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January 12, 2018

Via Hand Delivery

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17105-3265

In re: Joint Application of Aqua Pennsylvania, Inc. and the Borough of Phoenixville

Dear Secretary Chiavetta:

We are counsel to Aqua Pennsylvania, Inc. and are enclosing for filing a **Proprietary Version** and a **Public Version** of the Joint Application of Aqua Pennsylvania, Inc. and the Borough of Phoenixville for Approval of Aqua's Acquisition of certain water system assets of the Borough and approval of certain contracts.

The **Proprietary Version** includes a Confidential Schedule 4.g to the Asset Purchase Agreement between the Joint Applicants and is being filed under separate seal. We ask that the Public Utility Commission not allow any public disclosure of the **Proprietary Version**. The Confidential Schedule 4.g that is part of the **Proprietary Version** is redacted from the **Public Version** consistent with 52 Pa. Code Section 1.32.

Our check in the amount of \$350.00 is enclosed in payment of the filing fee. Please contact me if anything further is required in regard to this Joint Application.

Very truly yours,

THOMAS, NIESEN & THOMAS, LLC

By

Thomas T. Niesen

cc: Certificate of Service (w/encl.)
Adeolu A. Bakare, Esquire (w/encl.)
Alexander R. Stahl, Esquire (w/encl.)
Vincent T. Donohue, Esquire (w/encl.)

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**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Joint Application of Aqua Pennsylvania, Inc. : Docket No. A-2018-
(hereinafter referred to as "Aqua") and the Borough :
of Phoenixville ("Phoenixville"), Pursuant to Section :
1102 of the Public Utility Code, for approval of: :

(1) the acquisition by Aqua of the water system assets :
of Phoenixville used in connection with water service :
provided by Phoenixville in East Pikeland and :
Schuylkill Townships, Chester County, and in Upper :
Providence Township, Montgomery County, :
Pennsylvania; :

(2) the right of Aqua to begin to offer, render, furnish :
and supply water service to the public in portions of :
East Pikeland Township, Chester County, and Upper :
Providence Township, Montgomery County, :
Pennsylvania; and :

(3) the abandonment by Phoenixville of public water :
service in East Pikeland Township, Chester County, :
and in Upper Providence Township, Montgomery :
County, and to certain locations in Schuylkill :
Township, Chester County, Pennsylvania. :

Request for Approval of Contracts, including : Docket No. U-2018-
Assignments of Contracts, between Aqua and :
Phoenixville, Pursuant to Section 507 of the Public :
Utility Code :

To the Pennsylvania Public Utility Commission ("Commission"):

I. BACKGROUND

1. The names and addresses of Joint Applicants are:

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

Borough of Phoenixville
351 Bridge Street, 2nd Floor
Phoenixville, PA 19460

2. The names, addresses and contact information for Joint Applicants' counsel are:

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3. Pursuant to Section 1102 of the Pennsylvania Public Utility Code, 66 Pa. C.S. § 1102, Joint Applicants hereby request that the Commission approve: (1) Aqua's acquisition of the water system assets ("Assets") of Phoenixville used in connection with water service provided by Phoenixville in East Pikeland and Schuylkill Townships, Chester County, and in Upper Providence Township, Montgomery County, Pennsylvania; (2) the right of Aqua to begin providing water service in the requested territory in the areas outlined in red on the maps attached hereto as **Exhibit A**, **Exhibit B** and **Exhibit C** (the "**Requested Territory**"); and (3) the abandonment of public water service by Phoenixville in the Requested Territory in East Pikeland Township, Chester County, and in Upper Providence Township, Montgomery County, and to certain locations in Schuylkill Township, Chester County.

4. The maps of the Requested Territory include a north arrow depicting map orientation, a graphic scale, the municipal boundaries of Phoenixville and East Pikeland, Schuylkill and Upper Providence Townships and identification and depiction of all private and public roads relative to the Requested Territory. Bearing and angle descriptions of the Requested Territory are presented on the maps. The Requested Territory in East Pikeland and Upper Providence Townships is 95.263 acres¹ and 312.69 acres, respectively.

5. The maps of Requested Territory attached as **Exhibit A**, **Exhibit B** and **Exhibit C** differ in appearance from the extraterritorial water service map included as Schedule 1 to the APA.

¹ The acreage of Requested Territory in East Pikeland Township is the combined area of 91.403 acres from Exhibit A and 3.86 acres from Exhibit B.

The Schedule 1 map was for illustrative purposes and not drawn to scale and did not include the service area in the Northeast corner of East Pikeland Township, Chester County, near the Schuylkill River. The Requested Territory in East Pikeland Township is Area 4, including the Vail property, from the Phoenixville Application proceeding at A97204, Order entered May 3, 1974² (“Order entered May 3”), an area Northeast of Route 23 where Phoenixville added two hydrants and extended service to additional locations in need of public water and a service area in the Northeast corner of Chester County near the Schuylkill River. The Requested Territory in Upper Providence Township, Montgomery County, is Area 5 from the Order entered May 3.

6. The Schuylkill Township area outlined in blue on **Exhibit A** is Area 3 from the Order entered May 3. Aqua acquired the Area 3 territory from Phoenixville in the Joint Application proceeding at A-212370F0017, Corrected Order entered April 25, 1995.³ Phoenixville, subsequently, initiated service to four customers (three locations)⁴ within that Area. The three customers, which are within Aqua’s certificated territory, will transfer to Aqua service at closing.

7. Joint Applicants submit that this Application is fully consistent with the Commission’s guidance in a prior Order denying Phoenixville’s request for a finding that its service to customers in the adjoining outside townships does not constitute public utility service subject to the Commission’s jurisdiction.⁵ While the Commission recognized that service provided by a municipality to outside customers may be exempted from regulation under certain limited circumstances, the Commission declined to exempt the Borough’s outside service from regulation in

² *Application of the Borough of Phoenixville*, Docket No. A97204, Order entered May 3, 1974.

³ *Joint Application of Philadelphia Suburban Water Company and the Borough of Phoenixville*, Docket No. A-212370F0017, Corrected Order entered April 25, 1995.

⁴ The three locations are 305 Kimberton Road, 120 Schuylkill Road and 130 Schuylkill Road.

⁵ *Petition of the Borough of Phoenixville for a Declaratory Order that the Provision of Water and Wastewater Service to Isolated Customers in Adjoining Townships Does Not Constitute the Provision of Public Utility Service Under 66 Pa. C.S. § 102*, Docket No. P-2013-2389321 (Order entered May 19, 2015).

part because of the Borough's proximity to other regulated water systems that may be willing to serve the outside customers. As set forth by the Commission:

[T]he Commission would also be remiss if we did not acknowledge that unlike in the prior municipal corporation cases, there are viable options for the Borough, namely PAWC's provision of public utility service in Upper Providence Township and Aqua Pennsylvania's provision of public utility service in Schuylkill Township. In conclusion, Phoenixville clearly has options to these perceived regulatory "burdens" which may prove beneficial to explore.⁶

As noted above, Joint Applicants submit this Application consistent with the Commission's prior guidance.

8. Joint Applicants further note that in 1995, the Commission approved the transfer of more than 650 Phoenixville outside customers to Aqua.⁷ To transfer the remaining customers located outside Phoenixville's municipal borders, Aqua and Phoenixville entered into the *Assets Purchase Agreement* ("Agreement"), attached hereto as **Exhibit D** in Public and Confidential Versions. Privileged and Confidential customer names and addresses are redacted from the Customer List included as Schedule 4.g to the Public Version of the Agreement.

9. Joint Applicants hope to close the transaction before May 2018 and respectfully request that the Commission undertake the publication and review process in sufficient time to allow this occurrence. Joint Applicants respectfully request that the Commission issue an *Order* and *Certificates of Public Convenience* approving the items requested in this Application.

10. An **Application Filing Checklist** identifying topics addressed and the section, paragraph and page number where they can be found is included with this Application.

⁶ *Id.* at 7-8.

⁷ See *Joint Application of Philadelphia Suburban Water Company and the Borough of Phoenixville, supra.*

II. TRANSACTING ENTITIES

11. Aqua is a regulated public utility company, duly organized and existing under the laws of the Commonwealth of Pennsylvania. Aqua furnishes service to over 430,000 customer accounts in Pennsylvania (representing a population of approximately 1.4 million people), as reflected in documents already on file with the Commission. Aqua's existing service territory covers various Counties throughout Pennsylvania, including parts of Chester and Montgomery Counties.

12. Phoenixville is an incorporated borough organized and existing under the laws of the Commonwealth of Pennsylvania that owns and maintains a water system and furnishes water service to customers in the Borough of Phoenixville and to 556 customers⁸ in East Pikeland and Schuylkill Townships, Chester County, and Upper Providence Township, Montgomery County.

13. Joint Applicants incorporate into this Joint Application other information on file with the Commission that establishes the fact that Aqua is qualified to provide adequate public water service. Aqua and Phoenixville will supplement this Joint Application with all additional information the Commission may require. Financial Statements of Aqua for 2016 are attached hereto as Exhibit E.

III. PLANT ASSETS AND CUSTOMERS

14. Aqua will acquire all of the assets, properties and rights of the Phoenixville water distribution system which Phoenixville holds and uses for water service in East Pikeland, Schuylkill and Upper Providence Townships as stated in Section 1 of the Agreement. The assets to be acquired are further defined in Section 1.1 of the Agreement to include all transmission and distribution mains, services, curb stops, meters and hydrants (except for hydrants in Schuylkill Township that

⁸ The Confidential Customer List presents a total of 558 customer addresses. Of the 558 customer addresses, one location is inactive. The Aqua interconnect is also included on the List. Net of the inactive location and the Aqua

Aqua already owns and except for mains identified and excluded in the Schuylkill Township area as depicted in Schedule 1.3 of the Agreement).

15. Details of the mains being acquired are as follows:⁹

Upper Providence Township		
Mains	Material	Total Linear Feet
4"	Cast Iron	1,524
6"	Cast Iron	5,507
6"	Transit Pipe	413
8"	Cast Iron	4,546
10"	Cast Iron	584
12"	Cast Iron	5,476
16"	Cast Iron	621
16"	Transit Pipe	863
	Total Linear Feet:	19,534

East Pikeland Township		
Mains	Material	Total Linear Feet
8"	Cast Iron	338
8"	Cement Lined Cast Iron	1,050
8"	Transit Pipe	3,566
10"	Transit Pipe	1,088
12"	Cement Lined Cast Iron	1,763
	Total Linear Feet:	7,805

16. After closing, Aqua will perform an original cost study to determine the original cost and accumulated depreciation for Phoenixville plant-in-service. Tentative journal entries to record the transaction are presented in Section IV.

17. Phoenixville provides water service to 455 residential, 75 commercial, 18 multi-residential, 4 industrial and 4 institutional customers¹⁰ in East Pikeland and Schuylkill Townships, Chester County, and Upper Providence Township, Montgomery County. All customers are metered.

interconnect, total current customers are 556.

⁹ Mains being acquired are in Upper Providence Township and East Pikeland Townships. Aqua is not acquiring mains in Schuylkill Township.

18. Public wastewater service is provided in the Requested Territory by Valley Forge Sewer Authority in East Pikeland Township and in Schuylkill Township and by Upper Providence Sewer Authority in Upper Providence Township.

19. The distribution facilities being acquired are adequate to meet current customer needs. There is no expectation of customer growth in the Requested Territory in the next ten years.

20. Phoenixville also has 17 hydrants in East Pikeland Township and 22 hydrants in Upper Providence Township that Aqua will acquire. Phoenixville does not own hydrants in Schuylkill Township.

IV. ASSETS PURCHASE AGREEMENT

21. The Assets Purchase Agreement is dated April 26, 2017. The purchase price is Three Million Six Hundred Thousand Dollars (\$3,600,000.00). In addition to the purchase price, Aqua also will reimburse Phoenixville for the reasonable charges incurred by Phoenixville from consultants retained by it in connection with the transaction, subject to a maximum reimbursement of Fifty Thousand Dollars (\$50,000.00). The purchase price is based on arm's length negotiations. Aqua and Phoenixville are not affiliated with each other. Aqua will use cash on hand or established lines of credit arrangements to pay the purchase price for the assets.

22. The water system assets to be transferred are, as presented in Section III above, all of the assets, properties and rights of the Phoenixville water distribution system which Phoenixville holds and uses for water service in East Pikeland, Schuylkill and Upper Providence Townships. The assets to be acquired include all transmission and distribution mains, services, curb stops, meters and hydrants (except for hydrants in Schuylkill Township that Aqua already owns and except for mains

¹⁰ The institutional customers are churches.

in the Schuylkill Township area as depicted in Schedule 1.3 of the Agreement). A preliminary form of the instrument to be used to assign easements is attached hereto as **Exhibit F**.

23. Aqua will acquire the assets free and clear of all mortgages, bonds, liens, pledges, security interests, charges, claims, restrictions and encumbrances of any nature whatsoever. All liabilities and obligations of Phoenixville shall remain its sole responsibility.

24. Excluded assets, listed in Section 1.3 of the Agreement, include customer service lines, piping internal to individual customer residences, cash and accounts receivables up to the date of Closing, certain distribution mains located within Schuylkill Township as depicted on Schedule 1.3 of the Agreement and the Phoenixville treatment plant, supply and transmission assets feeding the treatment plant and all distribution assets serving customers within the Borough of Phoenixville.

25. Pursuant to Section 3.g of the Agreement, closing is contingent on Phoenixville delivering a certificate or other form of evidence of its agreement to supply water to Aqua for service to customers located within the Requested Territory. Joint Applicants have entered into the Water Supply Agreement (the "Supply Agreement") attached hereto as **Exhibit G1** whereby Phoenixville will supply water to Aqua. The Supply Agreement has a ten year term which may be extended, or otherwise modified, upon new terms that are mutually satisfactory to the parties based on good faith negotiations.

26. The Supply Agreement also includes a partial assignment of rights and obligations under a Water Supply Agreement between Phoenixville and Citizens Utilities Home Water Company ("Citizens"), dated March 10, 1986, ("1986 Water Supply Agreement") listed on Schedule 1.6 of the Agreement. The 1986 Water Supply Agreement is attached hereto as **Exhibit G2**. Pennsylvania American Water Company ("PAWC") is successor to the rights and obligations of Citizens under the 1986 Water Supply Agreement.

27. Section 5 of the 1986 Water Supply Agreement provides that it shall inure to the benefit of and be binding upon the parties successors, provided however that any assignment shall be approved by the other party, which approval shall not be unreasonably withheld. Joint Applicants have asked PAWC to approve the partial assignment of rights and obligations to Aqua. PAWC, however, has declined to do so at this time.

28. Joint Applicants believe the partial assignment is reasonably requested inasmuch as Joint Applicants are not proposing any change in rate or term of service for PAWC. Only the name of the supplier will change – from Phoenixville to Aqua. Joint Applicants are hopeful that PAWC will ultimately approve the partial assignment. In the absence of PAWC's approval, Joint Applicants request that the Commission approve the partial assignment of the 1986 Water Supply Agreement to Aqua. Section 508 of the Public Utility Code, 66 Pa. C.S. § 508, gives the Commission the power, and authority to vary, reform or revise contracts of a public utility embracing or concerning a public right or benefit and to do so upon a fair, reasonable and equitable basis.

29. The tentative journal entries to record the transfer in Aqua's accounts consist of the following:

	Debit	Credit
Utility Plant Purchased	\$3,600,000	
Cash		\$3,600,000

V. RATES

30. After Closing, Aqua will begin charging Phoenixville's current rates, to be billed on a quarterly basis.¹¹ A draft tariff supplement implementing rates for customers in East Pikeland and

¹¹ Although Paragraph 6.b of the APA provides that Aqua will bill Phoenixville customers on a monthly basis, Aqua, after Closing, will continue the Borough practice of quarterly billing and not move to monthly billing until proposed by Aqua and approved by the Commission in a subsequent tariff filing. Additionally, while Paragraphs 6.b and 6.c of the APA provide that Aqua, after Closing, will increase rates to public fire hydrants in East Pikeland Township and

Upper Providence Townships and for the four Schuylkill Township customers (three locations), post-closing, is attached hereto as **Exhibit H**. A copy of Phoenixville's Tariff for water service in East Pikeland, Schuylkill and Upper Providence Townships is attached hereto as **Exhibit I**.

31. Upon Commission approval of this Application and completion of the proposed transaction, Aqua will begin to provide water service in its name to the customers in the Requested Territory. It will implement its *Tariff Rules and Regulations* to govern the provision of water service in the Requested Territory, as those *Rules and Regulations* are in effect from time to time for Aqua.

VI. COST OF SERVICE

32. Copies of Phoenixville's Annual Report to the Commission for 2016 and 2015 are attached hereto as **Exhibits J and K**.

33. Aqua projects annual revenue of \$297,870 from the customers in East Pikeland, Schuylkill and Upper Providence Townships based on Phoenixville's current rate schedule, calculated as follows:

.507 - 3/4" Customers at \$10.00 per quarter X 4 quarters	\$20,280
21 - 1" Customers at \$20.00 per quarter X 4 quarters	\$1,680
12 - 1 1/2" Customers at \$35.00 per quarter X 4 quarters	\$1,680
11 - 2" Customers at \$75.00 per quarter X 4 quarters	\$3,300
0 - 3" Customers at \$125.00 per quarter X 4 quarters	\$0
2 - 4" Customers at \$250.00 per quarter X 4 quarters	\$2,000
1 - 6" Customers at \$400.00 per quarter X 4 quarters	\$1,600
2 - 8" Customers at \$850.00 per quarter X 4 quarters	\$6,800
	\$37,340
Annual Consumption Charges	\$250,000
Annual Fire Protection Service Charges	\$10,530
Total Annual Revenue	\$297,870

Upper Providence Township to Main Division levels, Aqua, after Closing, will continue to charge the Phoenixville current rates for hydrants in East Pikeland Township and Upper Providence Township until those rates are changed with Commission approval in a subsequent tariff filing. Aqua is not acquiring any additional hydrants in Schuylkill Township with this transaction.

34. Aqua estimates annual operating and maintenance expenses of \$181,000. The O&M estimate is exclusive of depreciation.

35. Phoenixville has no Pennvest loans on the water plant being acquired. The water plant being acquired is not used as collateral to secure any outstanding debt obligations of Phoenixville.

VII. PROOF OF COMPLIANCE

36. Aqua will operate and manage the water system as part of its Main Division. It has existing facilities within approximately 3,371 feet of the facilities being acquired and an existing emergency interconnection with Phoenixville. Mr. Curt Steffy will be the assigned Certified Water Operator for the system. Mr. Steffy's currently effective Water Operator's License is attached hereto as **Exhibit L**.

37. Aqua has an existing operational presence and water professionals in the area. Aqua provides water service to approximately 69,104 customers in Chester County and approximately 102,386 customers in Montgomery County. The acquisition will easily fold into Aqua's existing water operations.

38. Acknowledgements that the transaction is consistent with the Comprehensive Plans of Montgomery County, the Borough of Phoenixville and East Pikeland, Schuylkill and Upper Providence Townships are attached hereto as **Exhibits M1, M2, M3, M4, and M5**. Correspondence from Chester County advising that it declines to review the transaction for consistency with *Landscape2* is attached hereto as **Exhibit M6**.

39. Phoenixville is not operating under any DEP consent order and is in full compliance with its water supply permits and reporting. There are no water supply or water quality management permits for the facilities being transferred.

40. Aqua is not anticipating any physical, operational or managerial changes after closing.

VIII. AFFECTED PERSONS

41. No corporation or entity, except Phoenixville, is now furnishing or has corporate or franchise rights to furnish water service in the Requested Territory, and no competitive condition will be created by approval of this Application. With the exception of the Borough of Phoenixville and Pennsylvania American Water Company, there are no other water service providers abutting or within one mile of the Requested Territory.

IX. THE ABANDONMENT OF WATER SERVICE BY PHOENIXVILLE

42. Phoenixville acknowledges the need for Commission approval to abandon its water service authority in the Requested Territory and to abandon the current and effective *Certificate of Public Convenience* that was issued to Phoenixville. This request is made on the condition that the Commission approves the transfer, by sale, of the Assets from Phoenixville to Aqua and approves Aqua's request to begin to furnish water service in lieu of Phoenixville.

X. REASONS SUPPORTING THE INSTANT APPLICATION

43. Approval of this Application is necessary or proper for the following reasons:

a. Aqua has the technical, regulatory, financial and legal fitness to operate the Assets of the Borough of Phoenixville used to provide public water service in East Pikeland, Schuylkill and Upper Providence Townships and to maintain the operations and make

improvements to meet continuing and future customer needs. The proposed transaction will not have an adverse effect on the service provided to existing customers of Aqua;

b. The Borough of Phoenixville has agreed to sell its Assets used to provide public water service in East Pikeland, Schuylkill and Upper Providence Townships. The public interest and need will be served by allowing Aqua, in lieu of the Borough of Phoenixville, to provide water service in the Requested Territory and to address the issues of regulatory requirements and capital expenditures. The Borough of Phoenixville system will benefit from the support of water professionals throughout Aqua's organization; and

c. Expansion of Aqua's service territory, upon completion of the proposed transaction, will further the benefits of regionalization and economies of scale.

XI. APPROVAL OF CONTRACTS BETWEEN AQUA AND PHOENIXVILLE

44. Section 507 of the Pennsylvania Public Utility Code, 66 Pa. C.S. § 507, provides that, except for contracts between a public utility and a municipal corporation to furnish service at the regularly filed and published tariff rates, no contract or agreement between any public utility and any municipal corporation shall be valid unless filed with the Commission at least 30 days prior to its effective date.

45. The APA is a contract between Aqua, a public utility, and Phoenixville, a municipality. Additionally, as explained in Section IV above, Phoenixville and Aqua have entered into a Water Supply Agreement with Phoenixville that includes a partial assignment of rights and obligations under the 1986 Water Supply Agreement. At closing, Phoenixville also will assign easements to Aqua.

46. A preliminary form of the instrument to be used to assign easements was previously referenced as **Exhibit F**. A copy of the executed Water Supply Agreement that includes a partial

assumption of the rights and obligations under the 1986 Water Supply Agreement was previously referenced as **Exhibit G1**. A copy of the executed APA was previously referenced as **Exhibit D**.

47. Aqua requests approval of the foregoing contracts to the extent approval is required pursuant to Section 507. To the extent not already provided, Aqua would be able to file executed copies of the contracts following their signing at closing.

XII. CONCLUSION

WHEREFORE, Aqua requests that the Public Utility Commission approve this Application by entering an *Order*:

a. Issuing *Certificates of Public Convenience* under §1102 of the Pennsylvania Public Utility Code:

(1) Authorizing Aqua to acquire, by purchase, the water system assets of the Borough of Phoenixville used to provide public water service in East Pikeland, Schuylkill and Upper Providence Townships;

(2) Authorizing Aqua to begin to offer, render, furnish and supply water service to the public in the Requested Territory covered by this Application; and

(3) Authorizing Phoenixville to abandon its service authority and *Certificate of Public Convenience* to provide water service in the Requested Territory.

b. Authorizing Aqua to file tariff revisions, effective upon one day's notice, to:

(1) Include within its territory all the Requested Territory covered by this Application;

(2) Adopt and apply within the Requested Territory Borough of Phoenixville rates as set forth in this Application as Aqua's Base Rates within the Requested Territory; and

(3) Apply Aqua's *Rules and Regulations* within the Requested Territory.

c. Approving contracts between Aqua and Phoenixville, including assignment of contracts, to the extent required pursuant to Section 507 of the Public Utility Code.

d. Issue such other approvals, certificates, registrations and relief, if any, under the Public Utility Code that may be required with respect to Aqua's acquisition of the water system assets of the Borough of Phoenixville.

Respectfully submitted,

AQUA PENNSYLVANIA, INC.

