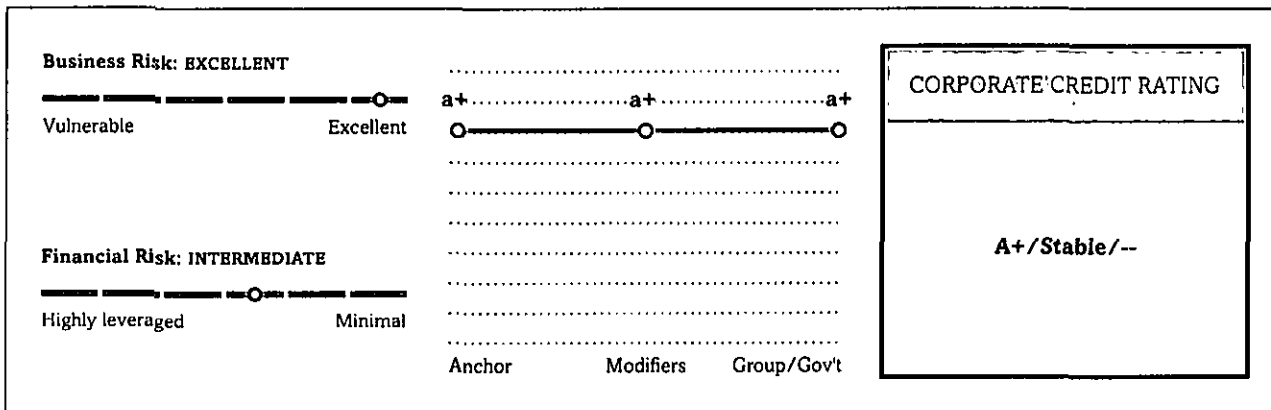
Ratings Score Snapshot

Recovery Analysis

Related Criteria And Research

Summary:

# Aqua Pennsylvania Inc.



## Rationale

Business Risk: Excellent	Financial Risk: Intermediate
<ul style="list-style-type: none"><li>• Monopolistic, rate-regulated business that provides an essential service</li><li>• Management's focus is on a company that almost entirely consists of rate-regulated utility operations</li><li>• Favorable regulatory environment</li><li>• Cost recovery mechanisms that enhance cash flow predictability</li><li>• Low operating risk water distribution business</li></ul>	<ul style="list-style-type: none"><li>• Use of the low volatility table</li><li>• Large capital spending requirements over the next several years</li><li>• Generally conservative financial policies</li><li>• Adequate liquidity</li></ul>

**Outlook: Stable**

The stable outlook on Aqua Pennsylvania Inc. reflects Standard & Poor's Ratings Services' baseline forecast that consolidated adjusted funds from operations (FFO) to debt will be about 18% to 20% over the next 12 to 18 months and the company's continued effective management of its regulatory risk.

**Downside scenario**

We could lower the rating if the regulatory environment in Pennsylvania made an unfavorable shift or the company increased debt to finance acquisitions or capital spending, resulting in consolidated FFO to debt consistently less than 13% and debt to EBITDA of more than 4x on a sustained basis.

**Upside scenario**

Although less likely, we could raise the rating if FFO to debt consistently strengthened to greater than 23% on a sustained basis, which we would expect from an improvement in the economy.

**Standard & Poor's Base-Case Scenario**

Assumptions	Key Metrics		
	2013A	2014E	2015E
<ul style="list-style-type: none"> <li>• We assume EBITDA growth of about 2% to 3.5% per year during the forecast period</li> <li>• Capital spending of about \$300 million annually, on average</li> <li>• Dividends of about \$90 million to \$100 million over the next 12 months</li> </ul>	21.7	18-22	18-22
	3.8	3.5-4.0	3.5-4.0
	Total debt/EBITDA (x)		
	A--Actual. E--Estimated. FFO--Funds from operations.		

**Business Risk: Excellent**

Standard & Poor's ratings on water utility Aqua Pennsylvania Inc. reflect the consolidated credit quality of its parent company, Aqua America Inc. (unrated). Aqua Pennsylvania accounts for more than one-half of consolidated Aqua America's revenues and cash flow.

We view Aqua Pennsylvania's business risk profile as "excellent", reflecting a "very low" country risk because all of the company's operations are based in the U.S., and the regulated utility sector has a "very low" industry risk profile. Our assessment reflects the low-risk monopoly water distribution business; a supportive regulatory environment with favorable cost-recovery mechanisms that enhance cash flow predictability; a large, stable residential and commercial customer base that provides a stable revenue base; and solid operations in which purchased water accounts for only about 10% of water sales. The company's elevated capital spending requirements for infrastructure replacement, increasing costs of compliance with water quality standards, and a highly acquisitive growth strategy somewhat

temper the company's strengths.

