
APPLICATION FILING CHECKLIST

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| Introductory. | Yes/No | |
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| 1 Transmittal letter with caption and statement that filing is pursuant to 66 Pa. C.S. § 1329. | Yes | Caption of Application, Page 1 and transmittal letter of Thomas, Niesen & Thomas, LLC, dated May 19, 2017. |
| 2 Verification form that is signed by an officer of the company, dated and accurately references the case. | Yes | The Verification of William C. Packer is included with the Application. |
| 3 Certificate of Service indicating that a complete copy of the application with exhibits was served by registered or certified mail, return receipt requested, upon the following: | | |
| 3a Each city, borough, town, township, county and related planning office which is included whole or in part in the proposed service area; | Yes | A copy of the Application with exhibits will be served upon municipal entities and offices upon receipt of the letter of the Office of the Secretary directing required service. |
| 3b Water or wastewater utility, municipal corporation or authority which provides water or wastewater collection, treatment or disposal service to the public and whose service area abuts or is within 1 mile of the service area proposed in the application; | Yes | A copy of the Application with exhibits will be served upon neighboring water/wastewater entities upon receipt of the letter of the Office of the Secretary directing required service. |
| 3c The statutory advocates; and | Yes | The statutory advocates are being served with a copy of the Application with exhibits, and work papers in electronic working files in Microsoft Excel format as presented in the certificate of service included with the Application. |
| 3d The Department of Environmental Protection's central and regional offices. | Yes | A copy of the Application with exhibits will be served upon the Department of Environmental Protection upon receipt of the letter of the Office of the Secretary directing required service. |

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| 4 | Provide copies of two appraisals performed by separate utility valuation experts establishing the system's fair market value. | Yes | Section XI, Paragraph 47, Page 15 and Exhibits Q and R |
| 5 | State the purchase price of the selling utility as agreed to by the acquiring public utility and selling utility. | Yes | Section IV, Paragraph 18, Page 5, Section XI, Paragraph 48, Page 15 and Exhibit C, Section 3.01 |
| 6 | Provide a verification statement that one utility valuation expert was selected by the acquiring public utility and the other utility valuation expert was selected by the selling utility. | Yes | Section XI, Paragraph 54, Page 16 and Exhibits T1 and T2 |
| 7 | State the fees paid to the utility valuation experts for providing the completed appraisals for the acquisition and provide documentation justifying the subject fee amounts. | Yes | Section XI, Paragraph 53, Page 16 and Exhibits S1 and S2 and U |
| 8 | Provide a verification statement that the utility valuation expert has no affiliation with the buyer or seller as specified in 66 Pa. C.S. § 1329. | Yes | Section XI, Paragraph 54, Page 16 and Exhibits T1 and T2 |
| 9 | Provide a verification statement that the appraisals performed by the utility valuation experts determined fair market value in compliance with the Uniform Standards of Professional Appraisal Practice, employing the cost, market and income approaches. | Yes | Section XI, Paragraph 54, Page 16 and Exhibits T1 and T2 |
| 10 | State the ratemaking rate base as required in 66 Pa. C.S. § 1329 and specify whether it is based on either the fair market value determined by the valuation experts or the asset purchase price. | Yes | Section XI, Paragraph 49, Page 15 and Exhibit U |
| 11 | Quantify the transaction and closing costs incurred by the acquiring public utility that will be included in its rate base shown. | Yes | Section XI, Paragraph 50, Page 15 and Exhibit U |
| 12 | Provide a proposed tariff containing a rate equal to the existing rates of the | Yes | Section VI, Paragraph 29, Page 8, and Exhibit G; Section XI, Paragraph 51, |

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| | selling utility at the time of the acquisition and a rate stabilization plan, if applicable to the acquisition. | | Page 15; Section XI, Paragraph 55 and Exhibit U |
| 13 | Provide direct testimony for the application. | Yes | Section XI, Paragraphs 55 and 56, Page 16 and Exhibit U and Exhibit V |
| 14 | Plant In Service. | | |
| 14a | State the original cost, by year and major plant category, of used and useful plant in service and related accrued depreciation calculations. | Yes | Section III, Paragraph 16, Page 5; Section XI, Paragraph 57, Page 16 and Exhibit W |
| 14b | State the DEP-permitted productive or treatment capacity of sources or treatment facility and the pipe sizes and material used for construction for all transmission and distribution or collection facilities. | Yes | Section III, Paragraphs 11 and 12, Pages 3 and 4 and Exhibit V |
| 14c | State the elevations of major facilities and service areas. | Yes | Section III, Paragraph 13, Page 4 |
| 14d | State the approximate time schedule for installation of the various component facilities. | Yes | Section III, Paragraph 15, Page 5 and Exhibit V |
| 14e | State the tentative journal entries for booking the acquisition. | Yes | Section IV, Paragraph 24, Pages 6 and 7 |
| 15 | Map of Service Area. Provide a scalable map or plan of suitable scale highlighting the boundaries of the proposed service area, that includes: | Yes | Section I, Paragraphs 3 and 4, Page 2 and Exhibit A |
| 15a | The extent of the proposed service area with any existing adjoining service area identified. | Yes | Section I, Paragraphs 3 and 4, Page 2 and Exhibit A |
| 15b | A north arrow depicting map orientation. | Yes | Section I, Paragraphs 3 and 4, Page 2 and Exhibit A |
| 15c | A graphic scale. | Yes | Section I, Paragraphs 3 and 4, Page 2 and Exhibit A |
| 15d | A written description of the boundaries for the service territory utilizing bearing angles and distances. | Yes | Section I, Paragraph 4, Page 2 and Exhibit B |
| 15e | Size of the service territory area in terms of acres or square miles. | Yes | Section I, Paragraph 4, Page 2 and Exhibit B |