By



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BOROUGH OF PHOENIXVILLE

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APPLICATION FILING CHECKLIST

<u>Plant In Service</u>	
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	Section III, Paragraph 15, Page 6
The elevation of water treatment plant	N/A
Existing facilities are being acquired	Section III, Paragraph 14, Pages 5 and 6
Tentative journal entries for booking the acquisition	Section IV, Paragraph 29, Page 9
<u>Map of Service Area</u>	
A scalable map highlighting the boundaries of the proposed area	Section I, Paragraphs 3 and 4, Page 2, Exhibit A, Exhibit B and Exhibit C
The extent of the proposed service area with any existing adjoining service area identified	Section I, Paragraphs 3 and 4, Page 2, Exhibit A, Exhibit B and Exhibit C
A north arrow depicting map orientation	Section I, Paragraphs 3 and 4, Page 2, Exhibit A, Exhibit B and Exhibit C
A graphic scale	Section I, Paragraphs 3 and 4, Page 2, Exhibit A, Exhibit B and Exhibit C
A written description of the boundaries for the service territory utilizing bearing angles and distances	Section I, Paragraphs 3 and 4, Page 2, Exhibit A, Exhibit B and Exhibit C
Size of the service territory area in terms of acres or square miles	Section I, Paragraphs 3 and 4, Page 2, Exhibit A, Exhibit B and Exhibit C
Identification and depiction of all municipal boundaries relative to the service area	Section I, Paragraphs 3 and 4, Page 2, Exhibit A, Exhibit B and Exhibit C
Identification and depiction of all private and public roads relative to the service area	Section I, Paragraphs 3 and 4, Page 2, Exhibit A, Exhibit B and Exhibit C
<u>Customers</u>	
The Selling entity's actual number of customers by class and future number of connections anticipated for the next 10 years	Section III, Paragraphs 17 and 19, Pages 6 and 7

APPLICATION FILING CHECKLIST

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	Section III, Paragraph 19, Page 7
Number of public and private fire hydrants	Section III, Paragraph 20, Page 7
<u>Rates</u>	
Selling entity's current rates	Section V, Paragraph 30, Pages 9 and 10, Exhibit I
Selling entity's current rules and regulations for water service	Section V, Paragraph 30, Pages 9 and 10, Exhibit I
Proposed tariff supplement	Section V, Paragraph 30, Pages 9 and 10, Exhibit H
<u>Cost of Service</u>	
Selling Entity's financial statements for the most recent two years	Section VI, Paragraph 32, Page 10, Exhibit J and Exhibit K
Calculations quantifying the projected revenues and expenses for the acquisition	Section VI, Paragraphs 33 and 34, Pages 10 and 11
Selling entity's outstanding loans	Section VI, Paragraph 35, Page 11
<u>Proof of Compliance</u>	
Compliance with applicable standards	Section VII, Paragraph 39, Page 12
There are no public water supply/water quality management permits for the utility plant being acquired	Section VII, Paragraph 39, Page 12
Valid certified operator's certificate	Section VII, Paragraph 36, Page 11 and Exhibit L
Compliance history with DEP	Section VII, Paragraph 39, Page 12
Will the system be operated physically as a standalone or interconnected	Section VII, Paragraphs 36 and 37, Page 11
Identification of the Aqua division that will operate and manage the Selling system	Section VII, Paragraphs 36 and 37, Page 11

APPLICATION FILING CHECKLIST

Distance Selling entity is from Aqua	Section VII, Paragraphs 36 and 37, Page 11
No planned physical, operational or managerial changes	Section VII, Paragraph 40, Page 12
<u>Affected Persons</u>	
Identify whether any public utilities, municipalities, municipal authorities, cooperatives and associations provide water service or wastewater collection, treatment or disposal service that abuts or is situated within one mile of the applicant's proposed facilities	Section III, Paragraph 18, Page 7 and Section VIII, Paragraph 41, Page 12
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 the wastewater utility, if applicable.	Section III, Paragraph 18, Page 7
Provide a copy of the affected municipality and county's comprehensive plans or provide evidence that the application complies with the subject plans.	Section VII, Paragraph 38, Page 11 and Exhibits M1, M2, M3, M4, M5 and M6
Verify that customers are metered.	Section III, Paragraph 17, Pages 6
No affiliation between the buyer and seller	Section IV, Paragraph 21, Page 7
The agreement was conducted at arm's length	Section IV, Paragraph 21, Page 7
Customer benefit	Section X, Paragraph 43, Pages 12 and 13
<u>Assets Purchase Agreement</u>	
Copy of the Assets Purchase Agreement	Section I, Paragraph 8, Page 4, Exhibit D
Purchase price and contribution to closing costs	Section IV, Paragraph 21, Page 7
Assets to be purchased	Section IV, Paragraph 22, Pages 7 and 8
Assets to be excluded	Section IV, Paragraph 24, Page 8
Any agreements being assumed by Aqua	Section IV, Paragraphs 26, 27 and 28, Pages 8 and 9

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JAN 12 2018

LIST OF EXHIBITS

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

<u>DESCRIPTION</u>	<u>EXHIBIT</u>
Map of Requested Territory - East Pikeland Township Other Than Northeast Corner	A
Map of Requested Territory - Northeast Corner of East Pikeland Township	B
Map of Requested Territory - Upper Providence Township	C
Asset Purchase Agreement	D
Aqua Financial Statements	E
Preliminary Form of the Instrument to be Used to Assign Easements	F
Water Supply Agreement of Aqua Pennsylvania, Inc. and Borough of Phoenixville	G1
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Municipal Acknowledgement - East Pikeland Township	M3
Municipal Acknowledgement - Schuylkill Township	M4
Municipal Acknowledgement - Upper Providence Township	M5
Chester County Correspondence	M6

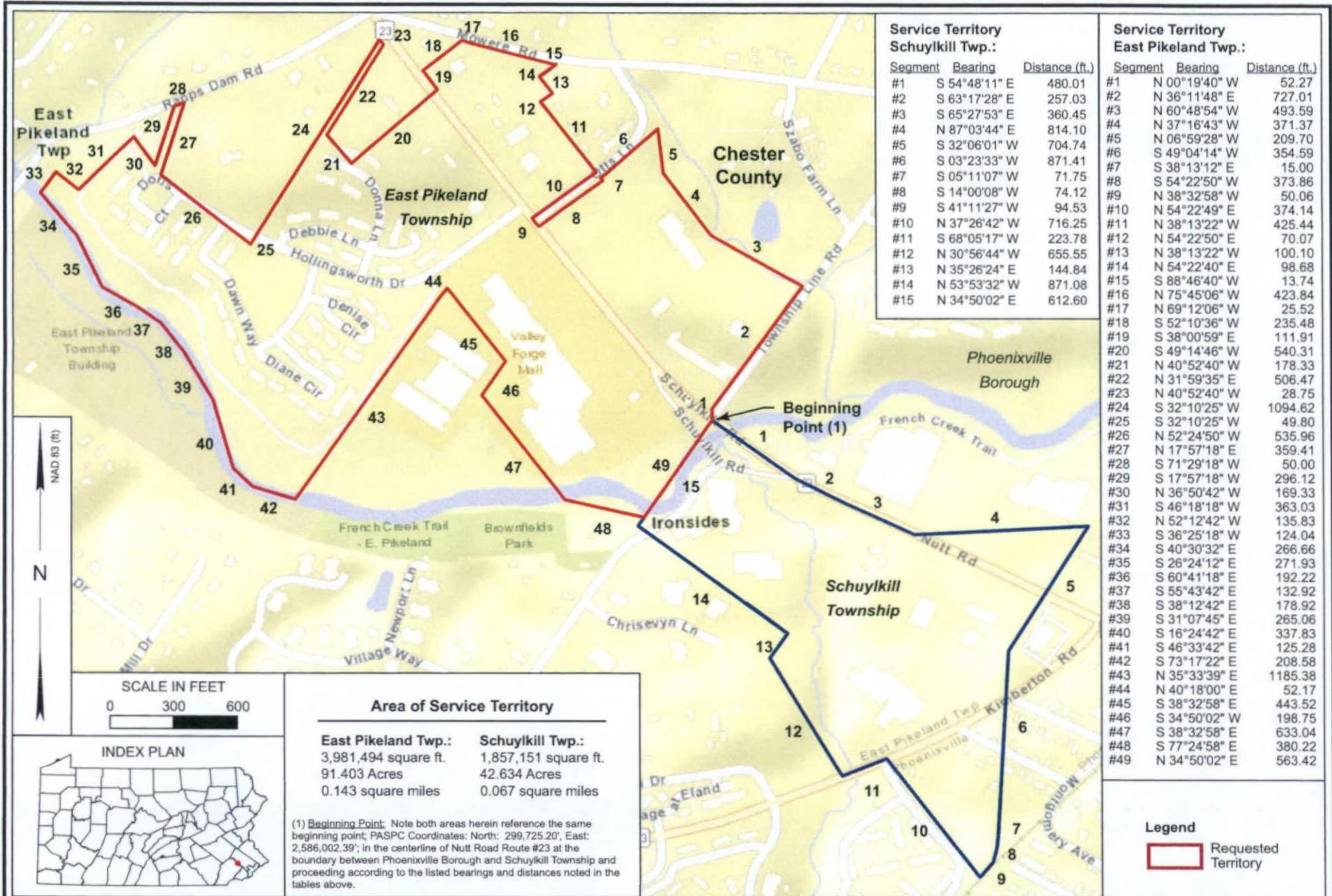
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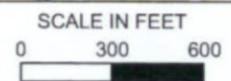
EXHIBIT A

MAP OF REQUESTED TERRITORY
EAST PIKELAND TOWNSHIP
OTHER THAN NORTHEAST CORNER



Service Territory Schuylkill Twp.:		
Segment	Bearing	Distance (ft.)
#1	S 54°48'11" E	480.01
#2	S 63°17'28" E	257.03
#3	S 65°27'53" E	360.45
#4	N 87°03'44" E	814.10
#5	S 32°06'01" W	704.74
#6	S 03°23'33" W	871.41
#7	S 05°11'07" W	71.75
#8	S 14°00'08" W	74.12
#9	S 41°11'27" W	94.53
#10	N 37°26'42" W	716.25
#11	S 68°05'17" W	223.78
#12	N 30°56'44" W	655.55
#13	N 35°26'24" E	144.84
#14	N 53°53'32" W	871.08
#15	N 34°50'02" E	612.60

Service Territory East Pikeland Twp.:		
Segment	Bearing	Distance (ft.)
#1	N 00°19'40" W	52.27
#2	N 36°11'48" E	727.01
#3	N 60°48'54" W	493.59
#4	N 37°16'43" W	371.37
#5	N 06°59'28" W	209.70
#6	S 49°04'14" W	354.59
#7	S 38°13'12" E	15.00
#8	S 54°22'50" W	373.86
#9	N 38°32'58" W	50.06
#10	N 54°22'49" E	374.14
#11	N 38°13'22" W	425.44
#12	N 54°22'50" E	70.07
#13	N 38°13'22" W	100.10
#14	N 54°22'40" E	98.68
#15	S 88°46'40" W	13.74
#16	N 75°45'06" W	423.84
#17	N 69°12'06" W	25.52
#18	S 52°10'36" W	235.48
#19	S 38°00'59" E	111.91
#20	S 49°14'46" W	540.31
#21	N 40°52'40" W	178.33
#22	N 31°59'35" E	506.47
#23	N 40°52'40" W	28.75
#24	S 32°10'25" W	1094.62
#25	S 32°10'25" W	49.80
#26	N 52°24'50" W	535.96
#27	N 17°57'18" E	359.41
#28	S 71°29'18" W	50.00
#29	S 17°57'18" W	296.12
#30	N 36°50'42" W	169.33
#31	S 46°18'18" W	363.03
#32	N 52°12'42" W	135.83
#33	S 36°25'18" W	124.04
#34	S 40°30'32" E	266.66
#35	S 26°24'12" E	271.93
#36	S 60°41'18" E	192.22
#37	S 55°43'42" E	132.92
#38	S 38°12'42" E	178.92
#39	S 31°07'45" E	265.06
#40	S 16°24'42" E	337.83
#41	S 46°33'42" E	125.28
#42	S 73°17'22" E	208.58
#43	N 35°33'39" E	1185.38
#44	N 40°18'00" E	52.17
#45	S 38°32'58" E	443.52
#46	S 34°50'02" W	198.75
#47	S 38°32'58" E	633.04
#48	S 77°24'58" E	380.22
#49	N 34°50'02" E	563.42



Area of Service Territory	
East Pikeland Twp.: 3,981,494 square ft. 91.403 Acres 0.143 square miles	Schuylkill Twp.: 1,857,151 square ft. 42.634 Acres 0.067 square miles

(1) Beginning Point: Note both areas herein reference the same beginning point; PASC Coordinates: North: 299,725.20'; East: 2,586,002.39'; in the centerline of Nutt Road Route #23 at the boundary between Phoenixville Borough and Schuylkill Township and proceeding according to the listed bearings and distances noted in the tables above.



Note
Bearings and distances obtained from Chester County tax parcel data, obtained from https://arcweb.ches-co.org/cv3/Default_CV.html. The resultant bearings and distances do not result from a physical survey on the ground and are approximate and not intended to represent a legal description of property.

REV.	DATE	DESCRIPTION
2.	9/26/17	Expanded E. Pikeland Area (add'l. hydrants)
1.	8/23/17	Expanded E. Pikeland Area (Vail Property)

Proposed Service Territory
Schuylkill and E. Pikeland Twps., Chester County, Pennsylvania

DATE: 7/14/17 SCALE: 1" = 600 FT EXHIBIT: **A**

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EXHIBIT B

MAP OF REQUESTED TERRITORY
NORTHEAST CORNER OF EAST PIKELAND TOWNSHIP

NAD 83 (ft)

N

Chester County
East Pikeland Township

Spring City Rd

Schuykill River Trail

Cromby

Cromby Rd

Beginning Point (1)

Schuykill River Trl

Water St

Phoenixville Borough

**Service Territory
East. Pikeland Twp.:**

Segment	Bearing	Distance (ft)
#1	N 57°35'14" W	443.06
#2	S 24° 43' 17" W	407.70
#3	S 53° 34' 50" E	365.14
#4	N 35°38'38" E	430.23

Area of Service Territory

East Pikeland Twp.:
168,044 square ft.
3.86 Acres
0.006 square miles

(1) Beginning Point: PASPC Coordinates: North: 304,454.81'; East: 2,589,371.60'; said point being approximately 100 ft southwest of the intersection of Township Line Road and Schuykill River Trail in East Pikeland Township, Chester County, Pennsylvania and proceeding according to the listed bearings and distances noted in the table above.

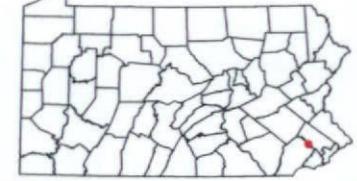
Legend

 Requested Territory

SCALE IN FEET

0 150 300

INDEX PLAN



Note

Bearings and distances obtained from Chester County tax parcel data, obtained from https://arcweb.chesco.org/cv3/Default_CV.html. The resultant bearings and distances do not result from a physical survey on the ground and are approximate and not intended to represent a legal description of property.

REV.	DATE	DESCRIPTION

Proposed Service Territory

East Pikeland Twp., Chester County, Pennsylvania

DATE: 9/26/17

SCALE: 1" = 300 FT

EXHIBIT: **C**

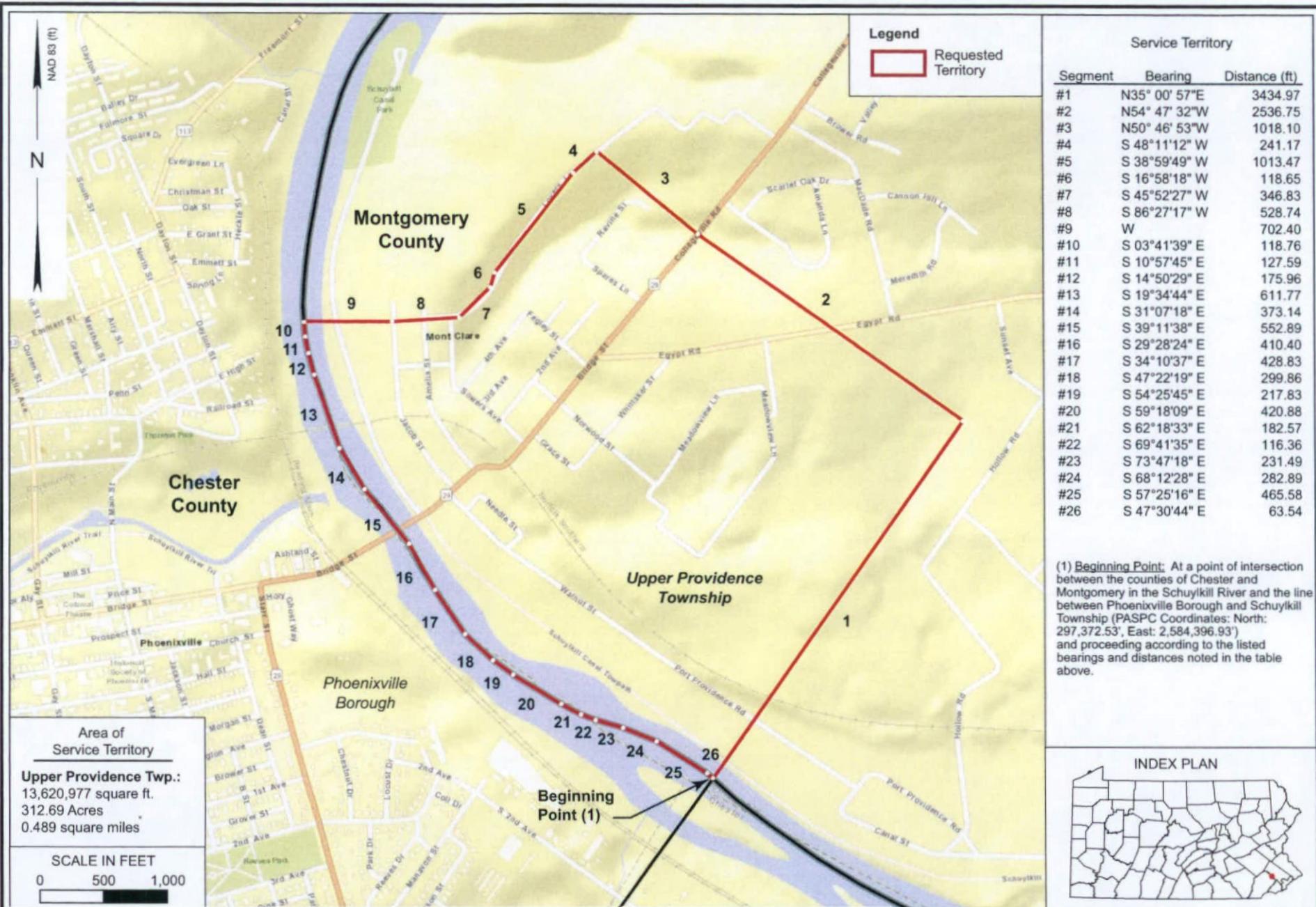
EXHIBIT C

MAP OF REQUESTED TERRITORY
UPPER PROVIDENCE TOWNSHIP

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Legend

Requested Territory

Service Territory		
Segment	Bearing	Distance (ft)
#1	N35° 00' 57"E	3434.97
#2	N54° 47' 32"W	2536.75
#3	N50° 46' 53"W	1018.10
#4	S 48°11'12" W	241.17
#5	S 38°59'49" W	1013.47
#6	S 16°58'18" W	118.65
#7	S 45°52'27" W	346.83
#8	S 86°27'17" W	528.74
#9	W	702.40
#10	S 03°41'39" E	118.76
#11	S 10°57'45" E	127.59
#12	S 14°50'29" E	175.96
#13	S 19°34'44" E	611.77
#14	S 31°07'18" E	373.14
#15	S 39°11'38" E	552.89
#16	S 29°28'24" E	410.40
#17	S 34°10'37" E	428.83
#18	S 47°22'19" E	299.86
#19	S 54°25'45" E	217.83
#20	S 59°18'09" E	420.88
#21	S 62°18'33" E	182.57
#22	S 69°41'35" E	116.36
#23	S 73°47'18" E	231.49
#24	S 68°12'28" E	282.89
#25	S 57°25'16" E	465.58
#26	S 47°30'44" E	63.54

(1) **Beginning Point:** At a point of intersection between the counties of Chester and Montgomery in the Schuylkill River and the line between Phoenixville Borough and Schuylkill Township (PASPC Coordinates: North: 297,372.53', East: 2,584,396.93') and proceeding according to the listed bearings and distances noted in the table above.



Area of Service Territory

Upper Providence Twp.:
13,620,977 square ft.
312.69 Acres
0.489 square miles

SCALE IN FEET

0 500 1,000



Note
Bearings and distances obtained from Chester County tax parcel data, obtained from https://arcweb.chesco.org/cv3/Default_CV.html. The resultant bearings and distances do not result from a physical survey on the ground and are approximate and not intended to represent a legal description of property.

REV.	DATE	DESCRIPTION

Proposed Service Territory
Upper Providence Township, Montgomery County, Pennsylvania

DATE: 7/14/17 SCALE: 1" = 1,000 FT EXHIBIT: **B**

EXHIBIT D

ASSET PURCHASE AGREEMENT

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JAN 12 2018

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Execution Copy

ASSETS PURCHASE AGREEMENT

between

BOROUGH OF PHOENIXVILLE

and

AQUA PENNSYLVANIA, INC.

April 26, 2017

ASSETS PURCHASE AGREEMENT

THIS ASSETS PURCHASE AGREEMENT dated **April 26, 2017** by and between **Borough of Phoenixville**, a Pennsylvania municipality having a mailing address of 351 Bridge Street, Phoenixville, PA 19460 ("Seller" or "Borough"), and **Aqua Pennsylvania, Inc.**, a Pennsylvania corporation, with a business address located at 762 W. Lancaster Avenue, Bryn Mawr, PA 19010 ("Aqua") (collectively the "Parties").

RECITALS

A. Seller owns and maintains a water system, and furnishes water service to customers in the Borough of Phoenixville (the "Borough") and to customers outside the Borough in portions of East Pikeland and Schuylkill Townships in Chester County and Upper Providence Township in Montgomery County, Pennsylvania.

B. Aqua is a public utility that furnishes water service to the public in various counties throughout Pennsylvania, including Chester and Montgomery Counties.

C. Seller desires to sell, and Aqua desires to purchase, the Seller's assets used in connection with the services provided by Seller to those customers located outside the Borough in East Pikeland, Schuylkill and Upper Providence Townships (hereinafter defined as "Assets"), all upon the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the recitals and the covenants, representations, warranties, and agreements herein contained, and intending to be legally bound hereby, the Parties hereto agree as follows.

I. SALE AND PURCHASE OF THE ASSETS

Subject to the terms and conditions hereinafter set forth, Aqua shall purchase from Seller, and Seller shall sell, assign, transfer, grant, convey and deliver to Aqua at the Closing (hereinafter defined) the Assets.

The Assets are herein defined to be: all of the assets, properties and rights of Seller (whether tangible, real, personal or mixed), which are held and used in connection with the water distribution system for service in East Pikeland, Schuylkill and Upper Providence Townships, in the service areas depicted on Schedule 1 as the "**Proposed Territory**".

The Assets are to be sold free and clear of all mortgages, bonds, liens, pledges, security interest, charges, claims, restrictions and encumbrances of any nature whatsoever.

1.1 Assets Further Defined

The Assets shall, without limitation to the definition stated above, include all transmission and distribution mains, meters, hydrants (except for hydrants in Schuylkill Township, which Aqua currently owns) including all transmission and distribution mains, services, curb stops, and meters, except for mains identified and excluded in the Schuylkill

Township area as depicted in Schedule 1.3, within the Proposed Territory and those specific assets, properties and rights set forth in Section 1.3.

1.2 Customer Billing

Unless another arrangement is established prior to Closing, Seller is solely responsible for collection of any cash and receivables due on any customer accounts, and under no circumstances will Aqua be responsible for the collection or payment of any or all corresponding amounts due to Seller.

1.3 Excluded Assets

The Assets shall not include any of the following:

- a. any and all customer service lines that run from the curb stop area (or edge of road) to each of the individual customer's residences;
- b. any and all piping (excluding Seller's meters, if any) internal to each of the individual customer's residences;
- c. Seller's cash and account receivables up to the date of Closing.
- d. Those certain distribution mains located within Schuylkill Township as depicted on Schedule 1.3, the ownership of which Seller will retain.
- e. The Phoenixville treatment plant, supply and transmission assets feeding the treatment plant, and all distribution assets serving customers within the Borough of Phoenixville.

1.4 Consideration

The purchase price for the Assets will consist of a lump sum payment of Three Million Six Hundred Thousand dollars (\$3,600,000.00) dollars (the "**Purchase Price**") to be paid by Aqua to Seller as follows:

- a. Prior to the date hereof, Aqua paid a deposit in the amount of Five Hundred Thousand dollars (\$500,000.00) (the "**Cash Deposit**") pursuant to the terms of that certain Cash Deposit Escrow Agreement dated November 17th, 2016 between Aqua and Seller which, subject to the conditions set forth in the Cash Deposit Escrow Agreement, shall be released to Seller at Closing on account of the Purchase Price;
- b. The balance of the Purchase Price shall be paid by Aqua to Seller at Closing in immediately available funds; and
- c. In addition to the Purchase Price, Aqua shall reimburse Seller for the reasonable charges, substantiated to Aqua's reasonable satisfaction, incurred by Seller from Seller's consultants retained in connection with the transaction contemplated by this Agreement, subject to a maximum reimbursement of Fifty Thousand dollars (\$50,000).

1.5 Non-Assumption of Liabilities

Except for liabilities expressly assumed by Aqua in writing pursuant to this Agreement, all liabilities and obligations of Seller shall remain the sole responsibility of Seller. Notwithstanding the foregoing, from and after the Closing Date, Aqua shall assume full responsibility for providing public water service in the Proposed Territory.