Reflected in the business risk profile is our assessment of the company's management and governance as "strong". This reflects management's consistent strategy that has a demonstrated track of successful execution, comprehensive enterprise wide risk management standards, and management's considerable expertise within all of its operating businesses.

## Financial Risk: Intermediate

We view Aqua's financial risk profile as "intermediate" using our low volatility table. We apply the low volatility table based on Aqua's low-operating risk water distribution business and given its effective management of regulatory risk compared with peers. Timely rate relief and balanced financing of its growth strategy support Aqua Pennsylvania's intermediate financial profile. Our baseline forecast results in adjusted FFO to debt of 18% to 20% and debt to EBITDA below 4x

## Liquidity: Adequate

Aqua Pennsylvania's liquidity reflects that of parent Aqua America. We consider Aqua's consolidated liquidity to be "adequate", under our corporate liquidity methodology. Projected liquidity sources exceed uses by more than 1.1x for the next 12 months. The company's ability to absorb high-impact, low-probability events with limited need for refinancing, its flexibility to lower capital spending or sell assets, sound bank relationships, solid standing in credit markets, and generally prudent risk management also support our assessment of its liquidity as "adequate".

Principal Liquidity Sources	Principal Liquidity Uses
<ul style="list-style-type: none"> <li>• Credit line availability of more than \$100 million in the next 12 months</li> <li>• FFO of about \$300 million during the next 12 months</li> </ul>	<ul style="list-style-type: none"> <li>• Capital spending of \$300 million during the next 12 months</li> <li>• Dividends of about \$90-100 million during the next 12 months</li> </ul>

## Other Modifiers

Modifiers have no impact on the SACP or rating outcome. We consider management & governance (M&G) to be "strong".

## Group Influence

Standard & Poor's ratings on water utility Aqua Pennsylvania Inc. reflect the consolidated group credit quality of its parent company, Aqua America Inc. (unrated). Aqua Pennsylvania accounts for more than one-half of consolidated Aqua America's revenues and cash flow.

## Ratings Score Snapshot

### Corporate Credit Rating

A+/Stable/--

### Business risk: Excellent

- **Country risk:** Very low
- **Industry risk:** Very low
- **Competitive position:** Excellent

### Financial risk: Intermediate

- **Cash flow/Leverage:** Intermediate

Anchor: a+

### Modifiers

- **Diversification/Portfolio effect:** Neutral (no impact)
- **Capital structure:** Neutral (no impact)
- **Liquidity:** Adequate (no impact)
- **Financial policy:** Neutral (no impact)
- **Management and governance:** Strong (no impact)
- **Comparable rating analysis:** Neutral (no impact)

Stand-alone credit profile : a+

- **Group credit profile:** a+
- **Entity status within group:** Core (no impact)

## Recovery Analysis

- We assign recovery ratings to first-mortgage bonds (FMBs) issued by U.S. utilities, which can result in issue ratings being notched above a corporate credit rating on utility depending on the rating category and the extent of the collateral coverage. The FMBs issued by U.S. utilities are a form of "secured utility bond" (SUB) that qualify for a recovery rating as defined in our criteria (see "Collateral Coverage and Issue Notching Rules for '1+' and '1' Recovery Ratings on Senior Bonds Secured by Utility Real Property", Feb. 14, 2013).
- The recovery methodology is supported by the ample historical record of 100% recovery for secured bondholders in utility bankruptcies in the U.S. and our view that the factors that enhanced those recoveries (limited size of the creditor class and the durable value of utility rate-based assets during and after a reorganization given the essential service provided and the high replacement cost) will persist in the future.
- Under our SUB criteria, we calculate a ratio of our estimate of the value of the collateral pledged to bondholders relative to the amount of FMBs outstanding. FMB ratings can exceed a corporate credit rating on a utility by up to one notch in the 'A' category, two notches in the 'BBB' category, and three notches in speculative-grade categories depending on the calculated ratio.



- Aqua Pennsylvania's FMBs benefit from a first-priority lien on substantially all of the utility's real property owned or subsequently acquired. Collateral coverage of more than 1.5x supports a recovery rating of '1+' and an issue rating one notch above the corporate credit rating.