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| 15f | Identification and depiction of all municipal boundaries relative to the service area. | Yes | Section I, Paragraphs 3 and 4, Page 2 and Exhibit A |
| 15g | Identification and depiction of all private and public roads relative to the service area. | Yes | Section I, Paragraphs 3 and 4, Page 2 and Exhibit A |
| 15h | Depiction of the location or route of the proposed waterworks or wastewater collection, treatment or disposal facilities. | Yes | Exhibit V |
| 16 | Customers. | | |
| 16a | State the utility's actual number of customers by class and quantify the related consumption or gallons treated in the current calendar year and future number of connections anticipated for the next 10 years. | Yes | Section V, Paragraphs 25 through 26, Page 7 and Exhibit V |
| 16b | Each utility shall demonstrate its ability to provide adequate water supply, treatment, storage and distribution or adequate wastewater collection, treatment or disposal capacity to meet present and future customer demands. | Yes | Section V, Paragraphs 27 through 28, Pages 7 and 8 |
| 16c | For water system acquisitions, quantify the number of public and private fire hydrants. | N/A | |
| 17 | Rates | | |
| 17a | State the current rates of the selling entity. | Yes | Section VI, Paragraph 30, Page 8 |
| 17b | Provide a copy of the selling entity's current rules and regulations for service. | Yes | Section VI, Paragraph 30, Page 8 and Exhibit H |
| 17c | Provide a proposed tariff or tariff supplement showing the rates, proposed rules, and conditions of service. | Yes | Section VI, Paragraph 29, Page 8, and Exhibit G; and Section XI, Paragraph 51, Page 15 |
| 17d | Provide a copy of the notification sent to affected customers describing the filing and the proposed rates. | Yes | Section VI, Paragraph 32, Page 9 |

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| 18 Cost Of Service | | |
| 18a | Provide a copy of the seller's audited financial statement for the previous two years. | Yes Section VII, Paragraph 33, Page 9 and Exhibits I1 and I2 |
| 18b | Provide a copy of the seller's adopted budget from the previous two years. | Yes Section VII, Paragraph 33, Page 9 and Exhibits J1 and J2 |
| 18c | If the seller is a municipal authority, provide a copy of the most recent annual report filed with the Commonwealth's Department of Community and Economic Development. | N/A N/A. Seller is not a municipal authority. |
| 18d | Provide calculations quantifying the projected revenues and expenses for the acquisition. | Yes Section VII, Paragraphs 34 and 35, Pages 9 and 10 |
| 18e | State whether there are any outstanding loans on the utility plant and identify the nature, terms, and payment history. | Yes Section VII, Paragraph 36, Page 11 and Exhibit I2 |
| 19 Proof of Compliance. Provide proof of compliance with applicable design, construction and operation standards of DEP or of the county health department, or both, including: | | |
| 19a | For water system acquisitions, provide copies of the public water supply/water quality management permits for the utility plant. | N/A |
| 19b | For wastewater system acquisitions, provide copies of the National Pollution Discharge Elimination System (NPDES) permits for the utility plant. | Yes Section VIII, Paragraph 38, Page 11 and Exhibits L1 and L2 |
| 19c | For wastewater system acquisitions, provide a copy of the Chapter 94 Municipal Wasteload Management Report that was most recently submitted to DEP. | Yes Section III, Paragraph 14, Page 5; Section VIII, Paragraph 39, Page 11 and Exhibits E1 and E2 |
| 19d | Valid certified operators' certificates appropriate to the facilities being | Yes Section VIII, Paragraph 37, Pages 11 and Exhibits K1, K2 and K3 |

operated.