1.6 Assumed Liabilities.

Notwithstanding the language in Section 1.5, Aqua hereby agrees to assume Seller's obligations under those contracts specifically listed on Schedule 1.6 attached hereto (the "Assumed Contracts").

1.7 Accounts Receivable

Accounts receivable for public water service to the Proposed Territory rendered through the close of business on the Closing Date shall be excluded assets per Section 1.3 and such accounts receivable for water service rendered thereafter shall belong to Aqua.

2. CLOSING

Closing hereunder (the "Closing") shall take place by mail or at the offices of Aqua located at 762 W. Lancaster Avenue, Bryn Mawr, Pennsylvania, or other mutually agreed upon location, commencing at 10:00 a.m. local time, on a date no more than sixty (60) days after the last required regulatory approval. The date of the Closing is referred to herein as the "Closing Date". The effective time of the Closing shall be 12:01 a.m. on the day following the Closing Date.

2.1 Items to be Delivered at Closing

At Closing and subject to the terms and conditions herein contained, Seller shall deliver to Aqua all title, assets, properties and rights to the Assets, pursuant to documents prepared by Aqua, including, without limitation, the following:

- a. One *Deed*, where applicable, for each fee parcel wherein any production, treatment, storage or other associated facilities are situated;
- b. A *Bill of Sale and Assignment*, and other instruments and documents of conveyance and transfer, all in form reasonably satisfactory to Aqua and its Counsel, as shall be necessary and effective to transfer and assign to, and vest in Aqua good and marketable title to the Assets;
- c. *Easements* (via an assignment or grant), in a recordable form reasonably satisfactory to Aqua and its Counsel, and as held by the Borough for the water mains and service lines located outside of any public right-of-ways;
- d. Copies of, or the originals as appropriate of, all agreements, contracts, commitments, leases, plans, bids, quotations, proposals, instruments, certificates, permits and other instruments belonging to Seller that are part of or related to the Assets;

- e. A certificate, signed by the appropriate officer of Seller, in the form attached hereto as Exhibit "A" ("Seller's Closing Certificate");
- f. A complete and accurate list of the names and addresses of all customers of Seller, both in paper form and in electronic form on a flashdrive that can be downloaded to a computer, along with a billing history for each customer;
- g. Keys or other access to any and all meter pit locations in the Proposed Territory;
- h. An *Assignment and Assumption Agreement* in form reasonably satisfactory to Aqua and its Counsel, as shall be necessary and effective to transfer and assign to Aqua the Assumed Contracts; and
- i. Assignment of lease or other agreements allowing or providing use of and access to and from the water treatment plant, and the wells and spring referenced in Seller's Water Supply Permit Number #PA1150077, provided that Aqua gives 24 hours notice to the Seller's Public Works Director and during normal business hours or, in case of emergency, upon less than 24 hours prior notice to the Seller's Public Works Director and in such manner as not to unreasonably interfere with the business or operations of Seller.

and simultaneously with such delivery, all such steps shall be taken as may be required to put Aqua in actual possession and operating control of the Assets, to include transfer of any existing permits at Closing.

2.2 Transfer Taxes on Real Property

Notwithstanding Seller's being exempt from the payment of realty transfer taxes pursuant to 72 P.S. § 8102-C.2, Aqua agrees to pay any realty transfer taxes that may be due or owing as a result of the transfer of Assets, and the Parties agree to prorate any property taxes, if any.

2.3 Transfer of Utilities

Where applicable, the Parties will cooperate to transfer utility service including, but not limited to, telephone and electric, as of the Closing Date. In the event service cannot be transferred in the name of Aqua as of the Closing Date, the Parties will undertake reasonable efforts to ensure such bills are pro-rated as of the Closing Date.

3. CONDITIONS PRECEDENT TO AQUA'S OBLIGATIONS

The Closing of the transaction shall be contingent upon the following:

- a. Seller shall comply with all of its obligations hereunder unless waived in writing by Aqua.

- b. With respect to the transaction and its obligations under this Agreement, Seller shall provide to Aqua a favorable written opinion of Seller's counsel, in the form attached hereto as Exhibit "B", dated as of the Closing Date.
- c. The Parties shall secure consents from any third parties required in order for Seller to assign, and for Aqua to assume Seller's rights and obligations under said contracts, including, without limitation, that certain "Water Supply Agreement" between Seller and Pennsylvania American Water Company (successor in interest to Citizens Utility Home Water Company) dated March 10, 1986 and those Assumed Contracts identified on Schedule 1.6 as requiring the consent of a third party.
- d. Aqua, with Seller's cooperation, shall have filed a application for approval, and shall have received all required approvals from regulatory agencies, including the required approvals of the Pennsylvania Public Utility Commission ("PUC"), to enable Aqua to assume the ownership and operation of the Assets and to provide water service to the public in the Proposed Territory, and all reasonable costs relating thereto shall be paid by Aqua. Aqua shall prepare, and with Seller's cooperation shall file all required notices related to Seller's abandonment of water service for the Proposed Territory and Aqua shall advertise a "Notice of Sale of Water System Assets and Rate Changes." In connection with the foregoing procedures with the PUC, Aqua shall use its best efforts to address and resolve, to the satisfaction of the PUC, any protests of the application described herein.
- e. Seller shall provide Aqua with signed and certified copies of: (i) the minutes of meetings whereby this Agreement and the transaction hereby contemplated are duly authorized, and (ii) appropriate resolutions and other document(s) authorizing the transactions hereby contemplated and the execution of the documents necessary for Closing, as Aqua reasonably shall require.
- f. Seller and Aqua shall have agreed on the location of an interconnection and meter chamber for the connection of Seller's water distribution system and the distribution systems being acquired by Aqua hereunder in two locations:
 - i. For Aqua's distribution lines in East Pikeland; and
 - ii. For Aqua's distribution lines in Upper Providence Township;

it being understood that Seller will continue to own the distribution lines serving the customers in Schuylkill Township because those lines cross back into the Borough of Phoenixville to provide service to Seller's customers, and the parties shall have agreed upon the terms of an easement for Purchaser's access to such locations, if such connections are located on property owned by Seller.

- g. Seller shall have delivered a certificate or other form of evidence of Seller's agreement to supply water to Aqua for service to the customers located within the Proposed

Territory at the Borough's effective water service rates (which are documented in that certain Order from the PUC dated February 7, 1994 pertaining to PUC docket number R-00932770C0001), which, for all purchased volumes, shall be escalated consistent with any subsequent percentage increase to the base rates for customers in the Proposed Territory.

- h. Aqua and Seller shall have entered into an Agreement acceptable to both Parties to provide Aqua with access, at reasonable times and upon notification to Seller (consistent with the notice requirements in Section 2.1(i) above), to the private property of Seller for the purpose of inspecting Seller's water production, treatment, distribution and related facilities to ensure water quality levels reasonably satisfactory to Aqua. The foregoing right of inspection shall include onsite inspection of all facilities, sampling, testing, and access to all records of Seller pertaining to compliance with all laws and regulations applicable to Seller's production, treatment and distribution of water, provided that Seller shall not be required to provide access where provision of such access would violate Seller's obligations under any state or federal government critical infrastructure laws or regulations.

3.1 CONDITIONS PRECEDENT TO SELLER'S OBLIGATIONS

The Closing of the transaction shall further be contingent upon the following:

- a. Aqua's representations and warranties contained in this Agreement or in any Schedule, list, certificate, or document delivered pursuant to this Agreement shall be true in all material respects at and as of the time of Closing, with the same force and effect as through such representations and warranties were made at and as of such time, and Aqua shall deliver to Seller a certificate executed by its proper representatives, and dated the Closing Date, certifying the foregoing.
- b. Aqua shall have performed and complied in all material respects, with all covenants, agreements and conditions required by this Agreement to be performed or complied with prior to or as of the time of Closing, and Aqua shall deliver to Seller a certificate executed by its proper representatives, and dated the Closing Date, to such effect.
- c. With respect to the transaction and its obligations under this Agreement, Aqua shall provide to Seller a favorable written opinion of Aqua's counsel, dated as of the Closing Date.

4. REPRESENTATIONS AND WARRANTIES OF SELLER

In making this instrument, Seller makes the following representations and warranties that shall survive the date hereof and the Closing:

- a. Except as otherwise expressly set forth herein, Seller has good and marketable title to the Assets, free and clear of all liens and encumbrances as of the date of Closing.
- b. **Schedule 4.b** attached hereto contains: (1) a complete and accurate list of all deeds, easements, licenses or other instruments evidencing Seller's rights to use, to occupy and to obtain access to the areas where the water mains and other facilities of the Assets not situated within a public right-of-way are located; and (2) a list of any locations of any such Assets which are situated on private property which are not the subject of recorded easements, licenses or other instrument evidencing Seller's rights. Seller shall convey all rights of use, occupancy and access to Aqua at Closing.
- c. Seller has no knowledge of any pending or threatened claims regarding the Assets or Seller's ability to transfer the Assets. Except as disclosed in **Schedule 4.c**, Seller does not know or have reason to know of any events or conditions related to the Assets that would give rise to any liability under any applicable environmental laws. There is no litigation, arbitration proceeding, governmental investigation, citation or action of any kind pending or, to the knowledge of Seller, proposed or threatened against Seller that: (i) relates to this Agreement or the transactions contemplated hereby; or (ii) seeks restraint, prohibition, damages or other relief in connection with this Agreement or the transactions contemplated hereby.
- d. Seller does not know or have reason to know of any material violation of, or material lack of compliance with, any law, ordinance or government rule or regulation to which the Assets are subject.
- e. Seller is not a party to any contract for the purchase of, or payment for supplies, equipment or for services related to the Assets, except such contracts that shall not survive Closing, or that affect only the assets Seller is retaining, except as listed in **Schedule 4.e** (the "Contracts"). The Contracts have not been amended. Full and complete copies of all Contracts have been provided to Aqua.
- f. Seller does not know or have reason to know of any existing or threatened condition or developments, which would have a material adverse effect on the Assets.
- g. Attached hereto as **Schedule 4.g** is a current list of all of Seller's customers receiving water service from Seller within the Proposed Territory (the "Customers") as of the date of this Agreement.
- h. Seller currently maintains 17 hydrants in East Pikeland Township and 22 hydrants in Upper Providence Township. Seller does not own hydrants in Schuylkill Township. Attached hereto as **Schedule 4.h** are maps of East Pikeland Township and Upper Providence Township depicting the location of each hydrant located therein.

- i. Seller has paid, or will arrange for the full payment of, all taxes owed by Seller on account of the operation of the Assets attributable to the period prior to Closing. All federal, state and local tax returns, reports and statements (including all income, unemployment compensation, social security, payroll, sales and use, excise, privilege, property, ad valorem, franchise, license, school and other taxes owed or assessed under the laws of the United States or any state or municipal or political subdivision thereof required to be filed by Seller (the "Tax Returns")) have been filed with the appropriate governmental agencies in all jurisdictions in which returns, reports or statements are required to be filed, and all filed returns, reports and statements properly reflect the tax liabilities of Seller for the periods, properties or events covered thereby. All federal, state and local taxes, assessments, interest, penalties, deficiencies, fees and other governmental charges or impositions, including those enumerated above in respect of the Tax Returns, that are called for by the Tax Returns, or claimed to be due by any taxing authority from Seller, or upon or measured by the properties, assets or income of Seller, have been properly paid.
- j. Seller is duly organized, validly existing, solvent, and in good standing under the laws of the Commonwealth of Pennsylvania.
- k. Seller has the full power and lawful authority to execute and deliver this Agreement and all related agreements, to consummate and perform the transactions contemplated hereby and has duly and validly authorized the execution of this Agreement and all related documents and agreements by all necessary proceedings. This Agreement and all related agreements constitute the valid and binding obligation of Seller. Seller has all requisite power and authority to transfer to Aqua the rights, title and interest in and to the Assets. The execution, delivery and performance by Seller of this Agreement and the other documents and instruments contemplated hereby to which Seller is a party, do not and will not violate or conflict with any law, or any contract, lease, mortgage, deed of trust, indenture, permit, license, franchise, commitment, authorization or concession, or other agreement or instrument applicable to Seller.

4.1 REPRESENTATIONS AND WARRANTIES OF AQUA

In making this instrument, Aqua makes the following representations and warranties that shall survive the date hereof and the Closing:

- a. Aqua is a corporation duly organized, validly existing and in good standing under the laws of the Commonwealth of Pennsylvania and has all requisite corporate power and authority, subject to approval by the PUC as contemplated by Section 3.d above, to own, lease and operate the Assets.
- b. Aqua has full corporate power and corporate authority, subject to approval by the

PUC as contemplated by Section 3.d above, to execute, deliver and perform this Agreement. The execution, delivery, and performance of Aqua of this agreement has been duly authorized by all necessary corporate action. This Agreement constitutes a legal, valid, and binding obligation of Aqua, enforceable against Aqua in accordance with its terms. As of the Closing Date, each of the transaction documents to which Aqua is a party will be duly executed and delivered by Aqua and will constitute the legal, valid, and binding obligation of Aqua, enforceable against Aqua in accordance with its respective terms.

- c. The execution, delivery, and performance of this Agreement does not, and the consummation of the transaction contemplated by this Agreement as of Closing will not, violate any provision of law or conflict with, result in a breach of, or constitute a default under the terms or conditions of any agreement, contract, or other instrument to which Aqua is a party.

5. INDEMNIFICATION

Seller hereby acknowledges that, following the effective time of Closing, Aqua shall be responsible for the provision of water service to the Customers of Seller within the Proposed Territory. Other than the future provision of water service, Aqua does not and shall not assume or incur any liability or obligation of Seller of any nature whatsoever, express or implied, fixed or contingent, known or unknown except as expressly provided in this Agreement. Seller shall indemnify and hold harmless Aqua and its officers, employees and agents from and against all damage, deficiency, claim or expense of any kind resulting from: (1) a misrepresentation, breach of warranty or nonfulfillment of any agreement or covenant made by Seller in this Agreement or in any Schedule, statement, certification or other document furnished or to be furnished to Aqua in connection with the transaction contemplated hereby, and/or (2) any and all liabilities of Seller of any nature, whether due or to become due, whether accrued, absolute, contingent or otherwise, existing on the Closing Date or arising out of any transaction entered into on or prior to such date. Aqua will indemnify and hold harmless Seller from and against and in respect of any and all damage or deficiency resulting from: (1) a misrepresentation, breach of warranty or nonfulfillment of any agreement or covenant made by Aqua as set forth in this Agreement or in any Schedule, statement, certification or other document furnished or to be furnished to Seller in connection with the transfer of Assets, and (2) Aqua's operation or use of the Assets after Closing.

6. COVENANTS AND ACKNOWLEDGMENTS

- a. Unless otherwise noted herein, Aqua and Seller shall be responsible for their respective legal fees and other expenses incurred in connection with this transaction.
- b. After Closing, Aqua will begin charging Seller's current rates, to be billed on a monthly basis, for residential, commercial and industrial customers (but not Seller's rates for fire hydrants, which is addressed in Section 6.c. below).

- c. Seller acknowledges and agrees that: (i) Aqua bills municipalities a monthly charge for the availability and upkeep of public fire hydrants; and (ii) following Closing, Aqua will charge its Main Division Rate to East Pikeland Township and Upper Providence Township for each fire hydrant located in such respective Township within the Proposed Territory pursuant to Aqua's tariff, as amended from time to time.
- d. Immediately upon Closing Aqua will apply its *Rules and Regulations* a copy of which is attached hereto as Schedule 6.d to those existing and future Customers within the Proposed Territory.
- e. The provisions of this Agreement shall survive the effective time of Closing.

7. GENERAL PROVISIONS

7.1 Notices

Any notice, waiver or other communication which is required or permitted hereunder shall be in writing and shall be deemed given only if delivered personally or sent by overnight delivery service or registered or certified mail, postage prepaid, return receipt requested, as follows:

If to Aqua:

Aqua Pennsylvania, Inc.
762 W. Lancaster Avenue
Bryn Mawr, PA 19010
Attention: Christopher Luning, Senior Vice President and General Counsel

With Required Copy to:

Aqua Pennsylvania, Inc.
762 W. Lancaster Avenue
Bryn Mawr, PA 19010
Attention: Frances Orth, Esq., Vice President, Senior Managing Counsel

If to SELLER:

Borough of Phoenixville,
351 Bridge Street, 2nd Floor
Phoenixville, PA 19460
Attention: Borough Manager

With Required Copy to:

McNees Wallace & Nurick, LLC
100 Pine Street
Harrisburg, PA 17101
Attention: James P. Dougherty, Esq.
Adeolu A. Bakare, Esq.

or to such other address as the addressee may have specified in a written notice duly given to the sender as provided herein. Such notice, request, demand, waiver, consent, approval or other communication will be deemed to have been given as of the date so delivered, or mailed.

7.2 Governing Law

This instrument shall be governed by and enforced in accordance with the laws of the Commonwealth of Pennsylvania.

7.3 Successors and Assigns

This Agreement shall inure to the benefit of and be binding upon the successors and assignees of Aqua and the Borough. No assignment of this Agreement will be permitted unless the assignment is approved in writing by the non-assigning party, which approval will not be unreasonably withheld.

7.4 Entire Agreement

This Agreement constitutes the entire understanding of the Parties with respect to the subject matter hereof, supersedes any prior agreements or understandings, written or oral, among the Parties with respect to the subject matter hereof and is not intended to confer upon any person other than the Parties hereto any benefit, right or remedy.

7.5 Execution

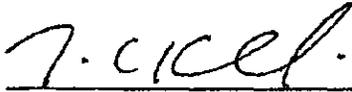
This Agreement may be executed in counterparts, each one of which shall be deemed an original.

Balance of page intentionally left blank – signatures appear on following page

Signature page – Assets Purchase Agreement

IN WITNESS WHEREOF, intending to be legally bound, the Parties hereto have duly executed this Agreement on the date first above written.

BOROUGH OF PHOENIXVILLE

By: 
James C. Kovalesski,
Borough Council President

AQUA PENNSYLVANIA, INC.

By: 
Marc A. Lucca, President

List of Exhibits and Schedules

Exhibits:

- A – Seller's Closing Certificate
- B – Opinion of Seller's Counsel
- C – Opinion of Buyer's Counsel

Schedules:

- 1 Proposed Territory
- 1.3 Excluded Water Main in Schuylkill Township
- 1.6 Assumed Contracts
- 4.b List of Deeds, Easements, Licenses
 - Locations for which no deeds, easements, licenses, etc. exist
- 4.c Environmental Conditions
- 4.e Contracts
- 4.g Customer List
- 4.h Hydrant Locations
- 6.d Aqua's Customer Rules and Regulations

Exhibit A

Seller's Closing Certificate

BOROUGH CLOSING CERTIFICATE

I, James C. Kovaleski, the Borough Council President of the Borough of Phoenixville, a political subdivision of the Commonwealth of Pennsylvania organized under the Borough Code, Act 37 of 2014, 8 Pa. Cons. Stat. § 101 *et seq.* (the "**Borough**"), in connection with that Assets Purchase Agreement made by and between Aqua Pennsylvania, Inc., a Pennsylvania corporation, ("**Aqua**") and the Borough, dated as of April __, 2017, as amended, hereby certify that each of the conditions set forth in Section 2.1 of the Assets Purchase Agreement has been satisfied in full by the Borough at or before the Time of the Closing.

Terms used herein and not otherwise defined shall have the meaning given to them in the Assets Purchase Agreement. This certificate is provided in my official capacity and not in my personal capacity.

In Witness Whereof, I have hereunto set my hand as the Borough Council President, this __ day of April, 2017.

Borough of Phoenixville

By: _____
Name: James C. Kovaleski
Title: Borough Council President

Exhibit B

Opinion of Seller's Counsel

[SEE ATTACHED]

100 Pine Street • PO Box 1166 • Harrisburg, PA 17108-1166
Tel: 717.232.8000 • Fax: 717.237.5300

Direct Dial: 717. _____
Direct Fax: 717. _____
@mcneeslaw.com

FORM OF OPINION OF McNEES WALLACE & NURICK LLC
(SUBJECT TO FIRM REVIEW AND APPROVAL IN ALL RESPECTS)

_____, 2017

Aqua Pennsylvania, Inc.
Bryn Mawr, Pennsylvania

Re: Assets Purchase Agreement, dated as of _____, 2017, between the Borough of Phoenixville, Chester County, Pennsylvania and Aqua Pennsylvania, Inc.

Ladies and Gentlemen:

This firm has acted as counsel to the Borough of Phoenixville, Chester County, Pennsylvania (the "Borough"), a political subdivision of the Commonwealth of Pennsylvania and a "borough" under The Borough Code, Act of April 18, 2014, P.L. 37, 8 Pa.C.S. §101 *et seq.* (the "Borough Code") in connection with that certain Assets Purchase Agreement dated January __, 2017 (the "Purchase Agreement") between the Borough and Aqua Pennsylvania, Inc. a Pennsylvania corporation (the "Purchaser"), providing for the sale by the Borough and the purchase by the Purchaser of the Assets.

This opinion letter is being delivered pursuant to Section 3.b of the Purchase Agreement. Capitalized terms not otherwise defined herein have the meanings ascribed thereto in the Purchase Agreement.

As counsel to the Borough, we have examined originals or copies, certified or otherwise authenticated to our satisfaction, of the following documents:

- (i) The Purchase Agreement, executed and delivered by the Borough and the Purchaser, and the exhibits and schedules thereto (collectively, the "Sale Documents");
- (ii) Resolution of the Borough dated November 1, 2016 relating to the Sale Documents (the "Resolution");

(iii) such other documents and certificates as we have deemed necessary or appropriate as a basis for the opinions expressed below.

In rendering this opinion, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity with the original documents of all documents submitted to us as copies. We also have assumed that all natural persons, including each representative of the Borough who signed the Sale Documents had sufficient legal capacity to do so. Further, we have assumed that all parties other than the Borough have the due authority to execute and deliver the documents, certificates and agreements to which they are a party or that they have signed. We have further assumed that there has not been any mutual mistake of fact, fraud, duress or undue influence in connection with this transaction that could affect the validity or enforceability of any of the Sale Documents.

In rendering this opinion, we have also assumed that each of the Sale Documents has been duly authorized, executed and delivered by each party thereto other than the Borough and that each of the Sale Documents are binding and enforceable against each such other party in accordance with its terms, and we have assumed that each such other party has satisfied those legal requirements that are applicable to it to the extent necessary to make the Sale Documents enforceable against it and has complied with all legal requirements pertaining to its status as such status relates to its rights to enforce the Sale Documents against the Borough.

In rendering this opinion, we also have assumed that the terms and conditions of the Sale Documents have not been amended, modified or supplemented, directly or indirectly, by any other agreement or understanding of the parties or the waiver of any of the material provisions of the Sale Documents.

For purposes of the opinions set forth herein, we have not reviewed any documents other than the Sale Documents and the other documents specifically listed above in this opinion letter. In particular, we have not reviewed any document (other than the Sale Documents and such other specifically listed documents) that is referred to in or incorporated by reference into any document reviewed by us. We have assumed that there exists no provision in any document that we have not reviewed that is inconsistent with the opinions stated herein.

As to matters of fact supporting the opinions expressed herein, we have relied solely and without investigation upon the representations and warranties of the Borough contained in the Sale Documents (including the exhibits thereto) and the documents delivered pursuant thereto.

We have assumed that each party to the Sale Documents has acted in good faith and without notice of any defense against the enforcement of any rights created by, or adverse claim to any interest transferred or created as part of, the transactions contemplated by the Sale Documents, and that the parties will act at all times in good faith and in a commercially reasonable manner.

On the basis of and subject to the assumptions, qualifications, exceptions and limitations set forth herein, we are of the opinion that:

1. The Borough is a duly organized and validly existing political subdivision of the Commonwealth of Pennsylvania under the Borough Code.
2. The Borough has authority to adopt the Resolution and to execute, deliver and perform all of its obligations under the Purchase Agreement.
3. The Borough has taken all action necessary to adopt the Resolution and to authorize the execution, delivery and performance of the Purchase Agreement, and the Borough has duly executed and delivered the Purchase Agreement.
4. The Purchase Agreement constitutes a valid and binding obligation of the Borough, enforceable against the Borough in accordance with its terms.

The foregoing opinions are subject to the following qualifications, exceptions and limitations:

- (a) The rights of the Purchaser and the enforceability of the Sale Documents are subject to:
 - (i) applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer and similar laws of general application affecting the rights and remedies of creditors generally;
 - (ii) the effect of general principles of equity (regardless of whether considered in a proceeding in equity or law), including, without limitation, concepts of materiality, reasonableness, good faith and fair dealing; and
 - (iii) limitations imposed under applicable law on the availability of ex parte remedies and other self-help or non-judicial relief.

As used in this paragraph (a), "fraudulent transfer laws" is understood to include, without limitation, laws relating to the Pennsylvania Uniform Fraudulent Transfer Act, Section 548 of the United States Bankruptcy Code and similar laws.

(b) The enforceability of certain of the remedial, waiver and other provisions of the Sale Documents may be further subject to the exercise of judicial discretion.