## Related Criteria And Research

### Related Criteria

- Criteria - Corporates - General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Jan. 2, 2014
- Criteria - Corporates - Utilities: Key Credit Factors For The Regulated Utilities Industry, Nov. 19, 2013
- General Criteria: Group Rating Methodology, Nov. 19, 2013
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- Criteria - Corporates - General: Corporate Methodology, Nov. 19, 2013
- Criteria - Corporates - General: Corporate Methodology: Ratios And Adjustments, Nov. 19, 2013
- Collateral Coverage And Issue Notching Rules For '1+' And '1' Recovery Ratings On Senior Bonds Secured By Utility Real Property, Feb. 14, 2013
- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities And Insurers, Nov. 13, 2012
- Criteria - Corporates - General: 2008 Corporate Criteria: Rating Each Issue, April 15, 2008

### Business And Financial Risk Matrix

Business Risk Profile	Financial Risk Profile					
	Minimal	Modest	Intermediate	Significant	Aggressive	Highly leveraged
Excellent	aaa/aa+	aa	a+/a	a-	bbb	bbb-/bb+
Strong	aa/aa-	a+/a	a-/bbb+	bbb	bb+	bb
Satisfactory	a/a-	bbb+	bbb/bbb-	bbb-/bb+	bb	b+
Fair	bbb/bbb-	bbb-	bb+	bb	bb-	b
Weak	bb+	bb+	bb	bb-	b+	b/b-
Vulnerable	bb-	bb-	bb-/b+	b+	b	b-

**AQUA PENNSYLVANIA, INC.**  
**SECURITIES CERTIFICATE – 2015 Bank Loan**  
**DATA REQUESTS**

DR-5. Projected refinancing savings or costs, if applicable.

A. Not Applicable.

**AQUA PENNSYLVANIA, INC.**  
**SECURITIES CERTIFICATE – 2015 Bank Loan**  
**DATA REQUESTS**

DR-6. Affiliated interest agreement applicable to instant registration, if financing involves an affiliate.

A. Not applicable.

**AQUA PENNSYLVANIA, INC.**  
**SECURITIES CERTIFICATE – 2015 Bank Loan**  
**DATA REQUESTS**

DR-7. List all unregulated affiliates of the applicant.

A. There are no unregulated affiliates of the applicant, Aqua Pennsylvania, Inc.

**AQUA PENNSYLVANIA, INC.**  
**SECURITIES CERTIFICATE – 2015 Bank Loan**  
**DATA REQUESTS**

DR-8. List all debt for which the applicant is a guarantor of affiliated company debt instruments.

A. Not applicable.

**AQUA PENNSYLVANIA, INC.**  
**SECURITIES CERTIFICATE – 2015 Bank Loan**  
**DATA REQUESTS**

DR-9. For any corporate money pool from which applicant may potentially borrow, lend or deposit excess cash to, provide;

Commission ordered reporting requirements  
Current balances of borrowed and lent funds  
Eligible borrowing and lending entities  
Accounting for money pool transactions  
3 year history of borrowing and lending to the pool

A. Not applicable.

**AQUA PENNSYLVANIA, INC.**  
**SECURITIES CERTIFICATE – 2015 Bank Loan**  
**DATA REQUESTS**

DR-10. Describe historical reliance by both corporate internal and external sources of funding.

- A. Aqua Pennsylvania has historically relied on internal cash flow from operations and external sources of funding that includes Tax-Exempt Bonds, First Mortgage Bonds, Unsecured Notes, State Revolving Loan Fund , its Short-Term Lines of Credit and equity infusions from parent.

**AQUA PENNSYLVANIA, INC.**  
**SECURITIES CERTIFICATE – 2015 Bank Loan**  
**DATA REQUESTS**

DR-11. Where current dividend payout ratio exceeds 75%, provide three year history and plan for future dividend payouts.

A. Aqua Pennsylvania's current dividend payout ratio for 2015 does not exceed 75%.



**AQUA PENNSYLVANIA, INC.**  
**SECURITIES CERTIFICATE – 2015 Bank Loan**  
**DATA REQUESTS**

DR-12. Where the debt to total capital ratio exceeds 55%, provide plan for managing future debt to total capital levels.