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| 19e | Provide documentation evidencing a 5-year compliance history with DEP with an explanation of each violation for utilities that have been providing service. | Yes | Section VIII, Paragraph 39, Page 11 and Exhibits N1 and N2 |
| 19f | Provide documentation evidencing a 5-year compliance history with DEP of other utilities owned or operated, or both, by the buyer, including affiliates, and their officers and parent corporations with regard to the provision of utility service. | Yes | Section VIII, Paragraph 40, Pages 11 and 12 and Exhibits O1 and O2 |
| 19g | Provide statement clarifying whether the acquired plant will be physically interconnected to the buyer's system or be operated as a standalone system. | Yes | Section VIII, Paragraph 37, Page 11 |
| 19h | Provide a statement that explains how the acquisition will fit into the current operations of the buyer. | Yes | Section VIII, Paragraph 42, Page 12 and Exhibit V |
| 19i | Provide a statement that identifies the staff, district or division of the buyer that will operate and manage the acquisition. | Yes | Section VIII, Paragraph 37, Page 11 |
| 19j | Provide a statement quantifying the distance in miles the acquisition is from the buyer's existing system or facilities. | Yes | Section VIII, Paragraphs 37 and 42, Pages 11 and 12 |
| 19k | Provide a statement that identifies all planned physical, operational and managerial changes of the buyer that will occur after closing and state the timeframe and cost for each. | Yes | Section VIII, Paragraph 43, Page 12 and Exhibit V |
| 20 | Affected Persons. State the identity of all public utilities, municipalities, municipal authorities, cooperatives and associations which provide public water service or wastewater collection, treatment or disposal service within each municipality, or a municipality directly adjacent to the | Yes | Section IX, Paragraph 44, Page 13 |

municipality(ies), in which the applicant seeks to provide service that abuts or is situated within one mile of the applicant's proposed facilities.

21 Other requirements. Demonstrate compliance with the following:

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| 21a | For wastewater system acquisitions, demonstrate compliance with the DEP-approved Act 537 Official Sewage Facilities Plans for the affected municipalities (including the extent of the requested service territory). | Yes | Section VIII, Paragraph 41, Page 12 and Exhibits P1 and P2 |
| 21b | For wastewater system acquisitions, provide a copy of the DEP-approved Act 537 Official Sewage Facilities Plans for the affected municipalities. | Yes | Section VIII, Paragraph 41, Page 12 and Exhibits P1 and P2 |
| 21c | For wastewater system acquisitions, state the method of water service being provided in the requested territory (i.e., public water or private wells) and identify the name of water utility, if applicable. | Yes | Section III, Paragraph 15, Page 5 |
| 21d | For water system acquisitions, state the method of wastewater service being provided in the requested territory (i.e., public wastewater or private on-lot) and identify the name of wastewater utility, if applicable. | N/A | |
| 21e | Provide a copy of the affected municipality and county's comprehensive plans or provide evidence the application complies with the subject plans. | Yes | Section VIII, Paragraph 41, Page 12 |

22 Verification

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| 22a | For water system acquisitions, provide a verification that the water sources and customers are metered in accordance with 52 Pa. Code § 65.7 (relating to metered service). If unmetered water service is currently provided, the applicant shall provide a metering plan | N/A | |
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to the Commission.

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| 22b | Include a statement that there is no affiliation between the buyer and seller. | Yes | Section IV, Paragraph 18, Page 5 |
| 22c | Include a statement that the agreement was conducted at arm's length. | Yes | Section IV, Paragraph 18, Page 5 |
| 22d | Include a statement explaining how the customers will benefit from the ownership. | Yes | Section X, Paragraph 45, Pages 13-15 and Exhibits U and V |
| 23 | Asset Purchase Agreement (APA). | | |
| 23a | Provide a copy of the APA provided that is signed by all parties. | Yes | Section I, Paragraph 5, Page 2 and Exhibit C |
| 23b | APA clearly states the purchase price and terms. | Yes | Section I, Paragraph 5, Page 2; Section IV, Paragraph 18, Page 5; Section XI, Paragraph 48, Page 15; and Exhibit C |
| 23c | APA clearly states whether all assets or only a portion of the assets are to be purchased (e.g., water treatment and distribution or wastewater collection and treatment). | Yes | Section IV, Paragraph 19, Pages 5 and 6 and Exhibit C |
| 23d | APA adequately describes the assets to be acquired. | Yes | Section IV, Paragraph 19, Pages 5 and 6 and Exhibit C |
| 23e | APA adequately describes the assets to be excluded. | Yes | Section IV, Paragraph 22, Page 6 and Exhibit C |
| 24f | APA contains a copy of all agreements to be assumed by the buyer as part of the acquisition. | Yes | Section IV, Paragraph 20, Page 6 and Confidential Exhibit F |