(c) Insofar as the indemnity provisions of the Sale Documents may encompass indemnification with respect to violation of laws, enforcement thereof may be limited by federal or state securities laws or regulations or the public policies underlying such laws.

(d) The provisions regarding the remedies available to you on default as set forth in the Sale Documents are subject to certain procedural requirements and applicable constitutional, legislative, judicial and administrative provisions, statutes, regulations, decisions, rulings and other laws, which are not reflected in the Sale Documents.

(e) We express no opinion as to any provisions of the Sale Documents that are found by a court to be incomplete, vaguely worded or ambiguous as to their substance, meaning or effect.

(f) Our opinion letter is limited in all respects to the laws of the United States of America and the laws of the Commonwealth of Pennsylvania in effect as of the date hereof, in each case that, in our experience, without having made any special investigation as to the applicability of any specific law, are normally applicable to transactions such as set forth in the Sale Documents (the "Applicable Laws"), and we express no opinion as to the laws of any other jurisdiction. Our opinion is limited to a consideration of judicial decisions that are published in recognized legal authorities or readily available in electronic databases.

(g) Our opinion letter express no opinion as to the validity or enforceability of any provision of the Sale Documents that: (i) authorizes the collection of late charges, or imposes penalties or forfeitures in the event of delinquency or default; (ii) purports to grant a power of attorney; (iii) purports to grant the right to confess a judgment, or otherwise purports to provide a consent by any party to entry of judgment without prior notice, resort to judicial proceedings or a prior hearing thereon; (iv) purports to authorize the taking of possession of collateral in any manner other than peaceably and by reason of the peaceable surrender of such possession by the applicable party or by reason of appropriate judicial proceedings; (v) purports to require that waivers must be in writing to the extent that an oral agreement or implied agreement by trade practice or course of conduct modifying provisions of the Sale Documents has been made; (vi) purports to be a consent to exclusive or non-exclusive jurisdiction of any particular court or other judicial tribunal, a waiver of the right to a jury trial, a waiver of any right to object to jurisdiction or venue, a waiver of any right to claim damages, or to assert defenses or to service of process or a waiver of any other rights or benefits bestowed by operation of law or the waiver of which is limited by applicable law; (vii) relates to choice of law or conflicts of law; (viii) purports to be a waiver of the obligations of

good faith, fair dealing, diligence, mitigation of damages or commercial reasonableness; (ix) purports to exculpate, or require indemnification by any other party of, any party from its own negligent acts or violations of statutes or administrative regulations, or limit or exculpate any party from certain liabilities, including, without limitation, punitive, exemplary, consequential, indirect or similar damages; (x) purports to authorize the appointment of a receiver as a matter of right; (xi) purports to require the payment of attorneys' fees or court costs; (xii) purports to authorize any party to set off and apply any payments or other property; (xiii) purports to waive any rights afforded to any party thereto under any statute or constitutional provision, including, without limitation, the right to notice and a hearing prior to levy, attachment or execution upon property or assets pursuant to a judgment; (xiv) purports to waive broadly or vaguely stated rights or future rights, or waive certain rights or defenses to obligations where such waivers may be against statutes, laws or public policy; (xv) purports to provide that rights or remedies are not exclusive, that every right or remedy is cumulative and may be exercised in addition to or with any other right or remedy, or that the election of some remedy or remedies does not preclude recourse to one or more other remedies; (xvi) purports to provide that injunctive relief or specific performance may be available as a remedy for breach; (xvii) purports to provide or implies the availability of self-help in any particular event or circumstances; (xviii) purports to grant to any party a private right of sale or other non-judicial execution remedies against real property where not expressly authorized by applicable law; (xix) purports to waive, or purports to provide remedies in contravention of, or that are inconsistent with, the requirements of any applicable deficiency judgment or similar other applicable law; (xx) purports to bind or affect the legal rights of third parties who are not signatories to the Sale Documents, or, in the case of assignments of agreements, purports to assign rights or interests that are not assignable under the terms of such agreements or under applicable law; or (xxi) the breach of which a court concludes is not material or does not materially adversely affect the party seeking relief.

(h) We express no opinion as to any environmental, subdivision, land use, building code or zoning laws, rules, regulations or ordinances in respect of the transactions contemplated by or referred to in the Sale Documents.

(i) We express no opinion as to any federal or state usury, patent, trademark, copyright, intellectual property, antitrust and unfair competition, labor, pension or employee benefit or tax laws in respect of the transactions contemplated by or referred to in the Sale Documents.

(j) We have assumed that each of the parties to the Sale Documents will seek to enforce its rights thereunder in good faith and in a commercially reasonable manner.

(k) We express no opinion as to the truth, adequacy, accuracy or completeness of any information, statements, documentation or other material provided by the Borough in connection with or relating to any of Sale Documents or the transaction contemplated thereby.

(1) We express no opinion as to any provision of any Agreement that purports to bind or impose duties, obligations or agreements on persons not a signatory party thereto

We understand that you have read and accepted this opinion letter, are fully cognizant of all of its contents, and are aware that this letter must be read in its entirety. This opinion letter is issued as of the date hereof, is necessarily limited to laws now in effect in the Commonwealth of Pennsylvania and to facts and circumstances presently brought to our attention and is rendered solely for your benefit in connection with the subject transaction. We assume no obligation to supplement this opinion letter if any applicable laws change or are subject to new interpretations after the date hereof or if we become aware of any facts that may change the opinions expressed herein after the date hereof.

This opinion letter may be relied upon only by you in connection with the execution and delivery of the Lease and the transactions contemplated thereby. You may not rely upon this opinion letter for any other purpose, and no other person or entity may rely upon this opinion letter for any purpose without our prior written consent. This opinion letter may not be referred to, or described, furnished or quoted to, any other person, firm or entity, without in each instance our prior written consent.

[Opinion letter subject to revision based on changes in facts or law until issuance]

Sincerely,

McNEES WALLACE & NURICK LLC

By

Exhibit C

Opinion of Buyer's Counsel

[SEE ATTACHED]

Borough of Phoenixville
351 Bridge Street
Phoenixville, PA 19460

Re: Assets Purchase Agreement, dated as of April 26, 2017, between the Borough of Phoenixville, Chester County, Pennsylvania and Aqua Pennsylvania, Inc.

Ladies and Gentlemen:

This firm has acted as counsel to the Aqua Pennsylvania, Inc. ("Aqua") in connection with that certain Assets Purchase Agreement dated April 26, 2017 (the "Purchase Agreement") between the Aqua and the Borough of Phoenixville (the "Borough"), providing for the sale by the Borough and the purchase by Aqua of the Assets.

This opinion letter is being delivered pursuant to Section 3.1.c of the Purchase Agreement. Capitalized terms not otherwise defined herein have the meanings ascribed thereto in the Purchase Agreement.

As counsel Aqua, we have examined originals or copies, certified or otherwise authenticated to our satisfaction, of the following documents:

(i) The Purchase Agreement, executed and delivered by Aqua and the Borough, and the exhibits and schedules thereto (collectively, the "Sale Documents");

(ii) Resolution of the Board of Directors of Aqua [parent?] relating to the Sale Documents (the "Resolution");

(iii) such other documents and certificates as we have deemed necessary or appropriate as a basis for the opinions expressed below.

In rendering this opinion, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity with the original documents of all documents submitted to us as copies. We also have assumed that all natural persons, including each representative of Aqua who signed the Sale Documents had sufficient legal capacity to do so. Further, we have assumed that all parties other than Aqua have the due authority to execute and deliver the documents, certificates and agreements to which they are a party or that they have signed. We have further assumed that there has not been any mutual mistake of fact, fraud, duress or undue influence in connection with this transaction that could affect the validity or enforceability of any of the Sale Documents.

In rendering this opinion, we have also assumed that each of the Sale Documents has been duly authorized, executed and delivered by each party thereto other than Aqua and that each of the

Sale Documents are binding and enforceable against each such other party in accordance with its terms, and we have assumed that each such other party has satisfied those legal requirements that are applicable to it to the extent necessary to make the Sale Documents enforceable against it and has complied with all legal requirements pertaining to its status as such status relates to its rights to enforce the Sale Documents against Aqua.

In rendering this opinion, we also have assumed that the terms and conditions of the Sale Documents have not been amended, modified or supplemented, directly or indirectly, by any other agreement or understanding of the parties or the waiver of any of the material provisions of the Sale Documents.

For purposes of the opinions set forth herein, we have not reviewed any documents other than the Sale Documents and the other documents specifically listed above in this opinion letter. In particular, we have not reviewed any document (other than the Sale Documents and such other specifically listed documents) that is referred to in or incorporated by reference into any document reviewed by us. We have assumed that there exists no provision in any document that we have not reviewed that is inconsistent with the opinions stated herein.

As to matters of fact supporting the opinions expressed herein, we have relied solely and without investigation upon the representations and warranties of Aqua contained in the Sale Documents (including the exhibits thereto) and the documents delivered pursuant thereto.

We have assumed that each party to the Sale Documents has acted in good faith and without notice of any defense against the enforcement of any rights created by, or adverse claim to any interest transferred or created as part of, the transactions contemplated by the Sale Documents, and that the parties will act at all times in good faith and in a commercially reasonable manner.

On the basis of and subject to the assumptions, qualifications, exceptions and limitations set forth herein, we are of the opinion that:

1. Aqua is a duly organized and validly existing corporation under the laws of the Commonwealth of Pennsylvania.
2. Aqua has authority to adopt the Resolution and to execute, deliver and perform all of its obligations under the Purchase Agreement.
3. Aqua has taken all action necessary to adopt the Resolution and to authorize the execution, delivery and performance of the Purchase Agreement, and Aqua has duly executed and delivered the Purchase Agreement.
4. The Purchase Agreement constitutes a valid and binding obligation of Aqua, enforceable against Aqua in accordance with its terms.

The foregoing opinions are subject to the following qualifications, exceptions and limitations:

- (a) The rights of the Borough and the enforceability of the Sale Documents are subject to:

(i) applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer and similar laws of general application affecting the rights and remedies of creditors generally;

(ii) the effect of general principles of equity (regardless of whether considered in a proceeding in equity or law), including, without limitation, concepts of materiality, reasonableness, good faith and fair dealing; and

(iii) limitations imposed under applicable law on the availability of ex parte remedies and other self-help or non-judicial relief.

As used in this paragraph (a), "fraudulent transfer laws" is understood to include, without limitation, laws relating to the Pennsylvania Uniform Fraudulent Transfer Act, Section 548 of the United States Bankruptcy Code and similar laws.

(b) The enforceability of certain of the remedial, waiver and other provisions of the Sale Documents may be further subject to the exercise of judicial discretion.

(c) Insofar as the indemnity provisions of the Sale Documents may encompass indemnification with respect to violation of laws, enforcement thereof may be limited by federal or state securities laws or regulations or the public policies underlying such laws.

(d) The provisions regarding the remedies available to you on default as set forth in the Sale Documents are subject to certain procedural requirements and applicable constitutional, legislative, judicial and administrative provisions, statutes, regulations, decisions, rulings and other laws, which are not reflected in the Sale Documents.

(e) We express no opinion as to any provisions of the Sale Documents that are found by a court to be incomplete, vaguely worded or ambiguous as to their substance, meaning or effect.

(f) Our opinion letter is limited in all respects to the laws of the United States of America and the laws of the Commonwealth of Pennsylvania in effect as of the date hereof, in each case that, in our experience, without having made any special investigation as to the applicability of any specific law, are normally applicable to transactions such as set forth in the Sale Documents (the "Applicable Laws"), and we express no opinion as to the laws of any other jurisdiction. Our opinion is limited to a consideration of judicial decisions that are published in recognized legal authorities or readily available in electronic databases.

(g) Our opinion letter express no opinion as to the validity or enforceability of any provision of the Sale Documents that: (i) authorizes the collection of late charges, or imposes penalties or forfeitures in the event of delinquency or default; (ii) purports to grant a power of attorney; (iii) purports to grant the right to confess a judgment, or otherwise purports to provide a consent by any party to entry of judgment without prior notice, resort to judicial proceedings or a prior hearing thereon; (iv) purports to authorize the taking of possession of collateral in any manner other than peaceably and by reason of the peaceable surrender of such possession by the applicable party or by reason of appropriate judicial proceedings; (v) purports to require that waivers must be in writing to the extent that an oral agreement or implied agreement by trade practice or course of conduct modifying provisions of the Sale Documents has been made; (vi) purports to be a consent to exclusive

or non-exclusive jurisdiction of any particular court or other judicial tribunal, a waiver of the right to a jury trial, a waiver of any right to object to jurisdiction or venue, a waiver of any right to claim damages, or to assert defenses or to service of process or a waiver of any other rights or benefits bestowed by operation of law or the waiver of which is limited by applicable law; (vii) relates to choice of law or conflicts of law; (viii) purports to be a waiver of the obligations of good faith, fair dealing, diligence, mitigation of damages or commercial reasonableness; (ix) purports to exculpate, or require indemnification by any other party of, any party from its own negligent acts or violations of statutes or administrative regulations, or limit or exculpate any party from certain liabilities, including, without limitation, punitive, exemplary, consequential, indirect or similar damages; (x) purports to authorize the appointment of a receiver as a matter of right; (xi) purports to require the payment of attorneys' fees or court costs; (xii) purports to authorize any party to set off and apply any payments or other property; (xiii) purports to waive any rights afforded to any party thereto under any statute or constitutional provision, including, without limitation, the right to notice and a hearing prior to levy, attachment or execution upon property or assets pursuant to a judgment; (xiv) purports to waive broadly or vaguely stated rights or future rights, or waive certain rights or defenses to obligations where such waivers may be against statutes, laws or public policy; (xv) purports to provide that rights or remedies are not exclusive, that every right or remedy is cumulative and may be exercised in addition to or with any other right or remedy, or that the election of some remedy or remedies does not preclude recourse to one or more other remedies; (xvi) purports to provide that injunctive relief or specific performance may be available as a remedy for breach; (xvii) purports to provide or implies the availability of self-help in any particular event or circumstances; (xviii) purports to grant to any party a private right of sale or other non-judicial execution remedies against real property where not expressly authorized by applicable law; (xix) purports to waive, or purports to provide remedies in contravention of, or that are inconsistent with, the requirements of any applicable deficiency judgment or similar other applicable law; (xx) purports to bind or affect the legal rights of third parties who are not signatories to the Sale Documents, or, in the case of assignments of agreements, purports to assign rights or interests that are not assignable under the terms of such agreements or under applicable law; or (xxi) the breach of which a court concludes is not material or does not materially adversely affect the party seeking relief.

(h) We express no opinion as to any environmental, subdivision, land use, building code or zoning laws, rules, regulations or ordinances in respect of the transactions contemplated by or referred to in the Sale Documents.

(i) We express no opinion as to any federal or state usury, patent, trademark, copyright, intellectual property, antitrust and unfair competition, labor, pension or employee benefit or tax laws in respect of the transactions contemplated by or referred to in the Sale Documents.

(j) We have assumed that each of the parties to the Sale Documents will seek to enforce its rights thereunder in good faith and in a commercially reasonable manner.

(k) We express no opinion as to the truth, adequacy, accuracy or completeness of any information, statements, documentation or other material provided by Aqua in connection with or relating to any of Sale Documents or the transaction contemplated thereby.

(l) We express no opinion as to any provision of any Agreement that purports to bind or impose duties, obligations or agreements on persons not a signatory party thereto

We understand that you have read and accepted this opinion letter, are fully cognizant of all of its contents, and are aware that this letter must be read in its entirety. This opinion letter is issued as of the date hereof, is necessarily limited to laws now in effect in the Commonwealth of Pennsylvania and to facts and circumstances presently brought to our attention and is rendered solely for your benefit in connection with the subject transaction. We assume no obligation to supplement this opinion letter if any applicable laws change or are subject to new interpretations after the date hereof or if we become aware of any facts that may change the opinions expressed herein after the date hereof.

This opinion letter may be relied upon only by you in connection with the execution and delivery of the Lease and the transactions contemplated thereby. You may not rely upon this opinion letter for any other purpose, and no other person or entity may rely upon this opinion letter for any purpose without our prior written consent. This opinion letter may not be referred to, or described, furnished or quoted to, any other person, firm or entity, without in each instance our prior written consent.

[Opinion letter subject to revision based on changes in facts or law until issuance]

Sincerely,

LAMB MCERLANE PC

By

Schedule 1

Proposed Service Territory

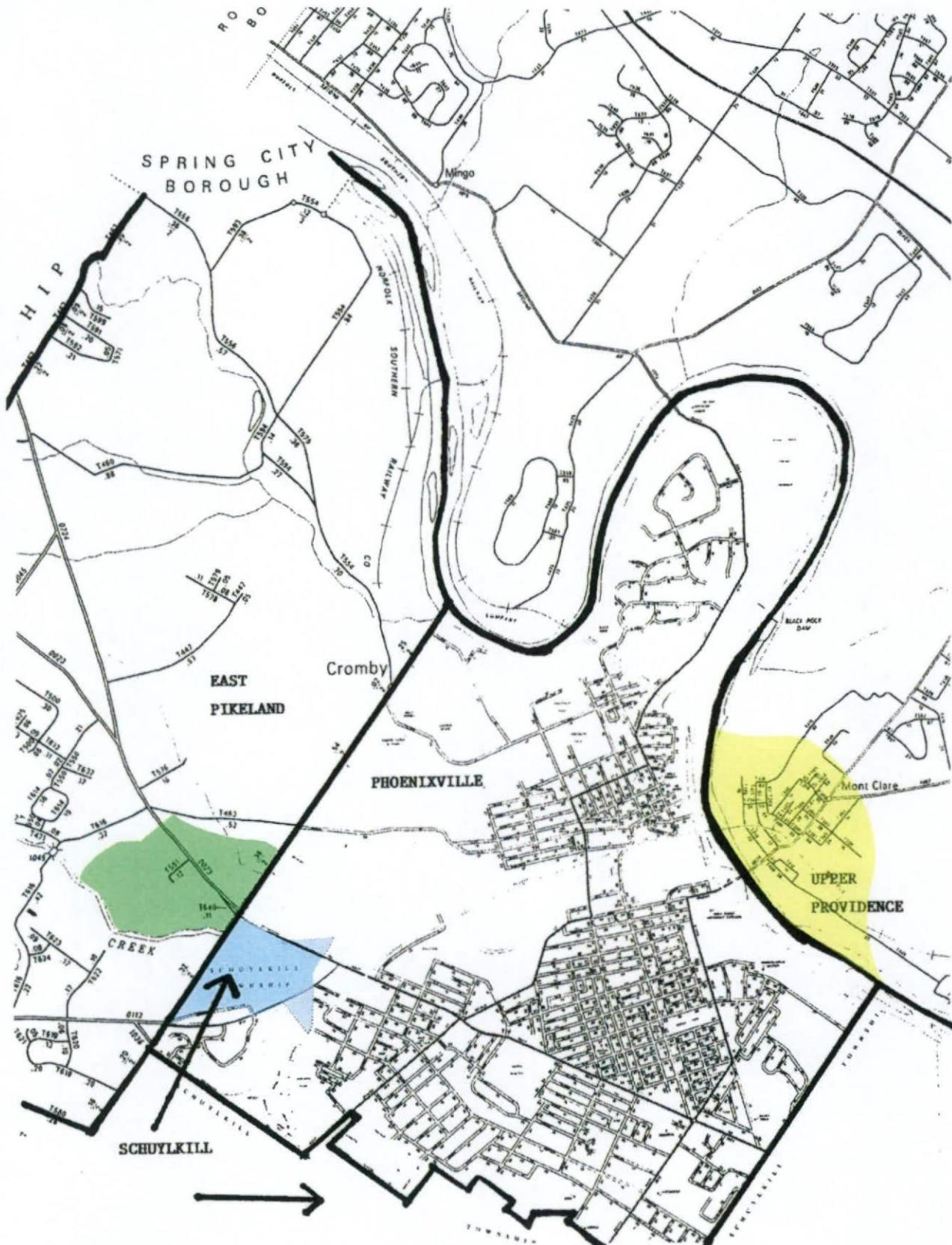
[SEE ATTACHED]

Borough of Phoenixville Extra-territorial Water Service:

Green - East Pikeland Twp.

Blue - Schuylkill Twp.

Yellow - Upper Providence Twp.



This map is illustrative only and not drawn to scale

Schedule 1.3

Excluded Water Main in Schuylkill Township

[TO BE PROVIDED BY BOROUGH]

**DESCRIPTION OF WATER MAIN CENTERLINE
BELONGING TO THE BOROUGH OF PHOENIXVILLE
KIMBERTON ROAD (S.R. 113)
THROUGH THE TOWNSHIP OF SCHUYLKILL
CHESTER COUNTY, PENNSYLVANIA**

ALL THAT PORTION OF WATER MAIN, situate, lying and being in the Township of Schuylkill, County of Chester and Commonwealth of Pennsylvania ; and being more particularly described as follows;

BEGINNING at a point in the Southeasterly side of the roadbed of Kimberton Road (a.k.a. S.R. 113) where the same is intersected by the entrance to the Village at Pickering Run; said point having a position of N 298,076.343 and E 2,586,770.951 as defined by the Pennsylvania State Plane Coordinate System (South Zone / North American Datum of 1983); thence the following 5 courses along said side of Kimberton Road:

1. North 68 degrees 33 minutes 48 seconds East, a distance of 128.27 feet, to an angle point; thence
2. North 67 degrees 44 minutes 46 seconds East, a distance of 215.20 feet, to an angle point; thence
3. North 62 degrees 49 minutes 48 seconds East, a distance of 112.99 feet, to an angle point; thence
4. North 59 degrees 30 minutes 58 seconds East, a distance of 152.57 feet, to an angle point; thence
5. North 58 degrees 14 minutes 01 seconds East, a distance of 99.14 feet to a terminus point on the Southeasterly side of Kimberton Road where the same is intersected by Pennsylvania Avenue; said point having a position of N 298,385.910 and E 2,587,405.815 as defined by the Pennsylvania State Plane Coordinate System (South Zone / North American Datum of 1983).

The combined centerline distance of these segments as defined by utility markout on August 11, 2017 being 708.17 feet.

Subject to conditions, restrictions and easements of record, except those that may have expired by their own limitations.

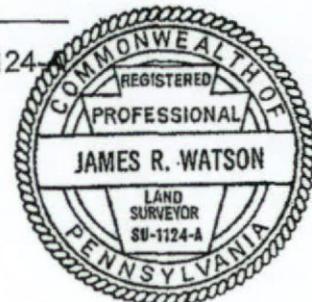
This description was prepared by Remington, Vernick & Beach Engineers, Conshohocken, PA. August, 2017.

8/14/17

James R. Watson

Date:

James R. Watson PA. P.L.S.# SU-001124



Schedule 1.6

Assumed Contracts

1. "Water Supply Agreement" between Seller and Pennsylvania American Water Company (successor in interest to Citizens Utility Home Water Company) dated March 10, 1986.