A. Aqua Pennsylvania's current capital structure does not have the debt component exceeding 55%.

**AQUA PENNSYLVANIA, INC.**  
**SECURITIES CERTIFICATE – 2015 Bank Loan**  
**DATA REQUESTS**

DR-13. With respect to the purpose for which you propose to issue or assume securities;

A. If the purpose is the purchase or construction of new facilities, or the betterment of existing facilities, provide;

1. Estimated final cost
2. A brief description of the new facilities or betterments
3. The date when it is expected that the purchase or construction or betterment will be completed.
4. Estimated amount of AFUDC included in the project costs

B. If the purpose is to obtain working capital, explain any unusual condition which exists, or will exist, in the public utility's current assets or liabilities, stating;

1. The approximate cost of average materials and supplies inventory which the public utility expects to carry
2. The average time elapsing between the date when the public utility furnishes or begins a period of furnishing services to customers and the date when collection is made from customers for the service.
3. The minimum bank balance requirements.

C. If the purpose is to refund obligations, describe obligations in detail.

1. Explain the purpose for which obligations were issued, or refer to the number of securities certificate in which the purpose appears.
2. State whether refunding is to meet maturity, or to effect saving in interest or other annual charges; if to effect savings, state date when, and at price which obligations are to be called, and submit statement showing savings to be effected as a result of refunding.

D. If the purpose is for the payment of dividends, please justify the use of funds from the registration to pay dividends.

E. If the purpose is to fund pension obligations;

1. Provide the current Accumulated Benefit Obligation (except where no longer used consistent with FASB Statement No. 158), the projected benefit obligation, the current fair value of plan assets, and the percent that the current benefit obligation is funded.

2. Provide the annual contributions to the plan from 2006 to the present, and the projected contributions for the next five years.

3. Provide an explanation as to how compliance with the Pension Protection Act of 2006 will be accomplished.

**AQUA PENNSYLVANIA, INC.**  
**SECURITIES CERTIFICATE – 2015 Bank Loan**  
**DATA REQUESTS**

The purpose for which Aqua Pennsylvania proposes to issue these securities is as follows:

- A. Not applicable
  
- B. Not applicable.
  
- C.
  1. The current registration will be used to reduce the outstanding balance under the Credit Agreement dated as of November 30, 2010, by and among Aqua Pennsylvania, Inc., the several banks and other financial institutions, and PNC Bank, National Association, a national banking association, as administrative agent.
  2. Not applicable.
  
- D. Not applicable.
  
- E. Not applicable.

**AQUA PENNSYLVANIA, INC.**  
**SECURITIES CERTIFICATE – 2015 Bank Loan**  
**DATA REQUESTS**

DR-14. Reconcile total capitalization with total rate base for ratemaking purposes. Are any of the funds to be issued for a non-utility purpose? If so, please describe the purpose.

Reconciliation of rate base for ratemaking purposes and total capitalization:

Capitalization 9/30/14	\$2,213,633,000
Rate Base 9/30/14	\$2,185,396,000
Difference	\$28,237,000

*Difference is attributable to future rate base projects in progress (CWIP), financed since the Company's last rate increase using short term debt and working capital.*

None of the funds to be issued will be for a non-utility purpose.

**AQUA PENNSYLVANIA, INC.**  
**SECURITIES CERTIFICATE – 2015 Bank Loan**  
**DATA REQUESTS**

DR-15. Three year history and three year projections for ratio of capital expenditures to depreciation expense. Show calculations.

A. Please see attached Schedule DR-15 for the information requested.

**Aqua Pennsylvania, Inc.**  
**Securities Certificate - 2015 Bank Loan**  
**Data Request - Ratio of Capital Spending to Depreciation**  
**\$000's**

	Actual			Forecast		
	2011	2012	2013	2014	2015	2016
Capital Spending	247,421	259,846	212,722	230,592	242,739	249,155
Depreciation	63,334	67,692	72,062	77,008	75,864	79,940
Capital Spending/Depreciation	3.91	3.84	2.95	2.99	3.20	3.12

Actual cap spending and depreciation per audited financials

From: (610) 645-1128  
Lora Fracek  
Aqua America, Inc.  
782 West Lancaster Avenue  
Bryn Mawr, PA 19010

Origin ID: WAYA



Ship Date: 03MAR15  
ActWgt: 1.0 LB  
CAD: 100061330/PMT3610

Delivery Address Bar Code



SHIP TO: (717) 787-8089

BILL SENDER

Rosemary Chiavetta, Secretary  
PA Public Utility Commission  
400 NORTH ST  
Two North Keystone  
HARRISBURG, PA 17120

Ref # 15-1010-PSC PSW  
Invoice # 11-311  
PO #  
Dept # 11-311

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TRK# 7730 3411 6185

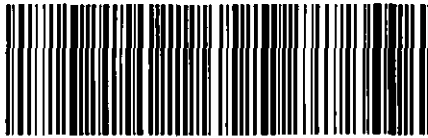
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