Schedule 4.b

List of Deeds, Easements, Licenses

Locations for which no deeds, easements, licenses, etc. exist

[TO BE PROVIDED BY BOROUGH]

Schedule 4.b

1. List of Deeds, Easements, Licenses
 - a. Dedication Agreement between Gambone Brothers Construction Company and Borough of Phoenixville, dated August 1, 1986
 - b. Quitclaim Deed between Rapps Dam Bridge Homeowners Association, Inc. d/b/a Covered Bridge Crossing Home Owners Association and Borough of Phoenixville, dated August 11, 2016
 - c. Temporary Construction Right-of-Way and Easement Agreement between Borough of Phoenixville and Carl V. Katein and Catherine Katein, dated March 24, 1989
 - d. Temporary Construction Right-of-Way and Easement Agreement between Borough of Phoenixville and James E. Dougherty and Elizabeth A. Dougherty, dated March 1, 1989
 - e. Release and Right-of-Way and Easement Agreement between Borough of Phoenixville and James E. Dougherty and Elizabeth A. Dougherty, dated March 1, 1989
 - f. Temporary Construction Right-of-Way and Easement Agreement between Borough of Phoenixville and John E. Brower and Christine M. Brower, dated January 30, 1989
 - g. Temporary Construction Right-of-Way and Easement Agreement With Changes, Additions and/or Modifications between Borough of Phoenixville and Audrey T. Lane, dated February 14, 1989

2. Locations for which no deeds, easements, licenses, etc. exist
 - a. The Meadows Condominium development in Upper Providence Township, Montgomery County, Pennsylvania, being known as Montgomery County tax parcel number 61-00-01662-00-5, as more particularly described in a deed to The Meadows Condominium Association dated or recorded on or about August 31, 1983

Schedule 4.c

Environmental Conditions

None

Schedule 4.e

Contracts

None

Schedule 4.g

Customer List

[SEE ATTACHED]

PUBLIC VERSION

CONFIDENTIAL AND PROPRIETARY

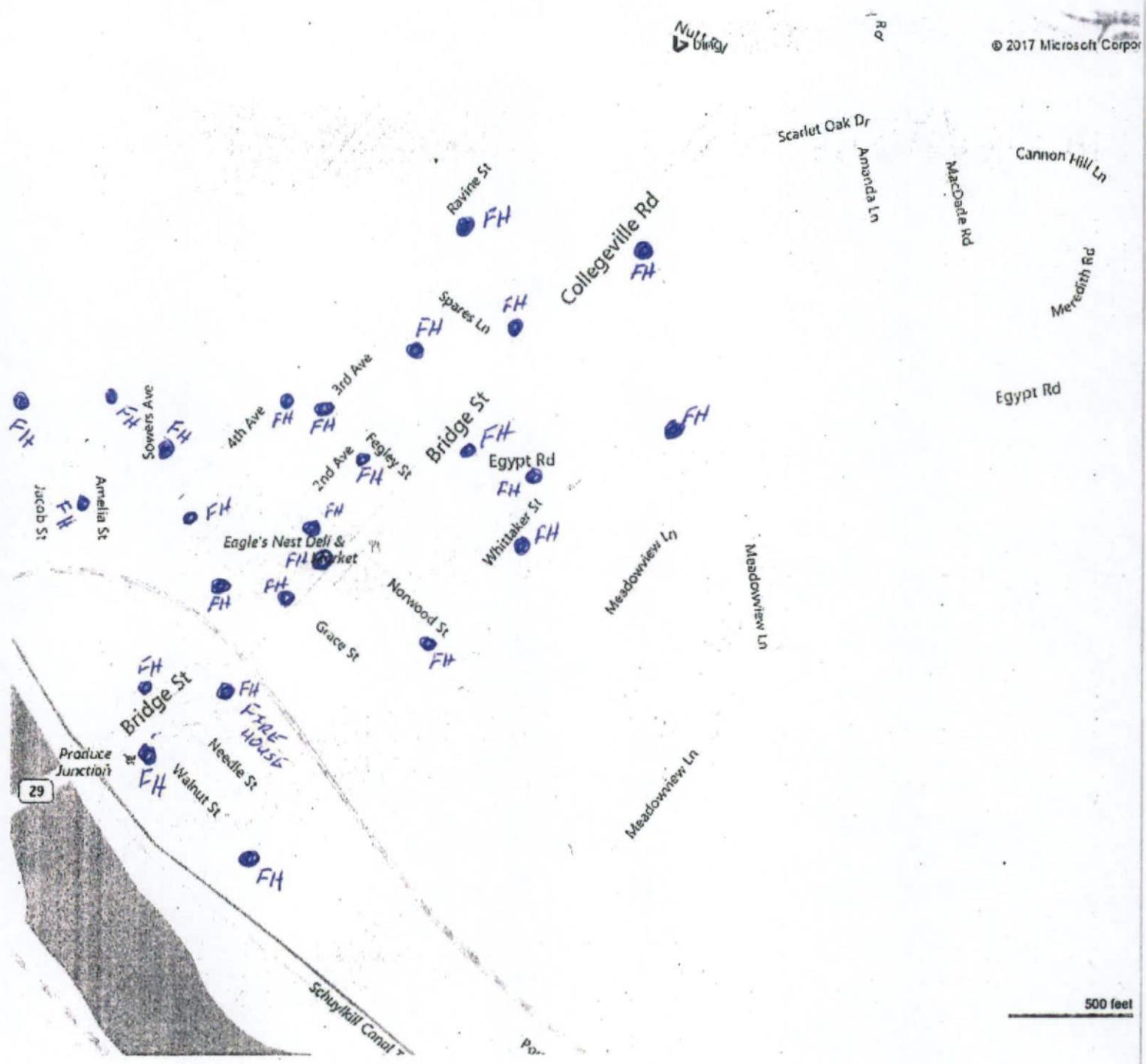
CUSTOMER NAMES AND ADDRESSES

ARE REDACTED

Schedule 4.h

Hydrant Locations

[SEE ATTACHED]



MONT CLARE FIRE HYDRANT LOCATIONS

[://www.bing.com/maps?&ty=18&q=Mont%20Clare%2c%20PA%2c%2019453&vdpid...](http://www.bing.com/maps?&ty=18&q=Mont%20Clare%2c%20PA%2c%2019453&vdpid...)

Schedule 6.d

Aqua's Customer Rules and Regulations

RULES AND REGULATIONS

INTRODUCTION

Effect of Rules and Regulations:

1. These Rules and Regulations, filed as part of the Company's Tariff, shall govern the manner in which water service is provided to all Applicants and Customers. The Company may supplement these Rules and Regulations, and may revise and amend these Rules and Regulations from time to time subject to the approval of the Pennsylvania Public Utility Commission ("Commission"). The Company will follow Commission regulations not specifically addressed in these Rules and Regulations.

Types of Service Provided.

2. There are four general types of service that are provided by the Company, as follows:

"General Metered Service." Water service provided for general use by any of the following customer classes: residential, commercial, industrial, other water utility, or public. This type of service is also referred to as "domestic" service.

"Fire Service." Water service provided to an unmetered fire hydrant, whether public or private, or through a separately metered service line to be utilized exclusively for fire protection of a building and/or property.

"Qualified Private Fire Protection Service." Water service provided to an unmetered fire hydrant located in the public right-of-way which does not otherwise qualify for Public Fire Hydrant rates.

"Combined Fire & Domestic Service." Water service provided at the request of the Customer, subject to the Company's approval for all non-residential Customer classifications which utilize a single service line for both fire and domestic service. This service can be provided in accordance with the requirements of Rule 40 when the fire/domestic meter size is at least 4 inches.

In addition to the general application of these Rules and Regulation, special Rules for the provision of fire service are contained in Rules 40 through 49, and special Rules for the provision of Construction Service are contained in Rules 38 and 39.

Classes of General Metered Service:

3. There are five classes of general metered service, based on the nature of the Customer and the use of the property receiving service, as follows:

"Residential Class." An individually-metered dwelling unit intended for human habitation (including a detached house, rowhouse, townhouse, condominium and mobile home) or an individually-metered home or building consisting of not more than two dwelling units.

"Commercial Class." A building, store, restaurant or office which is primarily a site for the buying or selling of goods or the provision of professional or consumer services. In addition, apartments, condominium complexes, colleges, private and public schools, car washes, laundromats, construction sites, hotels, motels, and tanks filled at the Company's premise are included in this class.

"Industrial Class." A building or factory which is primarily a site for the manufacture or production of goods.

"Other Water Utility." A public water utility, municipal corporation or water authority which purchases water for resale to their customers.

"Public." A public building, library, park or playground which is owned by a governmental unit which has the power of taxation.

DEFINITIONS

4. The following words and phrases when used in these Rules and Regulations shall have the meanings given to them below:

"Applicant." A person who is not currently receiving service but has applied to the utility for service and whose name appears on the mortgage deed, or lease of the property for which service is requested.

"Auxiliary Water Supply." A water supply, other than that provided by the Company, that is on or available to the Customer's premises, including, but not limited to, a supply from another public water supply agency, from a natural source such as a well, lake or spring, or from a source containing used water or industrial fluids.

"Builder." Any person(s) requesting an extension to provide service to an existing lot or group of lots, either existing or to be subdivided, where service is to be provided to something other than a preexisting residential structure; namely, a newly constructed structure, structures to be constructed in the future, or to a preexisting non-residential structure.

"Company." Aqua Pennsylvania, Inc.

"Company service line." The service line owned by the Company that extends from the water main to the curb stop or curb line or such point as designated by the Company.

"Construction Costs." All direct and indirect costs attributable to the material and installation of the subject main extension, services and appurtenances, and/or removal of existing Company facilities (including the net book value of property replaced or retired), whether incurred by the Builder or the Company.

"Construction Service." Water service provided for construction purposes.

"Curb Box." A cylindrical device with a lid is normally placed by the curb which affords access to the curb stop. Normally, this device is initially installed by the Company, but may be subject to having its condition or position adjusted by natural forces or the work of the developer or a plumber. Accordingly, it is the responsibility of the Customer to maintain the Curb Box in a safe condition, or to notify the Company in writing to make the necessary repairs or relocation to the Curb Box or Curb Box lid.

"Curb Stop." A device owned, installed, maintained and controlled by the Company that can be turned to an open or closed position for the purpose of controlling the supply of water to the service property.

"Customer." A person listed on the account and whose primarily responsible for the utility bill OR adult occupant whose name appears on the mortgage, deed, or lease for the service address.

"Customer service line." The service line owned by the Customer that extends from the Curb Stop or curb line (or such point as designated by the Company) to the property or building to be served.

"Depositor." Any person(s) acting on behalf of Prospective Customer(s) for the purpose of entering into an Extension Deposit Agreement.

"Meter." A device furnished, installed and owned by the Company to register the consumption or use of water at the Customer's Property.

"Meter Box/Vault." A structure which is owned and maintained by the Customer, having been installed by an agent for the Customer, in accordance with Company specifications, for the purpose of housing the Meter outside of the Customer's building, at an underground location mutually agreed upon between the Customer and Company. It is the responsibility of the Customer, as the owner of the Meter Box/Vault to maintain the Meter Box/Vault and lid in a safe condition.

"Metered Manifold" A domestic service line that contains more than one metered service. When more than one meter is installed upon a Customer's premise at the request of a Customer or due to conditions existing upon the premise of the Customer, then each meter shall be treated separately as if it belonged to a separate Customer.

"Plumbing Fixture Standards." The water use standards that have been adopted by the Delaware River Basin Commission (at Resolution 88-2 Revised) and subsequently recommended by the Pennsylvania Public Utility Commission for plumbing fixtures installed in new construction and in existing structures undergoing renovations involving replacement of such fixtures, as follows:

<u>Plumbing Fixture</u>	<u>Water Use Standard</u>
showereads	3.0 gallons/minute
lavatory faucet	3.0 gallons/minute
kitchen faucet	3.0 gallons/minute
water closets	1.6 gallons/flush
urinals	1.5 gallons/minute

"Private Fire Hydrant." A fire hydrant furnished, installed, owned and maintained by the Company that has been requested by an Applicant and approved by the municipality, but where the municipality has refused to accept payment of the applicable rate as set forth in the Company's rate schedule.

"Property." In general terms, a separate parcel of land owned in fee simple absolute, including any home(s), condominium(s), Home Owner's Association or building(s) affixed thereto, which is delineated by the description contained in the recorded deed, and which may be further delineated by any public roads.

"Prospective Customer." Any owner, tenant or lessee of a property that is expected to be receiving water service for at least one year following the commencement of water service.

"Public Fire Hydrant." A fire hydrant furnished, installed, owned and maintained by the Company that has been requested by the municipality, or requested by an Applicant and approved by the municipality, where the municipality has accepted responsibility for payment of the applicable rate as set forth in the Company's rate schedule.

"Residential Structure." When used with respect to metered Residential Fire Service, a home or building which contains only individually - metered dwelling units intended for human habitation.

"Service Connection." The installation by the Company of the Company service line. May also refer to the Company service line itself.

"Special Devices." Devices that are owned and maintained by the Customer on the Customer's plumbing system at the requirement of the Company. Special Devices include, but are not limited to, the following:

"Backflow Preventor." A device designed to prevent a potential backflow of contaminants from the Customer's activities or property into the Company's distribution system.

Aqua Pennsylvania, Inc.

Supplement No. 86
to
Water-PA, P.U.C. No. 1
Fourth Revised Page No. 25
~~Canceled Second & Third Revised Page No. 25~~

"Check Valve." A device designed to allow the flow of water only in one direction.

"Control Valve." A device designed to stop the flow of water when the valve is closed.

"Pressure Reducing Valve." A device designed to reduce the water pressure within the Customer's building below that which exists on the Company's distribution system.

"Pressure Relief Valve." A device designed to relieve pressure on the internal plumbing system of the Customer's property.

APPLICATION FOR SERVICE

Notification of Change in Ownership or Occupancy at an Existing Service Property:

5. Upon any change in ownership of property where the owner is the Customer, or in the tenancy where the tenant is the Customer, or in the type of service rendered, the Customer must so advise the Company, which shall thereafter have the right to discontinue the water supply until a new application has been made and approved for the new Customer.

Application for Water Service by a New Owner or Occupant at an Existing Service Property:

6. Where a Customer's water service line exists on a property to be served in compliance with the Company's rules, water service will be furnished by the Company as soon as reasonably practicable after written or oral application of the owner or tenant of the property or his properly authorized agent. The Customer receiving water service takes such service subject to the Company's Tariff, including its Rules and Regulations.

Application for Water Service to a Proposed Service Property:

7. Where an adequate water distribution main abuts the Customer's property, a service connection will be made as soon as reasonably practicable after the appropriate application forms have been completed by the property owner or his properly authorized agent and subsequently submitted to, and approved by, the Company. Where an adequate water distribution main does not abut the Customer's property, the Customer must make necessary arrangements with the Company's New Business Office for the extension of a water distribution main in accordance with the Company's Rules and Regulations. Service Connection application forms will be furnished by the Company on request.

Aqua Pennsylvania, Inc.

Delinquent Bills:

13. If a rendered bill remains unpaid for a period of 20 days for residential customers or 15 days for non-residential customers, it shall be classified as delinquent. However, if the last day of such period falls on a Saturday, Sunday, a holiday or day when the Company's offices are closed, the delinquency date shall be the next succeeding business day. Payments by mail will be deemed made on the date of the postmark. Payments to the Company drop box or authorized payment agent will be deemed received when paid at that location. Service may be terminated for non-payment of bills in accordance with the Commission's regulations. If service is thus terminated it will not be restored until all outstanding charges provided by the Commission's regulations and the tariff of the Company are paid or satisfactory arrangements are entered for payment. If a dispute of a water bill has arisen as defined in the Commission's regulations, the Customer is responsible for paying the undisputed portion of such bill and termination of service may occur if the undisputed billings become delinquent.

Late Payment Charge:

14. If payment has not been received by the Company for five days after the bill has been classified as delinquent, a late charge (penalty) of 1.25% will be applied to the account and such late charge (penalty) will be calculated every thirty days thereafter only on the overdue portion of the bill excluding previous late charges (penalties), and in no event shall the late charge (penalty) exceed more than 18% annually (simple interest).

Return Check Charge:

15. The Customer will be responsible for the payment of a charge of \$20.00 per incident where a check, which has been presented to the Company for payment of any bill, is returned by the bank for any reason including, but not limited to, non-sufficient funds, account closed, payment stopped, two signatures required, post dated, stale date, account garnished, no account, drawn against uncollected funds, balance held, and unauthorized signature. This charge is in addition to any and all charges assessed against the Customer by the bank. If a Customer's account shows a history of submitting payments that have been returned for insufficient funds or any other reason outlined above, the Company may require deposit or turn-on charges to be paid by cash, certified check, money order, or credit card.

Turn-on Charge:

16. When service has been terminated to any premise because of violation of the Company's Rules and Regulations or at the Customer's request, a charge of \$50.00 payable in advance, will be made for restoration of service. If the Customer request for restoration of service requires the Company to incur overtime or holiday costs, the Company reserves the right to bill the Customer for the additional cost incurred. If the Company incurs out of the ordinary expense to affect termination of service for non-payment of bills or due to lack of access to the Company's facilities, the Customer must reimburse the Company for those expenses in addition to the \$50.00 turn-on charge prior to service reconnection.

Turn-off at Customer's Request:

17. Customers desiring to avoid payment for water service during periods when Properties are vacant or during extended absences shall give notice in writing at the office of the Company requesting the water to be shut off. If a minimum charge or Customer charge for water use is applicable, the bill will be based on the proportion that the period when water service was available bears to the entire period on which such minimum charge or Customer charge is based. Metered consumption in excess of such adjusted minimum shall be billed at normal rates.

SERVICE CONNECTIONS

Company's Service Lines:

18. Except for service connections made in accordance with Rule 63, the Company will make all connections to its mains and furnish, install and maintain the Company's service lines from the main to and including the Curb Stop, which under normal circumstances will be placed inside the curb-line. The Company's service line will be the property of the Company and under its control. The point of delivery and sale for any water service furnished to the Customer shall be at the Curb Stop.

The maximum Company investment per Company service line shall be as follows:

<u>Size of Service</u>	<u>Maximum Investment</u>
1 1/2 inches in diameter or less	\$ 3,000
Greater than 1 1/2 inches but not to exceed four inches	\$ 6,000
Greater than 4 inches	\$12,000

The cost of any Company service line in excess of the applicable maximum Company investment shall be paid by the Customer, plus all applicable taxes including income taxes occasioned by the contract. Any amount paid by Customer shall not be subject to refund. The Company may require payment of the estimated amount of such excess cost in advance of the installation and will make a partial repayment to the extent the actual cost is determined to be less than the estimate.

Whenever it is necessary to install a service line in advance of the date on which the premises are occupied and a meter is set, a deposit may be required in an amount not to exceed the estimated cost of installation, which deposit will be refunded to the depositor when the service becomes active (i.e., the meter has been set and the premises occupied), provided that event occurs within five years from the date of deposit.

Customer's Service Line:

19. The Customer's service line shall extend from the Property to the Curb Stop or curb line or such point as designated by the Company. All connections, service lines and fixtures owned by the Customer shall be maintained by the Customer in good order, and all meters and appurtenances owned by the Company and located on the Property of the Customer shall be protected properly by the Customer. All leaks in or other deteriorated condition of the Customer's service line or any other pipe or fixture in or upon the premises supplied must be repaired immediately by the owner or occupant of the premises.

Aqua Pennsylvania, Inc.

Size, Kind and Location of Service Lines:

20. The Company reserves the right to determine the size, kind and location of the service line, from the main to the curb, and from the curb to the property to be served. However, the determination of the size of the fire service line shall be the responsibility of a professional engineer or similar professional retained by the Customer. The Customer's service line shall not cross intervening properties unless the property is landlocked and there is no other way in which service can be provided (for example, because the property does not abut a public road) and an appropriate easement is obtained by the Customer for the Customer's benefit, a copy of which must be furnished to the Company. The service line from the curb stop to the property shall be furnished, installed, owned, and maintained by the owner of the property, and where possible shall be laid in a straight line at right angles to the curb line within the building limits of the structure to be served and at least four feet below the surface of the ground in property owned in fee simple absolute. Type K Copper shall be used throughout for service lines up to three inches in diameter. Service lines over three inches in diameter shall be cement-lined ductile or cement-lined cast iron pipe. The minimum size of the Customer's domestic service line shall be 3/4 inch in diameter. The Company reserves the right to inspect the installation of the Customer's service line to ensure its conformity with the specifications in this paragraph.

Separate Trench:

21. No water service line shall be laid in the same trench with a gas pipe, electric line, drain or sewer pipe, or any other facility of another public service company, nor within three feet of any open excavation, retaining wall or vault.

Renewal of Company Service Line:

22. Where renewal of the Company's service line from the street main to the curb is found to be necessary in the Company's opinion due to age or condition, the Company will renew said service in the same location as the old one at its own expense. If, in connection with such renewal, the property owner, or Customer, for his own convenience, desires the new service line to be installed at some other location or in a larger size and agrees to pay all expenses of such work in excess of the cost of renewing the originally-sized service line in its original location, the Company will install the new service line at the location desired, provided that the new line complies with all applicable Rules and Regulations.

Replacement or Abandonment of Company Service Line:

23. Where the Company service line needs to be replaced, relocated, removed or abandoned for the convenience of the Customer or due to any reason other than a routine Company renewal due to age or condition, the Company will perform such work and the Customer shall pay all expenses in connection with such work.

Aqua Pennsylvania, Inc.

Company Not Responsible:

24. The Company shall in no event be responsible for the condition of, or for maintaining or replacing, any portion of the Customer's service line or other lines or fixtures on the Customer's property, or for damage done by water or other matter passing through said lines or fixtures or escaping therefrom. The Customer shall at all times comply with all federal, state, local and municipal laws, codes and regulations with reference thereto, and make changes therein, required on account of change of grade, relocation of mains, or otherwise.

Single Service Line for each Property:

25. A Customer's service line (whether fire or domestic) shall not supply more than one property, as hereinafter defined, but any such property upon proper application of the owner may be supplied by two or more metered service connections, each of which for billing purposes shall be considered as being separate customer accounts, and provided that the supply of each such service connection has an individual control valve at or near the curb. A separate service line shall be required for each of the following types of "property", as defined herein:

- (a) A residential dwelling unit - either detached, or one side of a double house, or a house in a row of houses; provided, that a garage, a conservatory and similar features incidental to the family life shall be considered as a portion of the dwelling.
- (b) A building or complex of buildings containing residential dwelling units not divided by a public road or property line, which are either rental apartments, condominiums, or cooperative units and the commercial and service facilities incidental thereto.
- (c) An industrial, commercial or manufacturing establishment held in common ownership and not divided by a public road or property line and not covered by subparagraphs (b) and (d) of this Rule 25.
- (d) Each of the premises within a single building (stores or offices or any combination thereof) entirely separated from other premises within said building by a party wall or walls.
- (e) A detached building comprised of stores or offices or any combination thereof, not separated by a party wall or walls.
- (f) A Housing Development owned and operated as a unit by the United States Government.

Single Service Line with Two or More Customers:

26. Where two or more Customers are now supplied through a single service line, any violation of the Rules and Regulations of the Company, with reference to either or any of said Customers, shall be deemed a violation as to all, and unless said violation is corrected after reasonable notice, the Company may take such action as can be taken for a single Customer, except that such action will not be taken until either or all of said Customers who have not violated the Company's Rules and Regulations have been given a reasonable opportunity to apply to the Company for separate service lines in accordance with these Rules and Regulations.

METERS

Responsibility for Meter and Meter Box/Vault

(C)

27. All Company meters will be furnished, installed and owned by the Company and remain the property of the Company and be accessible to and subject to its control.

Meter boxes/vaults shall be owned, furnished, installed, and maintained by the Customer, unless otherwise agreed to by the Company. At the Company's discretion the Company has the right to install a meter box/vault for a Customer's property.

(C)

All Services to Be Metered:

28. A meter shall be installed on each domestic and on each fire service line owned by the Customer. The Company reserves the right to determine the size and type of meter to be installed in the Customer's property, including whether such meter shall be a manual read meter or a meter that can be read remotely from outside the building being served, or automatically using TV cable, telephone, or similar lines or radio signal communication. As a condition of providing service and continuing to provide service, the Company shall have the right to install such equipment, connections and wiring in the manner and location it deems appropriate. The equipment necessary to read meters using the designated mode of communication will be installed by the Company and will remain the property of the Company.

Location:

29. For new construction the meter shall be required to be installed outside the building in a meter box/vault. The location of the meter box/vault shall be subject to the express approval of the Company; in most cases, the meter box/vault shall be located inside the property line by the Customer.

(C)

For existing premises and circumstances, subject to the Company's approval, a meter may be set within the structure to be served, at a location approved by the Company, after the Customer has had the plumbing arranged (including the installation of special devices if required by the Company) to receive the meter at a convenient point inspected and approved by the Company so as to control the entire supply of water to the property.

(C)

In cases where the meter is located outside the building, a concrete vault, with a suitable iron cover, or other approved meter box, shall be located inside the property line by the Customer. The size and dimensions of the vault or box shall be as approved by the Company, give adequate access to the meter, and permit its installation or removal. When a concrete vault is used, a 10 foot wide (min.) paved surface from the road to the vault, including curb depression, must be provided and maintained for vehicle access. The Company has the authority to require a Customer or owner, at their expense, to install a meter box/vault where there has been unauthorized use of water after the Company shut off service and the Customer or owner, or their agent, has restored the service without authorization.

(C)

Valves Required:

30. A Control Valve shall be placed by the Customer on the service line on the inlet and outlet sides of the Meter. When required, a suitable Check Valve should be placed by the Customer between the meter and the Control Valve on the outlet side of the Meter. When a Check Valve, backflow preventor or Pressure Reducing Valve is installed, the Customer shall install a Pressure Relief Valve or thermal expansion tank (to be sized and designed by the Customer or his agent) at some convenient point on the house piping to relieve pressure fluctuations and/or excess pressure due to heating water. In accordance with the specifications of the Company, the Customer shall install a pressure reducing valve (PRV), to be set at a pressure not to exceed the applicable limits, as follows: 1) on the domestic service line when the pressure on the Company's distribution system exceeds 80 pounds per square inch (psi); 2) on the residential fire service line when the pressure exceeds 100 psi; 3) on the commercial fire service line when the pressure exceeds 150 psi; or 4) when required in the discretion of the Company where it is believed that the pressure may exceed either limit. The Customer or his authorized agent shall check with the Company to determine whether a Pressure Reducing Valve is required prior to finalizing the design of the internal plumbing system. In all cases, the Pressure Reducing Valve must be installed at an approved location after the inlet control valve and before the Meter, but in the case of the domestic service line an additional Control Valve must be installed between the PRV and the Meter. When approved for a manifold set-up, the inlet control valve (2-inch and smaller) that abuts the meter must be a full-port, locking ball device.

Responsibility for Damage:

31. Meters and other related equipment owned by the Company will be maintained by the Company so far as ordinary wear and tear are concerned; but the cost to repair damage caused by the Customer or due to freezing, hot water or causes not within the reasonable control of the Company shall be paid by the Customer.

Cost of Reinstallation:

32. The charge for the reinstallation, reconnection or changing of a Meter or other related equipment owned by the Company when removed by the Customer or because of damage in any way due to the negligence or intentional conduct of the Customer shall be assessed against the Customer at cost.

Minimum Charge/Customer Charge:

33. In Divisions with a minimum charge and a water allowance, customers will be subject to a fixed minimum charge in accordance with the rates thereof, for which certain quantities of water will be allowed, without additional charge. Such minimum charges shall be non-refundable for non-use of water, and non-cumulative against subsequent consumption. In the case of fractional bills covering less than a billing period, minimum charges and allowances shall be prorated.

In Divisions with a customer charge and no water allowance, customers will be subject to a fixed customer charge in accordance with the rates thereof, for which no quantity of water will be allowed without additional charge. The customer charge will be non-refundable and payable whether or not the customer uses any water. In the case of fractional bills covering less than a billing period, the customer charge shall be prorated.

Company Notified Meter Not Working:

34. The Customer shall immediately notify the Company of damage to or the non-working of the meter, as soon as it comes to his/her knowledge.

Registration Conclusive:

35. The quantity recorded by the meter shall be conclusive on both the Customer and the Company, except when the meter has been found to be registering inaccurately or has ceased to register. In such case, the quantity may be determined by the average registration of the meter when in order.

Disputed Account:

36. In case of a disputed account involving the accuracy of a meter, such meter will be tested upon the request of the Customer in conformity with the regulations of the Commission. In the event that the test of the meter shows an error in registration in excess of the permissible range, an appropriate adjustment to the bill will be made in accordance with the Commission's regulations. Bills will not be adjusted if the meter tests within the permissible tolerance limit.

Request Test:

37. Upon a written request of a Customer, or that of the Customer's authorized representative, the Company shall test the accuracy of the meter in service at the involved premises. When a Customer desires, either personally or through a representative, to witness the testing of a meter, the meter may be required by the Customer to be sealed before removal, in the presence of the witness, which seal shall not be broken until the test is made. If the meter so tested is found to be accurate within the limits specified above, a fee determined from the schedule provided in the Commission's regulations shall be paid to the Company by the Customer requesting such test, but if not so found then the cost thereof shall be borne by the Company. When making such request, the Customer shall agree to the basis of payment herein specified. A report of such test shall be made to the Customer and a complete record of such test shall be kept as specified in the Commission's regulations. The results of such tests shall be conclusive upon the Company and Customer unless a written objection thereto is received by the Company or Customer, as appropriate, within thirty days of notice of the test results. If the meter tested is found to be accurate, the Company has the absolute right to re-install that same meter at the Customer's property.

CONSTRUCTION SERVICE

Metered Building Construction Service:

38. Where service has been requested by a Builder for purposes of construction of a building to be served by the Company, and service is to be provided through a Company service line that will be retained to provide service to the building after construction is completed, metered water service shall be provided. Each such metered service will be subject to these Rules and Regulations and the charges for Commercial Service shown in the rate schedule. Installation of the Company Service Line shall be in accordance with the "SERVICE CONNECTIONS" provisions of this tariff.

Temporary Metered Construction Service:

39. Where metered service is required or requested for temporary construction purposes, or where the Company Service Line will not be retained to provide service after construction, the Applicant shall pay the estimated cost of installation and removal of the service line, which costs are not refundable. In addition, the Applicant shall pay a deposit for the Meter, which will be refunded upon return of the Meter. Each such metered service will be subject to these Rules and Regulations and the charges for Commercial Service shown in the rate schedule.

METERED FIRE SERVICE

Metered Fire Service for Non-Residential Structures:

40. For automatic fire sprinklers or other automatic fire service devices located inside of a non-residential structure or for fire hydrants located on a fire service line, a separate service line will be required to be used exclusively for fire service when Combined Fire and Domestic Service rule (see rule #2) does not apply. Each such fire line shall be metered and subject to the charges shown in the rate schedule. Subject to the approval of the Company, fire hydrants that are owned and maintained by the Customer outside of buildings may be connected to said service line, provided they are located downstream of the Meter and backflow prevention device. The Customer will be responsible for paying the Company for the cost of installing the Company service line in excess of the maximum Company investment, as set forth in Rule 18 of this tariff. Company reserves the right to refuse an application for metered fire service where, in the judgment of the Company, the size and pressure of the street main is not sufficient to render proper service. The Customer shall be responsible for the design and sufficiency of the fire protection system (including the installation of a pressure tank and pumps, if required) and shall submit appropriate certification of such to the Company at the time of application. The Customer shall not use a dedicated fire line for domestic service and shall not allow a cross-connection between the domestic and fire systems. The Company shall have the right to require special devices as deemed necessary on Customer fire service lines. Meters for fire service will be furnished and maintained by the Company. Meters will be located as specified by the Company on the Property of the Customer, and if vaults are required, they shall be constructed and maintained in accordance with the Company's specifications at the expense of the Customer.

Metered Fire Service for Residential Structures:

41. To obtain service for automatic fire sprinklers or other automatic fire suppression related devices located inside a Residential Structure, the Customer must install a separate Customer fire service line from the curb to the fire protection system. Each such fire line shall be metered in accordance with the Company's Rules and Regulations. Both the Customer's fire service line and domestic line shall be connected to a single Company service line. To accommodate service to the Customer's fire line in addition to the domestic line, the Company will install a larger Company service line than it would otherwise install. The Customer will be responsible for paying the Company for the costs of upsizing the Company service line and appurtenances, and for the cost of the fire meter and its installation, together with any and all applicable taxes. Recovery of these costs by the Company shall be achieved through the application of the Company's rate schedule for "Residential Multiple Meter Sets", which shall be applicable to all Residential Structures equipped with residential fire service under these Rules and Regulations. The Company reserves the right to refuse an application for automatic fire service where, in the judgment of the Company, the size and pressure of the street main is not sufficient to render proper service. The Customer shall be responsible for the design and sufficiency of the fire protection system (including the installation of a pressure tank and pumps, if required) and shall submit appropriate certification of such to the Company. The Customer shall not use the fire line for domestic service and shall not allow a cross-connection between the domestic and fire systems. The Company shall have the right to require special devices as deemed necessary on residential fire service lines.

UNMETERED FIRE SERVICE/HYDRANTS

Payment of Applicable Rate:

42. All fire hydrants installed by the Company are subject to the payment of the applicable rate. A hydrant will not be installed without the request or the approval of the appropriate municipality. If the municipality agrees to pay the applicable rate, the hydrant shall be a public fire hydrant; otherwise a private entity must agree to pay the applicable rate in which case the hydrant shall be a private hydrant. In the event the applicable rate is not paid, the Company, at its option, may remove the hydrant.

Payment of Installation Costs:

43. (a) Hydrants installed on new or proposed water mains: All fire hydrants, whether public or private, to be installed in connection with a main extension shall be paid for by the applicant or depositor pursuant to the Company's Extension Deposit Agreement.

(b) Hydrants installed on existing water mains: The installation costs of all private fire hydrants to be installed on an existing water main shall be paid for by the Applicant. The installation costs of a public fire hydrant to be installed on an existing water main shall be paid for by the Company provided that no existing fire hydrant is located within a 600-foot radius of the requested fire hydrant, and provided that all other Rules and Regulation of the Company are complied with. Fire hydrants requested at closer intervals of spacing shall be reviewed by the Company and these installations shall be paid for by the municipality or Applicant. Payment for the installation of a fire hydrant shall include the entire cost for material and installation and all applicable taxes pursuant to an agreement prepared by the Company.

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Hydrant Location:

44. Upon written request to the Company's New Business Office from the duly authorized officials of any municipality supplied by the Company, the Company (subject to its Rules and Regulations on the payment of installation costs and the applicable rate), will install a standard fire hydrant at a location mutually agreed upon by the municipality and the Company, provided that the size of the existing main and surrounding distribution system and the available pressure and flow in said main is, in the judgment of the Company, sufficient to enable the provision of proper service at the fire hydrant under normal and ordinary conditions. Where a requested fire hydrant would be connected to a water main located in the public right-of-way, the hydrant shall be located within close proximity to the nearest curb line, and where a requested fire hydrant would be connected to a water main located in an easement held by the Company, the hydrant shall be located within that easement area.

Availability of Supply

45. With regard to public fire hydrant service or private hydrant sprinkler and hose service, the Company shall have no greater duty than to supply only such volumes of water at such pressures as may be available at the time of operation.

Maintenance and Obstructions:

46. All fire hydrants owned by the Company will be maintained by the Company. Said maintenance shall include, but not be limited to, painting as required. Painting of hydrants by parties other than the Company personnel or its authorized contractor is strictly forbidden. The Company shall not be responsible for the condition of the hydrant following intervening use by a fire department or any authorized or unauthorized person.

It is the responsibility of the Customer paying the fire hydrant rental to keep the area directly surrounding the hydrant free of all obstructions (including, but not limited to trees, bushes, snow, dirt, mailboxes or other obstructions) that would impact the safe operations or would not allow the hydrant to be easily seen from or accessed by an emergency vehicle.

Municipalities, at their own expense, are allowed to attach marking devices on public fire hydrants owned and operated by the Company to facilitate the location of such hydrants. The Company shall be notified in advance of the municipality's plans to install hydrant markers and will permit plan designs that are consistent with normal, intended, and safe operation of such hydrants. Municipalities that take advantage of this provision shall be responsible for the maintenance of all markers that they install.

Allowable Use:

47. Only persons authorized by the Company shall take water from any fire hydrant, except for the use of the Fire Department in case of fire, and no fire hydrant shall be used for any reason other than fire purposes without the consent of the Company.

Change of Location:

48. Whenever a municipality desires a change in the location of any fire hydrant, the Company, upon written notice from the municipality to the Company's New Business Office, will make such change at the expense of the municipality pursuant to an agreement prepared by the Company.

Inspection:

49. In addition to its periodic program of inspection and testing, the Company will, upon request of the duly authorized officials of any municipality, make inspections of specific hydrants at convenient times and at reasonable intervals to determine the condition of the fire hydrant in question. Inspections shall be made by a representative of the Company and a duly authorized representative of the municipality.

RESPONSIBILITY FOR SERVICE

Liability of Company:

50. In the course of furnishing service that needs to be adequate, but not perfect, it is recognized that there will be times when service is subject to interruption or disruption as a result of water main breaks, the failure of equipment or facilities, and for other reasons. Accordingly, the liability of the Company shall be limited to \$2,000 in any legal action brought against the Company for damages in connection with: 1) a service interruption or delay, or cessation or lack of adequate, efficient, safe and reasonable service and facilities; and/or 2) a failure of equipment or supply, including, but not limited to, a break or leak in a water main, service line or Meter owned by the Company.

In any legal action where a court does not recognize, or is being asked to interfere with or hamper, the jurisdiction of the Commission to authorize limitations of liability or to exclusively determine whether the service and facilities of a public utility are in conformity with the regulations and Orders of the Commission, the public utility may certify to the Commission the question of the appropriateness of such court action by filing a petition for declaratory judgment with the Commission.

Furthermore, the Company shall not be liable in any action where the loss or damage involves an act of God or does not involve a duty of the Company, including breaks or leaks on facilities that are not owned by the Company, such as breaks, leaks, defects or conditions in the Customer's own service line, Meter vault, internal plumbing or fixtures, or due to the materials out of which those facilities are made. Further, the Company shall not be liable in any action where the loss or damage does not involve a breach of a duty of the Company, including where the Company does not receive actual notice, either written or oral, that a Company facility (located within the public right-of-way, in a sidewalk or on a Customer's property) is in need of repair, such as the condition or elevation of a curb box or valve box that is not proven to have been in that condition at the time of installation or that is caused by a plumber, developer, or the person or event.

Complaints:

51. Complaints with regard to the character of the service furnished or the reading of Meters, or of the bills rendered, must be made at the Company's office either orally, by telephone, in person with appointment, or in writing, and a record of such complaint will be kept by the Company, giving the name and address of the complainant, the date, the nature of the complaint and the response. In person appointments must be scheduled prior to arrival at the Company offices.

SYSTEM INSPECTION AND INTEGRITY

Inspections:

52. All pipes, Meters, special devices and fixtures shall be subject, at all reasonable hours, to inspection by properly identified employees of the Company. In addition, the Company shall have the right, upon reasonable notice and at reasonable times, to gain access into the Customer's premises for the purpose of taking water samples in order to determine the quality of the water. No plumber, owner or other unauthorized person shall turn the water on or off at any corporation stop or Curb Stop, or disconnect or remove the Meter without the consent of the Company. No agent or employee of the Company has authority to bind it by any promise, agreement or representation not provided for in these Rules and Regulations.

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Right to Refuse Connections:

53. The Company may refuse to connect with any piping system or furnish water through one already connected: 1) if the Customer's service line is not a sufficient depth to prevent freezing or is installed in too close proximity to any other utility line; 2) if lead-based solder or a lead-based fixture has been used in the Customer's plumbing system in contravention of any national, state or local regulation; 3) where the intended use of the water delivered to the Customer's Property would involve the return of water directly back to the Company's distribution system; 4) where the Customer's water service line is connected to a separate or auxiliary water supply that could constitute a cross-connection; or 5) if such system has not otherwise been properly installed and maintained. It shall be the Customer's responsibility to assure compliance with these requirements. The Company may, from time to time, require the Customer to provide verification that the Customer's piping system complies with these requirements.

Cross-Connection Control:

54. A cross-connection is created when a Customer connects to the Company's distribution system. To prevent contamination of the public water supply from a cross-connection, all new Customer connections to the Company's distribution system must be equipped with backflow prevention, cross-connection control or other special device approved by the Company and furnished, installed, and maintained at the Customer's expense in accordance with Company specifications and at a location and in the manner approved by the Company. A Customer with an existing connection to the Company's distribution system will furnish, install, and maintain a Company approved backflow prevention, cross-connection control, or other special device at the Company's request. The furnishing, installation, and maintenance of the backflow prevention, cross-connection control or other special device at existing connections will be made at the Customer's expense in accordance with Company specifications and at a location and in the manner approved by the Company. The Company shall have the right, upon reasonable notice and at reasonable times to conduct surveys and investigations of water use and practices at a Customer's premises to determine the backflow prevention, cross-connection control or other special device appropriate for Customer's connection. In addition, the Customer shall be required, at such Customer's expense, to comply with the yearly testing and overhauling requirements of the Company for backflow prevention, cross-connection control or other special devices. The Company may authorize persons (with the appropriate training or certification) to inspect premises, perform installations and testing of such special device or make corrections of adverse existing conditions. A yearly administrative fee of \$5.00 will be required per return certification.

TERMINATION OF SERVICE

By Company:

55. Service may be terminated for any of the following reasons which shall constitute a violation of the Rules and Regulations of the Company:

- (a) For the use of water for any other Property or purpose other than that described in the application.
- (b) For willful waste of water through improper or imperfect pipes, fixtures or otherwise, including failure to promptly repair a leak on the Customer service line.
- (c) For molesting any service pipe, Meter, Meter interface unit, curb stop or seal, or any other appliance of the Company.
- (d) For neglecting to make or renew deposits, or for non-payment of any charge accruing under the Company's tariff or Rules and Regulations.
- (e) For refusal of reasonable access to Property for purposes of inspecting or for reading, caring for, removing, or installing Meters, including remote and automatic Meters and the associated wiring and connections to the Customer's telephone line.
- (f) For making, or refusing to sever, any cross connection between a pipe or fixture carrying water furnished by the Company, and a pipe or fixture carrying water or other substances from any other source.
- (g) For failing to comply with the inspection, installation, maintenance or testing requirements of the Company under its back-flow prevention and cross-connection control program instituted for the purpose of protecting the public water supply.
- (h) For vacancy of a premises.
- (i) For failure to make payments under the Company's Water System Connection Loan Program, as described in Rule 64.
- (j) For violation of any other Rules or Regulations of the Company.
- (k) For violation of Pennsylvania law (Criminal Code 18 PA C.S.A. Section 3926) which prohibits the activation of a public utility service line without a measuring device (water Meter).
- (l) For any other reasons set forth in the Commission's regulations.

Service termination will be performed in the manner prescribed by the Commission's regulations. In addition, service may be terminated for nonpayment of a sewer bill upon proper request of the Sewer System and receipt of a \$35.00 fee per account.

Turn-Off Without Authority:

56. The Customer shall not turn the water on or off at any corporation stop or Curb Stop, or disconnect or remove the Meter, or permit its disconnection or removal, without the consent of the Company.

Due to Emergency:

57. As necessity may arise in case of breakdown, emergency, or for any other unavoidable cause, the Company shall have the right to cut off the water supply temporarily, in order to make necessary repairs, connections, etc.; but the Company will use all reasonable and practical measures to notify the Customer of such discontinuance of service. The Company shall not be liable for any damage or inconvenience suffered by the Customer or any claim against it at any time for interruption in service, lessening of the supply, inadequate pressure, poor quality of water, or for any causes beyond its control. When a supply of water is to be temporarily cut off, notice will be given, where practicable, to all Customers affected by the shutting off, stating the probable duration of the interruption of service, and also the purpose for which the shut-off is made.

WATER CONSERVATION AND DROUGHT EMERGENCY

Water Conservation Contingency Plan:

58. (a) General: The Company shall have the right to reserve a sufficient supply of water at all times in its reservoirs, to provide for fire and other emergencies, or may restrict or regulate the quantity of water used by the Customer in case of scarcity, or whenever the public welfare may require it. If the Company is experiencing a short-term supply shortage, the Company may request general conservation measures to reduce or eliminate nonessential uses of water.

(b) Voluntary Conservation: The Company shall first request voluntary curtailment of all nonessential uses of water.

(c) Mandatory Conservation: If voluntary cooperation does not achieve satisfactory results, mandatory compliance with a ban on nonessential uses will be imposed. If any customer refuses to comply with such mandatory measures, the Company may adjust the outside water valve connection in a manner which will restrict water flow by up to 1/2, otherwise restrict flow such as by the insertion of a plug device, or terminate service.

(d) Nonessential uses of water may include, but are not limited to, the following items:

- (1) The use of hoses, sprinklers, or other means for sprinkling or watering of shrubbery, trees, lawns, grass, plants, vines, garden, vegetables, flowers, or any other vegetation.
- (2) The use of water for washing automobiles, trucks, trailers, trailer houses, or any other type of mobile equipment.
- (3) The washing of streets, driveways, parking lots, service station aprons, office buildings, exteriors of homes, sidewalks, apartments, or other outdoor surfaces.

- (4) The operation of any ornamental fountain or other structures making a similar use of water.
- (5) The use of water for filling of swimming or wading pools.
- (6) The operation of any water-cooled comfort air conditioning which does not have water-conserving equipment.
- (7) The use of water from fire hydrants for construction purposes or firedrills.
- (8) The use of water to flush a sewer line or sewer manhole.
- (9) The use of water for commercial farms and nurseries other than a bare minimum to preserve plants, crops, and livestock.

(e) **Water Rationing Plan:** In addition to the provisions as set forth above, the Pennsylvania Emergency Management Agency is authorized to promulgate, adopt, and enforce a Water Rationing Plan by virtue of the Emergency Management Services Code, 35 Pa. C.S.1701 et seq. as implemented by the Drought Emergency Proclamation dated November 5, 1980.

(f) **Excess Use Charges:** In the event of a drought emergency (as declared by a river basin commission and/or by a proclamation or executive order issued by the Governor), the Company is authorized to collect fines and/or excess use charges set forth in its Local Water Rationing Plan as filed with and approved by the Pennsylvania Emergency Management Agency.

MAIN EXTENSIONS

Main Extensions to Existing Residential Structures:

59. Where an adequate water distribution main does not abut a prospective Customer's Property such that a service connection cannot be made to serve such Property in accordance with these Rules and Regulations, the prospective Customer (or an authorized agent for the prospective Customer) must apply to the Company for a main extension.

Any required or requested main extension to serve a prospective Customer at a preexisting structure will be paid for by the Depositor in accordance with the provisions of the subsections below:

(a) When an extension to serve a prospective Customer is required or requested, such extension will be made under the terms of an "Extension Deposit Agreement". The Company shall have the exclusive right to determine the type, the material, the size, the routing and the location of mains to be installed and the other facilities required to render adequate service. No main(s) smaller than 6" in diameter shall be installed.

(b) The terminal point of the required extension shall be a point in the curb line equidistant from the side building lines of the last building or dwelling to be served. As a further condition of extending the existing distribution mains, the Company shall be provided with, at no cost to the Company, any rights of way, temporary construction easements or permanent construction easements necessary to complete the extension of the distribution mains, Company service line(s), appurtenances and other facilities, or to provide future access for repair, maintenance, replacement, or for other related reasons.

(c) The Company reserves the right to require the Depositor to pay for the extension of the main beyond the last building in a street in order to connect to an existing main which would provide more adequate and reliable service.

(d) The prospective Customer must have complied with all other conditions of service provided elsewhere in these Rules and Regulations in order to receive water service from the main extension.

Any required or requested main extension to serve a lot or lots that do not contain an existing residential structure shall be installed by the Builder in accordance with the provisions of Tariff Rule 63.

MAIN EXTENSIONS FOR BONA FIDE SERVICE APPLICANTS

60. Bona Fide Service Applicants:

(A)(1) Where an adequate water distribution main does not abut a Bona Fide Service Applicant's Property such that a service connection cannot be made to serve such Property in accordance with these Rules and Regulations, the Bona Fide Service Applicant (or an authorized agent for the Bona Fide Service Applicant) must apply to the Company for a main extension. Such extension will be made under and pursuant to the terms of an Extension Deposit Agreement for the Bona Fide Service Applicant and subject to the applicable provisions of these Rules and Regulations. The construction of facilities to serve such Bona Fide Service Applicant will not commence until an Extension Deposit Agreement for Bona Fide Service Applicant has been executed and all applicable terms and conditions therein have been satisfied by the Applicant.

(2) In conjunction with executing an Extension Deposit Agreement, a Bona Fide Service Applicant shall deposit with the Company an amount totaling \$1,000, representing a Service Line Deposit. Such amount shall be refunded to the Applicant within 90 days after the Applicant's requesting and receiving water service from the Company, provided, however, that if the Applicant does not request connection to the Company's main extension within six months of the completion of the main extension, the Service Line Deposit shall become non-refundable.

(3) Where a proposed main extension is capable of serving multiple structures or facilities and at least 80% of the potential Customers who could receive service from the main extension become Bona Fide Service Applicants and satisfy all applicable terms and conditions of the foregoing provisions, the Customer Advance, if any, required of each Bona Fide Service Applicant shall be calculated as if 100% of such potential Customers had become Bona Fide Service Applicants.

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(4) For a period of ten (10) years following completion of the main extension, the Company shall refund to each Bona Fide Service Applicant his/her pro rata share of an amount equal to the Company Contribution for each additional Customer who attaches a service line to the main extension and requests service. No refunds shall be made, however, in those situations where at least 80%, but less than 100%, of the potential Customers who could receive service from the main extension become Bona Fide Service Applicants and their Customer Advances are calculated as if 100% of such potential Customers had participated in the initial funding of the project. In addition, the total amount refunded shall not exceed the amount of the main Customer Advance paid by the Bona Fide Service Applicant.

(B)

The Company shall have the exclusive right to determine the type, the material, the size, the routing and the location of mains to be installed and the other facilities required to render adequate service. No main(s) smaller than 6" in diameter shall be installed.

(C)

The terminal point of the required extension shall be a point in the curb line equidistant from the side property lines of the last lot to be served or the side building lines of the last building or dwelling to be served, whichever is greater. As a further condition of extending the existing distribution mains, the Company shall be provided with, at no cost to the Company, any rights of way, temporary construction easements or permanent construction easements necessary to complete the extension of the distribution mains, Company service line(s), appurtenances and other facilities, or to provide future access for repair, maintenance, replacement, or for other related reasons.

(D)

The Bona Fide Service Applicant must have complied with all other conditions of service provided elsewhere in these Rules and Regulations in order to receive water service from the main extension.

(E)

Any required or requested main extension to serve an Applicant other than a Bona Fide Service Applicant shall be installed in accordance with the provisions of Tariff Rule 63.

Definitions:

(A) "Bona Fide Service Applicant" shall mean a person or entity applying for General Metered Service to an existing or proposed structure or facility within the Company's certificated service territory, and which is either: (1) the primary residence of the Applicant; (2) a place of business; or (3) a public school, building, library, park or playground which is owned by a governmental unit or school district which has the power of taxation. An Applicant shall not be deemed a Bona Fide Service Applicant if: (1) such Applicant is requesting water service to a building lot, subdivision or a secondary residence; (2) the request for water service is part of a plan for the development of a residential dwelling or subdivision; (3) the request is for service other than the main water supply for the primary residence, such as service for external landscaping or agricultural purposes only; or (4) the Applicant is requesting Special Utility Service. To become an Applicant, a person or entity must file a signed application to connect the qualifying structure or facility with the Company's distribution system and request water service to begin immediately following such connection.

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(B) "Company Contribution" shall mean that portion of the main extension costs which generate annual line extension costs equal to annual revenue from the line extension and that the Company will fund based upon the following formula, where X equals the Company Contribution attributed to each Bona Fide Applicant:

$$X = \frac{AR - O\&M}{(P * I) + D}; \text{ whereby:}$$

AR = the expected annual revenue from the Bona Fide Service Applicant based upon the Company's currently effective tariff rates and on the average annual usage of customers similar in nature and size to the Bona Fide Service Applicant.

O&M= the average annual operating and maintenance expenses associated with serving an additional customer, including customer accounting, billing and collection, water purchased, power purchased, chemicals, and other variable costs based on the current total company level of such costs, as well as any costs particular to the specific needs of the Bona Fide Service Applicant.

I = the Company's current debt ratio multiplied by its weighted cost of long-term debt; and

D = the Company's depreciation accrual rate for Account No. 322 (Mains and Accessories).

(C) = "Customer Advance" shall mean (1) the Estimated Cost of the water main extension less (2) the Company Contribution.

Line extensions to bona fide service applicants shall be funded without customer advance where the annual revenue from the line extension will equal or exceed the utility's annual line extension costs.

If the annual revenue from the line extension will not equal or exceed the utility's annual line extension costs, a bona fide service applicant may be required to provide a customer advance to the utility's cost of construction for the line extension.

Where a customer advance is required, and the applicant is unable to advance the entire amount due, the company, at its option, must either (1) allow the applicant to pay the advance ratably over a period of not less than three years or (2) assist the applicant in obtaining the necessary financing from an appropriate lending institution so that the applicant can deposit the entire amount due. If the Company chooses option (1), it may require that up to one-third of the total advance be deposited prior to extending its facilities and may recover from the applicant, over the payment term selected, its costs of financing the construction by applying to the amount outstanding interest charges calculated at the then-prevailing residential mortgage lending rate specified by the Secretary of Banking in accordance with the act of January 30, 1974 (P.L. 13, No. 6), known as the Loan Interest and Protection Law.

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(D) "Special Utility Service" shall mean residential or business service which exceeds that required for ordinary residential purposes. By way of illustration and not limitation, Special Utility Service shall include: the installation of facilities such as oversized mains, booster pumps and storage tanks as necessary to provide adequate flows or to meet specific pressure criteria, or service to large water consuming commercial and industrial facilities. An otherwise Bona Fide Service Applicant requesting service which includes a "special utility service" component is entitled to a Bona Fide Service Applicant status, including the corresponding Company contribution toward the costs of the line extension which do not meet the special utility service criteria.

Economic Development Main Extension Policy:

61. The Company may negotiate and enter into customized Extension Deposit Agreements for the purpose of promoting economic development or enhancing the efficiency and operation of the waterworks system. These Agreements may include special provisions that differ from the standard terms of the "Extension Deposit Agreement."

Main Extensions with Governmental Bodies:

62. The Company may negotiate and enter into customized Extension Deposit Agreements with Governmental Agencies where the main extension is for a public purpose, and is funded entirely with public funds. These Agreements may include a waiver of the tax requirements of the "Extension Deposit Agreement," and in such event, the Company will not refund any portion of the cost of the main extension.

63. Main Extensions and Services by Builder:

63.1 In the event any main extension is requested or required to provide service to newly constructed structure(s) to be constructed in the future on existing or subdivided lots, or to preexisting non-residential structures except as provided below, the Builder shall be required to install the water main and service lines through a pre-qualified Contractor retained by the Builder and to pay all costs related thereto. At the sole discretion of the Company, the Company may undertake construction of facilities otherwise subject to this Rule, in which event, the "Extension Deposit Agreement", referred to in the provisions of Rule 59 and Rule 60 pertaining to construction of facilities to serve existing residential structures, shall be applicable except that the Builder will retain financial responsibility for the installation of service lines and appurtenances as specified herein.

Under the provisions of this Rule 63, prior to construction, the Builder must enter into an Agreement, in a form acceptable to the Company, detailing the terms and conditions under which the Company will accept, and provide service through, facilities constructed by Builder. All construction costs, whether initially incurred by the Company or the Builder, related to the main extension shall be the responsibility of the Builder. The Agreement shall contain, at a minimum, the following terms and conditions:

- (a) Main and service line installation work shall be performed in accordance with the specifications and conditions of the Company.
- (b) All costs of material and installation required to serve Builder's lots shall be the responsibility of Builder. Builder shall contract directly with a pre-qualified contractor, recognized and approved by the Company, for all main and service line installation work, and all appurtenances (including fire hydrants) required to serve the project.
- (c) Any specialty material required to interconnect with the Company's existing facilities shall be provided by the Company.

- (d) Any construction involving preexisting facilities of the Company, including but not limited to relocation of existing facilities and connections of mains or services with existing facilities, shall be performed only by the Company.
- (e) Builder's estimate of the cost of construction must be acceptable to the Company. Estimates which appear to be understated may be rejected.
- (f) Builder shall obtain all necessary permits from federal, state and local authorities. If any of these authorities require the Company to obtain such permits, the Company shall apply for the permits.
- (g) All construction shall be subject to inspection by Company personnel. No trenches shall be backfilled prior to approval from Company inspectors.

64 Water System Connection Loan Program:

A. An Applicant for a new single-family residential service connection under Rule 6 or for a main extension under Rule 59 for single-family residential service, may apply for a loan from the Company to cover Eligible Costs (as defined herein). Any such loan shall be subject to the terms and conditions set forth in this Rule.

- (1) To be eligible for a loan, an Applicant must (a) own a single-family residence which will take water service from the Company; (b) demonstrate an intent to be the continuing Customer of the Company at the residence; and (c) enter into a financing agreement.
- (2) For purposes of this Rule, Eligible Costs include actual costs for (a) a water main extension in accordance with Rule 59; (b) the Customer Service Line; (c) a meter box or vault; (d) shut-off valves and/or back flow devices required under these Rules; (e) alterations of or additions to plumbing within the Customer's residence which are necessary to permit the Customer to take service from the Company; or (f) any other facilities necessary to permit the Customer to take water service from the Company. The maximum principal balance of or a loan made under this Rule will be \$8,000.
- (3) Any such loan shall be subject to the following terms and conditions.
- (a) The existence of a loan made under this Rule does not alter the responsibility of the Customer for maintenance or replacement of the Customer Service Line or any other facilities as determined by the applicable provisions of the Company's Rule(s).
- (b) The initial principal balance of the loan shall be the amount of Eligible Costs which the Customer elects to borrow from the Company. The principal balance of the loan plus interest will be repaid to the Company through a fixed surcharge added to the Customer's regular monthly bill for water service. The surcharge will be reflected as a separate service type for the Customer's account.

- (c) The customer will enter into a financing agreement with the Company which specifies, inter alia, the initial principal balance of the loan, the applicable interest rate determined in accordance with subsection 3(e) of this Rule, the term of the loan and the amount of the monthly surcharge. The Company in its sole discretion will determine whether a financing agreement should be established for a loan related to facilities owned and maintained by the customer under the applicable provisions of the Company's Rules. The customer will agree to repay the loan over a term selected by the customer, which is no less than three years (36 months) nor greater than 8 years (96 months).
- (d) Through the surcharge, the customer will make equal monthly installments over the loan term to pay the principal amount of the loan together with daily simple interest on the unpaid balance of the principal amount from time to time outstanding at the applicable rate of interest determined in accordance with subsection 3(e) of this Rule. The customer's payment schedule will amortize the unpaid balance over the loan term. Daily simple interest means that interest is charged each day after applying any payment the customer has made. All payments will be first applied to interest that is due and then to principal and other charges. Prepayment of the loan will be permitted without penalty.
- (e) The interest rate will be fixed for the term of a loan, at the weighted cost of long term debt. (C)
- (f) Notwithstanding the provisions of subsection (3)(e), the interest rate shall not exceed 8% per annum. In the event that the weighted cost of long term debt as calculated pursuant to subsection 3(e) would, except for the provisions of this subsection 3(f), exceed 8% per annum, the Company shall have the option to suspend the making of loans under this Rule. (C)
- (g) A customer account which includes a loan payment surcharge will not be transferred to any tenant or non-owner occupant of the residence for which a loan is made. During the loan term, the owner of the residence will remain the customer in whose name the bill for water service will be issued. If the residence is sold, a new owner who demonstrates an intent to be the continuing customer of the Company at the residence may elect in writing on a form provided by the Company to assume responsibility for the loan payments, subject to the terms of the financing agreement. A copy of the election form will be returned to the Company prior to sale of the residence. If the new owner does not elect in writing on a form provided by the Company to assume responsibility for the loan payments or does not demonstrate an intent to be the continuing customer at the residence, the loan and accrued interest shall become immediately due and payable upon sale of the premises.

(C) Indicates Change

- (h) The loan surcharge reflected on Customer bills will be collected by the Company, subject to all provisions of Rules 10 through 17 and 53 regarding billing for water service, terms of payment, late-payment charges and discontinuance of water service for non-payment. A partial payment of a bill for water service shall be first applied to cover the Customer's obligation under the loan and then to charges for other water service.
- B. For accounting purposes, the Company will establish subaccounts in which loan payments shall be recorded. In one subaccount, the Company will record amounts applied to principal and interest for the portion of the loan, if any, which relates to facilities owned and maintained by the Company under the applicable Rules. In another subaccount, the Company will record amounts applied to principal and interest for the portion of the loan, if any, which relates to facilities owned and maintained by the Customer under the applicable Rules. Loan payments shall be allocated between the two subaccounts based upon the relative initial cost of the facilities covered by that subaccount as compared to the total amount of the loan. For each subaccount, amounts received as loan payments will be first applied to interest that is due and then to principal and other charges.
- C. If a loan becomes uncollectible, the unpaid principal balance of the portion of the loan, if any, which relates to facilities owned and maintained by the Company will be recorded as a debit to Contributions-In-Aid-Of-Construction, and as a credit to Accounts Receivable. The unpaid balance of interest with respect to such portion of the loan (as of the time of the debit) shall be recorded as an uncollectible account. The unpaid balance of principal and interest for the portion of a loan, if any, which relates to facilities owned and maintained by the Customer shall be recorded as a non-utility expense.
- D. The Company's capital structure used for rate-making purposes will not include short-term debt issued by the Company to finance loans under this Rule.
65. Pro-ration of Base Rates on Customers' Bills. During a period of changes to base rates, billing of base rates for metered Customers involves proration of the different base rates based on days of invoice. The consumption for the entire period is divided by the number of service days to develop an average consumption per day for purposes of bifurcating the consumptions at the old rate and consumption at the new rate.

EXHIBIT E

AQUA FINANCIAL STATEMENTS

Aqua Pennsylvania, Inc.
Income Statement
December 31, 2016

	Operating Revenue Water	\$ 402,908,313
	Non-Operating Revenue	4,619,315
Revenue Total		<u>\$ 407,527,628</u>
	O&M Labor Exp Reg	26,812,765
	O&M Labor Exp OT	2,481,501
	O&M Employee Benefits	14,226,307
	O&M Purchased Water	12,122,443
	O&M Purchased Power	10,482,184
	O&M Chemicals	4,627,810
	O&M Mgmt Fees - Corp	20,834,646
	O&M Cust Ops - ACO Alloc	5,263,369
	O&M Cust Ops - Direct	3,595,340
	O&M OS Engineering	164,339
	O&M OS Accounting	637,872
	O&M OS Legal	223,207
	O&M OS Lab Testing	277,705
	O&M OS IT	214,748
	O&M OS Operations	1,255,300
	O&M OS Maintenance	3,883,678
	O&M OS Other	1,947,164
	O&M Leases Bldg/Land	522,750
	O&M Leases Equip	94,123
	O&M Supplies	2,346,565
	O&M Transportation	800,078
	O&M Insurance	4,838,514
	O&M Other	1,161,205
	O&M Bad Debt	2,150,067
	Non-Op O&M Expense	1,118,529
O&M Expense Total		<u>\$ 122,082,211</u>
Amortization		155,178
Depreciation		74,865,098
Taxes Other		9,434,210
Taxes		(12,014,665)
Operating Income		<u>\$ 213,005,597</u>
Interest		44,331,973
Net (Gain)Loss on Asset Sale		(238,422)
Net Income		<u><u>\$ 168,912,045</u></u>

Consolidated		AQUA PENNSYLVANIA INC.	Consolidated		
Account Nbr	Description	Current Year	Previous Year	Change	Percent
ASSETS	Assets and Other Debits				
NET PLANT	Net Plant				
NETUTIL PLANT	Net Utility Plant				
UTIL PLANT	Utility Plant				
PPE	PPE				
103000-0000	Property Held for Future Use	1,862,418.65	1,862,418.65	0.00	
104000-0000	Utility Plant Purchased/Sold	739,535.53	1,090,345.44	350,809.91-	32.2-
106000-0000	PPE-Unclass Complete Construct	69,416,324.24	34,760,121.54	34,656,202.70	99.7
300000-0000	PPE-Utility Plant in Service	3,649,533,090.33	3,456,859,708.13	192,673,382.20	5.6
300001-0000	PPE-Dedicated Property Estimate	3,372,645.79	111,159.40	3,261,486.39	2934.1
	Total PPE	3,724,924,014.54	3,494,683,753.16	230,240,261.38	6.6
UTIL PLT ACQ	UTIL PLT ACQ ADJ				
114000-0000	U Plant Acq Adj	4,294,432.99-	4,189,945.10-	104,487.89-	2.5
115000-0000	Accum Amort Util Plant Acq Adj	7,700,067.58	7,732,727.26	32,659.68-	.4-
	Total UTIL PLT ACQ ADJ	3,405,634.59	3,542,782.16	137,147.57-	3.9-
	Total Utility Plant	3,728,329,649.13	3,498,226,535.32	230,103,113.81	6.6
ACCUM DEPR	ACCUM DEPR				
108000-0000	AD-General	767,125,945.55-	705,457,577.18-	61,668,368.37-	8.7
110310-0000	AD-CAC MAINS & ACCESSORIES	8,250,339.87	8,206,091.19	44,248.68	.5
	Total ACCUM DEPR	758,875,605.68-	697,251,485.99-	61,624,119.69-	8.8
	Total Net Utility Plant	2,969,454,043.45	2,800,975,049.33	168,478,994.12	6.0
CWIP	CWIP				
105015-0000	CWIP-Contributed Property	22,616,367.67	21,689,474.56	926,893.11	4.3
105016-0000	CWIP-Advances	24,102,067.90	17,622,263.31	6,479,804.59	36.8
105020-0000	CWIP-Capital-Payroll-Rg	118,458,971.53	108,317,202.97	10,141,768.56	9.4
105029-0000	CWIP-Capital-Payroll-OT	27,014,951.58	24,584,554.60	2,430,396.98	9.9
105030-0000	CWIP-ACCOUNTS PAYABLE	2,036,836,995.56	1,844,667,254.05	192,169,741.51	10.4
105040-0000	CWIP-INVENTORY	238,799,502.88	218,459,535.34	20,339,967.54	9.3
105050-0000	CWIP-TRANSPORTATION	20,833,050.47	19,749,617.90	1,083,432.57	5.5
105060-0000	CWIP-GENERAL OVERHEAD	9,639,876.34-	10,817,771.58-	1,177,895.24	10.9-
105070-0000	CWIP-PAYROLL OVERHEAD	105,016,000.57	93,703,733.55	11,312,267.02	12.1
105080-0000	CWIP-AFUDC	11,869,425.20	11,874,273.88	4,848.68-	
105081-0000	CWIP-AFUDC Debt	14,670,563.52	13,295,365.00	1,375,198.52	10.3
105085-0000	CWIP-AFUDC Equity	7,260,992.21	4,325,474.25	2,935,517.96	67.9
105090-0000	CWIP-CLOSING	2,504,080,508.90-	2,264,497,271.72-	239,583,237.18-	10.6
	Total CWIP	113,758,503.85	102,973,706.11	10,784,797.74	10.5
	Total Net Plant	3,083,212,547.30	2,903,948,755.44	179,263,791.86	6.2
OTHER PROP/I	Other Property and Investment				
OTHER PPE	OTHER PPE				
121000-0000	Nonutility Property	2,784,896.57	2,785,313.83	417.26-	
122000-0000	Accum Depr/Amort-Nonutil Prop	525,098.25-	505,866.83-	19,231.42-	3.8
	Total OTHER PPE	2,259,798.32	2,279,447.00	19,648.68-	.9-
INVST IN SUB	INVEST IN SUB				
123000-0000	Investment in Assoc Companies	13,732,760.67	10,781,077.34	2,951,683.33	27.4

Consolidated		AQUA PENNSYLVANIA INC.	Consolidated		
Account Nbr	Description	Current Year	Previous Year	Change	Percent
	Total INVEST IN SUB	13,732,760.67	10,781,077.34	2,951,683.33	27.4
	Total Other Property and Inves	15,992,558.99	13,060,524.34	2,932,034.65	22.4
CURRENT	Current and Accrued Assets				
CASH IN BANK	CASH IN BANK				
131201-0000	Cash-1ST CITIZENS-SUSQ	3.07-	44.25	47.32-	106.9-
131202-0000	Cash-1ST NAT.TRUST-PC	110.71	196.47	85.76-	43.7-
131211-0000	Cash-FIDELITY S&L	86,770.11	70,142.03	16,628.08	23.7
131218-0000	Cash-NAT.CITY-SHENANGO	16,235.97	1,916.34	14,419.63	793.9
131230-0000	Cash-PNC	2,035,692.58	411,459.57	1,624,233.01	394.7
131254-0000	CASH-MAYNE PENNVEST ESCROW	396,945.66	396,049.47	896.19	.2
	Total CASH IN BANK	2,535,751.96	879,708.13	1,656,043.83	188.2
WORKING FUND	WORKING FUND				
134000-0000	Working Funds	2,553.45	2,553.45	0.00	
134010-0000	Working Funds-OFFICE FUNDS	12,850.00	12,850.00	0.00	
	Total WORKING FUND	15,403.45	15,403.45	0.00	
CUST A/R	CUST A/R				
141000-0000	Customer Accounts Receivable	33,894,784.54	30,167,327.57	3,727,456.97	12.4
	Total CUST A/R	33,894,784.54	30,167,327.57	3,727,456.97	12.4
OTHER AR	OTHER AR				
142000-0000	Other A/R	219,252.66	183,849.65	35,403.01	19.3
142080-0000	Other A/R-Contract Ops	72,259.10	39,763.03	32,496.07	81.7
172000-0000	Rents Receivable	350.00-	600.00-	250.00	41.7-
	Total OTHER AR	291,161.76	223,012.68	68,149.08	30.6
RESERVE UN	RESERVE - UN				
143000-0000	RESERVE-UNCOLLECTABLE ACCTS	3,643,089.46-	3,219,139.46-	423,950.00-	13.2
	Total RESERVE - UN	3,643,089.46-	3,219,139.46-	423,950.00-	13.2
INTERCO	ALL INTERCOMPANY				
SYSTEMINT	ALL SYSTEM INTER&ZONE				
INTERCOMPANY	SYSTEM INTERCOMPANY				
911000-0000	Sys IntComp Acct Co 10 - Corp	4,701,597.19	1,160,038.29	3,541,558.90	305.3
911100-0000	Sys IntComp Acct Co 11 - Serv	3,313,539.43-	3,675,701.89-	562,162.46	14.5-
911400-0000	Sys IntComp Acct Co 14 - Aqua Reso	38,275.88	66,510.33	28,234.45-	42.5-
911800-0000	Sys IntComp Acct Co 18 - Cust Serv	477,290.35-	457,728.28-	19,562.07-	4.3
911900-0000	Sys IntComp Acct Co 19 - Aqua Infr	10.05	112.25	102.20-	91.0-
912300-0000	Sys IntComp Acct Co 23 - OH	6,736.30	27,724.30	20,988.00-	75.7-
912400-0000	Sys IntComp Acct Co 24 - IL	6,385.25	25,667.49	19,282.24-	75.1-
912500-0000	Sys IntComp Acct Co 25 - NJ	52,390.72	12,442.19	39,948.53	321.1
913100-0000	Sys IntComp Acct Co 31 - TX	2,185.31	8,161.21	5,975.90-	73.2-
913200-0000	Sys IntComp Acct Co 32 - IN	86.32	1,290.61	1,204.29-	93.3-
913400-0000	Sys IntComp Acct Co 34 - VA	8,722.98	4,050.82	4,672.16	115.3
913500-0000	Sys IntComp Acct Co 35 - NC	4,881.19	9,240.58	4,359.39-	47.2-
	Total SYSTEM INTERCOMPANY	1,030,441.41	3,018,192.10-	4,048,633.51	134.1-
INTRAZONE	SYSTEM ZONE				
921501-0000	IntraZone Acct Co 15 Zone 1	17,239,314.56-	17,420,377.99-	181,063.43	1.0-
921502-0000	IntraZone Acct Co 15 Zone 2	46,326,464.74	44,593,311.75	1,733,152.99	3.9

Consolidated		AQUA PENNSYLVANIA INC.		Consolidated	
Account Nbr	Description	Current Year	Previous Year	Change	Percent
921503-0000	IntraZone Acct Co 15 Zone 3	564,551.65	526,742.17	37,809.48	7.2
921504-0000	IntraZone Acct Co 15 Zone 4	14,677,276.51	14,699,406.95	22,130.44-	.2-
921506-0000	IntraZone Acct Co 15 Zone 6	2,562,038.05	2,720,971.04	158,932.99-	5.8-
921507-0000	IntraZone Acct Co 15 Zone 7	54.91-	75.10	130.01-	173.1-
921508-0000	IntraZone Acct Co 15 Zone 8	2,767,452.71	0.00	2,767,452.71	
	Total SYSTEM ZONE	49,658,414.19	45,120,129.02	4,538,285.17	10.1
	Total ALL SYSTEM INTER&ZONE	50,688,855.60	42,101,936.92	8,586,918.68	20.4
	Total ALL INTERCOMPANY	50,688,855.60	42,101,936.92	8,586,918.68	20.4
MATERIALS AN	MATERIALS AN				
151000-0000	Plant Material & Supplies	5,889,658.31	5,387,510.39	502,147.92	9.3
	Total MATERIALS AN	5,889,658.31	5,387,510.39	502,147.92	9.3
UNBILLED REV	UNBILLED REV				
173000-0000	Unbilled-Revenue	17,944,921.80	20,122,570.68	2,177,648.88-	10.8-
	Total UNBILLED REV	17,944,921.80	20,122,570.68	2,177,648.88-	10.8-
OTHER PREPAY	OTHER PREPAY				
162000-0000	Other Prepays	539,765.37	5,291.63	534,473.74	10100.4
162140-0000	OTHER PPD-PUC ASSESSMENT	884,750.48	1,005,358.00	120,607.52-	12.0-
162150-0000	OTHER PPD-SBA ASSESSMENT	15,892.04	13,520.00	2,372.04	17.5
162160-0000	OTHER PPD-CONS ADVOC ASSMF	135,078.98	129,916.00	5,162.98	4.0
162170-0000	OTHER PPD-AWMA DUES	9,391.99	6,655.27	2,736.72	41.1
	Total OTHER PREPAY	1,584,878.86	1,160,740.90	424,137.96	36.5
	Total Current and Accrued Asse	109,202,326.82	96,839,071.26	12,363,255.56	12.8
NON CURRENT	Non-Current Assets				
UNAMR DB EXP	UNAMORT DEBT EXP				
181000-0000	Unamortized Debt Expense	124,383.23	14,547,971.99	14,423,588.76-	99.1-
	Total UNAMORT DEBT EXP	124,383.23	14,547,971.99	14,423,588.76-	99.1-
PRELIMINARY	PRELIMINARY				
183020-0000	PRELIM SURVEY-ACCTS PAY	211,341.08	193,826.24	17,514.84	9.0
	Total PRELIMINARY	211,341.08	193,826.24	17,514.84	9.0
REG ASSETS	REG ASSETS				
186325-0000	Reg Asset-EXC FUND/DEF-OPER	294,497.00-	180,714.00-	113,783.00-	63.0
186330-0000	Reg Asset-TAXES (FAS 109)	801,126,052.02	699,711,269.02	101,414,783.00	14.5
186355-0000	Reg Asset-AFUDC Gross Up (WIP)	2,189,917.89	1,668,905.32	521,112.57	31.2
186366-0000	Reg Asset-AFUDC Gross Up (InSvc)	2,961,357.35	1,393,272.44	1,568,084.91	112.5
186367-0000	Reg Asset-AFUDC Gross Up (AD)	72,263.30-	25,181.73-	47,081.57-	187.0
186380-0000	Reg Asset-PENSION/SERP AML	37,487.00	0.00	37,487.00	
186381-0000	Reg Asset-Vacation Balancing Account	280,311.31	222,213.56	58,097.75	26.1
186399-0000	Reg Asset-OTHER	0.00	4,631.00-	4,631.00	100.0-
186400-0000	Reg Asset-FAS143	4,845,581.38	5,911,942.19	1,066,360.81-	18.0-
	Total REG ASSETS	811,073,946.65	708,696,975.80	102,376,970.85	14.4
RWIP	RWIP				
184010-0000	RWIP-PAYROLL-Rg	7,300,978.31	6,894,730.23	406,248.08	5.9

Consolidated		AQUA PENNSYLVANIA INC.		Consolidated	
Account Nbr	Description	Current Year	Previous Year	Change	Percent
184019-0000	RWIP-PAYROLL-OT	1,412,632.12	1,183,576.27	229,055.85	19.4
184020-0000	RWIP-ACCOUNTS PAYABLE	23,979,473.69	23,222,752.10	756,721.59	3.3
184030-0000	RWIP-INVENTORY	175,167.56	173,669.11	1,498.45	.9
184040-0000	RWIP-TRANSPORTATION	632.47-	934.09-	301.62	32.3-
184050-0000	RWIP-GENERAL OVERHEAD	1,254,554.30	1,200,511.43	54,042.87	4.5
184060-0000	RWIP-PAYROLL OVERHEAD	6,676,742.09	6,105,514.76	571,227.33	9.4
184070-0000	RWIP-CASH SALVAGE	1,340,915.15-	1,095,861.35-	245,053.80-	22.4
184099-0000	RWIP-CLOSING	38,575,135.31-	37,328,524.83-	1,248,610.48-	3.3
	Total RWIP	882,865.14	357,433.63	525,431.51	147.0
OTH DEF DBTS	OTHER DEFER DBTS				
186210-0000	Other Deferred DB-SUSP-AMORTIZ	518,712.91	129,013.45-	647,726.36	502.1-
186270-0000	Other Deferred DB-SERVICE LINE	39,433.95	42,058.87	2,624.92-	6.2-
	Total OTHER DEFER DBTS	558,146.86	86,954.58-	645,101.44	741.9-
GOODWILL	GOODWILL				
116000-0000	Good Will-Water	1,109,981.75	1,109,981.75	0.00	
	Total GOODWILL	1,109,981.75	1,109,981.75	0.00	
	Total Non-Current Assets	813,960,664.71	724,819,234.83	89,141,429.88	12.3
	Total Assets and Other Debits	4,022,368,097.82	3,738,667,585.87	283,700,511.95	7.6
LIAB/EQUITY	Liabilities and Equity Capital				
TOT CAPITAL	Total Capitalization				
COM STOCK EQ	Equity Capital				
COMMON STOCK	COMMON STOCK				
201000-0000	Common Capital Stock	120,000.00-	120,000.00-	0.00	
	Total COMMON STOCK	120,000.00-	120,000.00-	0.00	
CAPITAL SURP	CAPITAL SURP				
211000-0000	Other Paid-In Capital	106,644,636.74-	152,660,690.60-	46,016,053.86	30.1-
211002-0000	Other Paid-In Cap-PSU	3,731,392.44-	2,951,238.94-	780,153.50-	26.4
211003-0000	Other Paid-In Cap-RSU	377,296.44-	297,158.80-	80,137.64-	27.0
211500-0000	Other Paid-In Cap-Stock Option Expe	8,406,567.62-	8,406,567.62-	0.00	
211501-0000	Other Paid-In Cap - Tax on Stock Ba	1,644,203.90-	1,362,629.90-	281,574.00-	20.7
211600-0000	Other Paid-In Cap-Restricted Stock	449,399.37-	449,399.37-	0.00	
	Total CAPITAL SURP	121,253,496.51-	166,127,685.23-	44,874,188.72	27.0-
RE	Retained Earnings				
RE PY	RE PY				
215000-0000	Unappropriated Retained Earning	1,129,322,205.42-	1,020,053,511.97-	109,268,693.45-	10.7
	Total RE PY	1,129,322,205.42-	1,020,053,511.97-	109,268,693.45-	10.7
RE CY	RE CY				
215100-0000	Undistrib Retained Earnings	168,911,915.33-	169,268,693.45-	356,778.12	.2-
215101-0000	Undistributed RE (Manual)	618,783.36-	618,783.36-	0.00	
	Total RE CY	169,530,698.69-	169,887,476.81-	356,778.12	.2-
DIVIDEND COM	DIVIDENDS COMMON				

Consolidated		AQUA PENNSYLVANIA INC.	Consolidated		
Account Nbr	Description	Current Year	Previous Year	Change	Percent
215300-0000	Dividend Appropriation Common	30,000,000.00	60,000,000.00	30,000,000.00-	50.0-
	Total DIVIDENDS COMMON	30,000,000.00	60,000,000.00	30,000,000.00-	50.0-
EARN IN SUBS	EARNINGS IN SUBS				
215200-0000	EARNINGS OF SUBSIDIARIES	13,917,559.48-	10,965,876.15-	2,951,683.33-	26.9
	Total EARNINGS IN SUBS	13,917,559.48-	10,965,876.15-	2,951,683.33-	26.9
	Total Retained Earnings	1,282,770,463.59-	1,140,906,864.93-	141,863,598.66-	12.4
	Total Equity Capital	1,404,143,960.10-	1,307,154,550.16-	96,989,409.94-	7.4
LT DEBT	Long-Term Debt				
LTD	LTD				
221010-0000	Long-Term Debt-FMB	1,029,257,001.98-	1,060,619,181.98-	31,362,180.00	3.0-
224020-0000	Long-Term Debt-PENNVEST	48,653,188.48-	53,927,789.68-	5,274,601.20	9.8-
251000-0000	Unamortized Bond Premium	1,986,607.00-	2,037,439.00-	50,832.00	2.5-
	Total LTD	1,079,896,797.46-	1,116,584,410.66-	36,687,613.20	3.3-
DEBT IS COST	Unamortized debt issue cost				
225020-0000	Unamortized debt issue costs - exte	13,860,091.93	0.00	13,860,091.93	
	Total Unamortized debt issue c	13,860,091.93	0.00	13,860,091.93	
	Total Long-Term Debt	1,066,036,705.53-	1,116,584,410.66-	50,547,705.13	4.5-
ST DEBT	Short-Term Debt				
LOANS PAYABLE	LOANS PAYABLE				
232101-0000	Loans Payable-REVOLVR-CUR PRIN	5,545,213.23-	7,280,541.20-	1,735,327.97	23.8-
	Total LOANS PAYABLE	5,545,213.23-	7,280,541.20-	1,735,327.97	23.8-
	Total Short-Term Debt	5,545,213.23-	7,280,541.20-	1,735,327.97	23.8-
	Total Total Capitalization	2,475,725,878.86-	2,431,019,502.02-	44,706,376.84-	1.8
TOT LIAB	Total Liabilities				
CURRENT LIAB	Current and Accrued Liabilit				
CURRENT PORT	CURRENT PORT				
232510-0000	Current Portion Ltd-FMB	116,362,180.00-	4,889,000.00-	111,473,180.00-	2280.1
232520-0000	Current Portion Ltd-PENNVEST	5,274,231.35-	5,296,891.54-	22,660.19	.4-
	Total CURRENT PORT	121,636,411.35-	10,185,891.54-	111,450,519.81-	1094.2
AP	AP				
231000-0000	A/P	9,085,722.03-	2,975,069.75-	6,110,652.28-	205.4
231001-0000	A/P-Accrued Trade	511,941.16-	617,811.81	1,129,752.97-	182.9-
231002-0000	A/P-Accrued Purchased Water	978,170.13-	960,478.69-	17,691.44-	1.8
231003-0000	A/P-Accrued Electric	1,124,526.00-	1,405,707.46-	281,181.46	20.0-
231005-0000	A/P-Use Tax Payable	118.30-	0.00	118.30-	
231006-0000	A/P-Refunds to Customers	74.90-	8,650.52	8,725.42-	100.9-
231200-0000	A/P-Contractors Retainage	3,172,371.52-	4,176,749.30-	1,004,377.78	24.0-
231300-0000	A/P-Received, Not Invoiced	8,427,390.05-	8,417,206.80-	10,183.25-	.1
231399-0000	A/P-Received, Not Inv-2003 Bal	886,859.41	0.00	886,859.41	
231510-0000	A/P-Invoice Tolerance	.02	0.00	.02	
	Total AP	22,413,454.66-	17,308,749.67-	5,104,704.99-	29.5

Consolidated		AQUA PENNSYLVANIA INC.	Consolidated		
Account Nbr	Description	Current Year	Previous Year	Change	Percent
TAX ACC FED	TAXES ACC FED				
236124-0000	Accrued Tax-Fed-Other	73,595,943.28	86,313,707.28	12,717,764.00-	14.7-
	Total TAXES ACC FED	73,595,943.28	86,313,707.28	12,717,764.00-	14.7-
TAX ACC STE	TAXES ACC STATE				
236127-0000	Accrued Tax-ST-CN Income	755,078.02-	2,939,293.49	3,694,371.51-	125.7-
	Total TAXES ACC STATE	755,078.02-	2,939,293.49	3,694,371.51-	125.7-
TAX ACC OTHR	TAXES ACC OTHER				
236111-0000	Accrued Tax-Oth-PROPERTY	740,819.77-	914,526.77-	173,707.00	19.0-
236113-0000	Accrued Tax-Oth-CAPITAL STOCK	0.00	515,933.36	515,933.36-	100.0-
236201-0000	Accrued Tax-Oth-EMPLOYER FICA	63,725.13-	48,027.32-	15,697.81-	32.7
	Total TAXES ACC OTHER	804,544.90-	446,620.73-	357,924.17-	80.1
INTEREST ACC	INTEREST ACC				
237110-0000	Accrued Int LTD-FMB	12,926,394.09-	8,229,697.71-	4,696,696.38-	57.1
237120-0000	Accrued Int LTD-PENNVEST	117,075.83-	123,543.00-	6,467.17	5.2-
237250-0000	Accrued Int-Other-SPD	6,771.75-	3,076.05-	3,695.70-	120.1
	Total INTEREST ACC	13,050,241.67-	8,356,316.76-	4,693,924.91-	56.2
OTHR CUR LIAB	OTHER CUR LIAB				
241001-0000	Accrued Liab-OTHER	88,327.65-	110,594.30-	22,266.65	20.1-
241004-0000	Accrued Liab-ANTENNA LEASES	750,447.37-	788,408.29-	37,960.92	4.8-
241006-0000	Accrued Liab-AUDIT FEES	290,023.09-	268,516.60-	21,506.49-	8.0
241008-0000	Accrued Liab-PAVING MAINS	107,157.79-	159,866.21-	52,708.42	33.0-
241011-0000	Accrued Liab-UNCLAIMED CHECKS	116,480.19-	89,299.36-	27,180.83-	30.4
243030-0000	ACCRUED BONUS	960,000.00-	931,000.00-	29,000.00-	3.1
243130-0000	ACCRUED SALARIES AND WAGES	636,662.06-	622,927.06-	13,735.00-	2.2
243137-0000	Accrued Vacation	280,311.31-	222,213.56-	58,097.75-	26.1
261003-0000	Accrued Insur Liab-UNINSURED	25,000.00-	37,000.00-	12,000.00	32.4-
263002-0000	NQ Pension Reserve - Current	37,701.12-	37,701.12-	0.00	
263103-0000	EMPLOYEE PROFIT SHARING	441,838.45-	383,431.98-	58,406.47-	15.2
	Total OTHER CUR LIAB	3,733,949.03-	3,650,958.48-	82,990.55-	2.3
	Total Current and Accrued Liab	88,797,736.35-	49,304,463.59	138,102,199.94-	280.1-
DEF NC LIAB	Deferred and Non-Current and				
ADV FOR CONST	ADV FOR CONST				
252052-0000	Adv Cust-NON CASH DEVELOPER DEDICAT	48,070,975.22-	46,427,536.07-	1,643,439.15-	3.5
252055-0000	Adv Cust-CASH BUILDER OR DEVELOPER	981,884.02-	751,420.62-	230,463.40-	30.7
252102-0000	Adv Cust-CASH OTHER	534,338.48-	159,072.48-	375,266.00-	235.9
252121-0000	Adv Cust-NON CASH TAX ON CAC	26,190.29-	83,945.45-	57,755.16	68.8-
252122-0000	Adv Cust-CASH TAX ON CAC	0.00	94.65-	94.65	100.0-
252199-0000	Adv Cust-Non Cash Dedicated Propert	3,372,645.79-	111,159.40-	3,261,486.39-	2934.1
	Total ADV FOR CONST	52,986,033.80-	47,533,228.67-	5,452,805.13-	11.5
REG LIAB	REG LIAB				
253115-0000	Reg Liab-Pension/OPEB	59,881,898.11-	50,774,949.11-	9,106,949.00-	17.9
253116-0000	Reg Liab-FAS 109	151,579,233.00-	176,429,055.00-	24,849,822.00	14.1-
	Total REG LIAB	211,461,131.11-	227,204,004.11-	15,742,873.00	6.9-
LT DEF FIT	LT DEF FIT				

Consolidated		AQUA PENNSYLVANIA INC.		Consolidated	
Account Mbr	Description	Current Year	Previous Year	Change	Percent
282020-0000	Deferred FIT Depreciation	816,701,966.91-	736,849,285.91-	79,852,681.00-	10.8
283050-0000	Federal Deferred Tax-Other	21,023,799.65-	18,079,328.65-	2,944,471.00-	16.3
	Total LT DEF FIT	837,725,766.56-	754,928,614.56-	82,797,152.00-	11.0
LT DEF SIT	LT DEF SIT				
282030-0000	State Deferred Tax-Depr	308,862,717.00-	279,228,210.00-	29,634,507.00-	10.6
283060-0000	State Deferred Tax-Other	42,709,130.41	41,442,145.41	1,266,985.00	3.1
	Total LT DEF SIT	266,153,586.59-	237,786,064.59-	28,367,522.00-	11.9
UNAMORT ITC	UNAMORT ITC				
255101-0000	Deferred Taxes - Unamortized ITC (F	4,881,496.95-	5,134,910.95-	253,414.00	4.9-
	Total UNAMORT ITC	4,881,496.95-	5,134,910.95-	253,414.00	4.9-
CIAC	CIAC				
271020-0000	CIAC-TAX DEPOSIT FULL GROSS UP	1,530,814.72-	1,530,814.72-	0.00	
271030-0000	CIAC-RESIDENT FIRE TAX DEP FULL	77,042.53-	77,042.53-	0.00	
271070-0000	CIAC-CASH TAX ON CIAC	2,950,367.94-	2,784,330.57-	166,037.37-	6.0
271301-0000	CIAC-NON CASH TRANSFERS FROM CAC	105,998,365.33-	102,618,021.65-	3,380,343.68-	3.3
271302-0000	CIAC-NON CASH REFUNDABLE DEVELOPER	11,383,766.43-	10,456,873.32-	926,893.11-	8.9
271304-0000	CIAC-CASH NON REFUNDABLE TAX FEE	20,957.88-	20,957.88-	0.00	
271305-0000	CIAC-CASH THIRD PARTY DAMAGE TO INF	6,336.18-	6,336.18-	0.00	
271307-0000	CIAC-CASH CUSTOMER DEPOSITS FOR COM	1,485,205.89-	1,435,549.89-	49,656.00-	3.5
271308-0000	CIAC-CASH NON REFUNDABLE BUILDER OR	7,148,881.54-	7,116,791.54-	32,090.00-	.5
	Total CIAC	130,601,738.44-	126,046,718.28-	4,555,020.16-	3.6
OTHER NC LIAB	OTHER NCUR LIAB				
253200-0000	OPER Reserve - Non Current	5,695,430.97-	5,176,162.65-	519,268.32-	10.0
253250-0000	Pension Reserve - Non Current	48,501,995.14	45,495,048.14	3,006,947.00	6.6
253350-0000	NQ Pension Reserve - Non Current	147,342.47-	177,470.13-	30,127.66	17.0-
253420-0000	Uncertain Tax Position Reserve-Fede	21,317,365.00-	21,299,205.00-	18,160.00-	.1
253421-0000	Uncertain Tax Position Reserve-Stat	614,973.00-	264,572.00-	350,401.00-	132.4
	Total OTHER NCUR LIAB	20,726,883.70	18,577,638.36	2,149,245.34	11.6
	Total Deferred and Non-Current	1,483,082,869.75-	1,380,055,902.80-	103,026,966.95-	7.5
CIAC ACC AMR	CIAC ACC AMORT				
272000-0000	Accum Amort of CIAC	25,238,387.14	23,103,355.36	2,135,031.78	9.2
	Total CIAC ACC AMORT	25,238,387.14	23,103,355.36	2,135,031.78	9.2
	Total Total Liabilities	1,546,642,218.96-	1,307,648,083.85-	238,994,135.11-	18.3
	Total Liabilities and Equity C	4,022,368,097.82-	3,738,667,585.87-	283,700,511.95-	7.6

EXHIBIT F

PRELIMINARY FORM OF THE INSTRUMENT
TO BE USED TO ASSIGN EASEMENTS

RECEIVED

JAN 12 2018

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

ASSIGNMENT AND ASSUMPTION OF EASEMENT AGREEMENT
[reference specific easement]

THIS ASSIGNMENT AND ASSUMPTION OF EASEMENT AGREEMENT (this "Agreement") is made as of the _____ day of _____, _____ by and between by and between **BOROUGH OF PHOENIXVILLE**, a Pennsylvania municipality having a mailing address of 351 Bridge Street, Phoenixville, PA 19460 (the "**Borough**"), and **AQUA PENNSYLVANIA, INC.**, a Pennsylvania corporation, with a business address located at 762 W. Lancaster Avenue, Bryn Mawr, PA 19010 ("**Aqua**") (collectively the "**Parties**").

WITNESSETH:

WHEREAS, the Borough and Aqua have entered into an Asset Purchase Agreement dated April 26, 2017 (hereinafter called the "**Asset Purchase Agreement**"), whereby Aqua has agreed to purchase certain assets from the Borough, including, without limitation, the Borough's transmission and distribution mains and hydrants located outside of the Borough's corporate limits (the "**Facilities**");

WHEREAS, certain of the Facilities are located on lands owned by third parties with whom the Borough has entered into written agreements evidencing the Borough's rights and obligations pertaining to its maintenance of Facilities where they are situated. A list of these agreements is set forth on Schedule 4.b of the Asset Purchase Agreement (the "**Real Estate Agreements**");

WHEREAS, pursuant to Section 4.b of the Asset Purchase Agreement, the Real Estate Agreements are to be assigned to Aqua at Closing thereunder; and

WHEREAS, the Borough desires to assign the Real Estate Agreements to Aqua, and Aqua desires to assume the Real Estate Agreements from the Borough.

NOW THEREFORE, in consideration of the sum of One Dollar (\$1.00), the mutual covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

1. Assignment by the Borough. The Borough hereby assigns, transfers, conveys and delivers to Aqua all of the Borough's legal and equitable right, title, and interest in and to the Real Estate Agreements.
2. Acceptance and Assumption by Aqua. Aqua accepts this assignment and transfer of the Real Estate Agreements, and assumes all of the Borough's obligations and liabilities thereunder which arise on or after the date hereof.
3. Indemnity. Aqua shall indemnify, defend and hold the Borough harmless from and against any loss or liability for claims arising under the Real Estate Agreements attributable to the period on or after the date hereof; the Borough shall indemnify, defend and hold Aqua harmless

from and against any loss or liability for claims arising under the Real Estate Agreements attributable to the period prior to the date hereof.

4. Miscellaneous.

(a) This Agreement shall bind and inure to the benefit of the Borough and Aqua, and their respective successors and assigns.

(b) This Agreement shall be construed and governed by the laws of the Commonwealth of Pennsylvania, without regard for conflicts of law principles.

(c) This Agreement may be executed in two or more counterparts, each of which shall constitute an original and, when taken together, shall comprise one full and complete instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

BOROUGH OF PHOENIXVILLE

By: _____
James C. Kovaleski,
Borough Council President

AQUA PENNSYLVANIA, INC.

By: _____
Marc A. Lucca, President

[notary acknowledgements & recording info to be added]

EXHIBIT G1

WATER SUPPLY AGREEMENT OF AQUA PENNSYLVANIA, INC.
AND BOROUGH OF PHOENIXVILLE

RECEIVED

JAN 12 2018

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

WATER SUPPLY AGREEMENT

THIS WATER SUPPLY AGREEMENT, is made this 10th day of January, 2018, by and between the **BOROUGH OF PHOENIXVILLE**, a municipal corporation located in Chester County, Pennsylvania (hereinafter called the "Borough") and **AQUA PENNSYLVANIA, INC.**, a Pennsylvania corporation with an office location at 762 W. Lancaster Avenue, Bryn Mawr, PA 19010 (hereinafter called "Aqua").

RECITALS

The Borough owns and maintains a water system that provides water service to its residents and customers located within the Borough and to customers outside the Borough in portions of East Pikeland and Schuylkill Townships in Chester County and Upper Providence Township in Montgomery County, Pennsylvania;

Aqua is a public utility that furnishes water service to the public in various counties throughout Pennsylvania, including Chester and Montgomery Counties;

Aqua and the Borough have entered into that certain Asset Purchase Agreement dated April 26, 2017 (the "APA") pursuant to which Aqua is acquiring certain assets owned by the Borough and used in connection with the services provided by the Borough (the "Assets") to those customers located outside the Borough in East Pikeland, Schuylkill and Upper Providence Townships (the "Territory");

The Borough and Pennsylvania American Water Company ("PAWC") are parties to that certain "Water Supply Agreement between the Borough of Phoenixville, Montgomery County¹, Pennsylvania and Citizens Utilities Home Water Company"² dated March 10, 1986, pursuant to which the Borough currently supplies water to PAWC for service to its own customers in PAWC's service territory (the "PAWC Agreement");

The PAWC Agreement is being assigned to Aqua pursuant to the terms of the APA, provided, however, that the Borough will continue to discharge certain obligations contained in the PAWC Agreement for the benefit of Aqua to enable Aqua to discharge its obligations to PAWC following the assignment to Aqua of the PAWC Agreement;

Notwithstanding the sale of the Assets by the Borough to Aqua, the Borough will commit to supplying water to Aqua for sale to its customers within the Territory, including PAWC's requirement under the PAWC Agreement, for a period of ten (10) years from the date of this Agreement; and

Capitalized terms used in this Agreement but not defined shall have the meanings ascribed to them in the APA.

NOW, THEREFORE, subject to the terms and conditions hereof, the parties hereto, for good and valuable consideration, and intending to be legally bound hereby, consent and agree with each other as follows:

1. Supply and Purchase of Water as of Closing. Effective upon Closing and throughout the Term of this Agreement, the Borough shall supply treated water and Aqua agrees

¹ *Sic.* Portions of the Territory are in Montgomery County (Upper Providence Township) but the Borough of Phoenixville is located in Chester County.

² PAWC has succeeded to Citizens' rights and obligations under the PAWC Agreement.

to purchase from the Borough all of its total supply of treated water to accommodate service within the Territory as shown on the maps in Exhibits "A", "B", and "C", all under the terms and conditions set forth in this Agreement.

2. Water Service Delivery.

a. The Borough shall use reasonable diligence to furnish and deliver to Aqua a continuous and uninterrupted supply of water for distribution to Aqua's customers in the Territory at the delivery points attached to the Borough's water system at the locations set forth on Exhibit "D" attached hereto (the "Delivery Points").

b. At all times, the Borough shall have the capability to furnish and deliver water to Aqua at the Delivery Points at a flow rate greater than 1,100 gallons per minute (gpm) and a residual pressure greater than 70 pounds per square inch (psi). The static pressure at said metering point will not exceed 125 psi, however.

c. Water delivered to Aqua at the Delivery Points shall be clear, potable water, safe for human consumption, meeting drinking water standards and compliant with all applicable standards of quality and safety imposed by the Pennsylvania Public Utility Commission, the Pennsylvania Department of Environmental Protection, the United States Environmental Protection Agency, and any other agencies or successor agencies having jurisdiction over the treatment and distribution of water.

3. Installation of Meter Pits. Aqua shall install meter pits and meters at each Delivery Point, in accordance with Section 3(f) of the APA. The meters will measure and record the volume of water purchased by Aqua. Title to the water will transfer from the Borough to Aqua at the Delivery Points.

4. Rates and Charges.

a. The Borough will initially charge Aqua a rate for each 1,000 gallons or portion thereof of water supplied under this Agreement that will be calculated as follows:

Volume gallons per quarter	Rate per 1,000 Gallons
1,000,000	\$3.00
1,001,000 – 5,000,000	\$2.45
Over 5,000,000	\$2.00

b. Additionally, the Borough will charge Aqua a customer charge based on the size of the metered interconnection between the Borough and Aqua as follows:

Size of Meter (inches)	Customer Charge
2	\$75.00
3	\$125.00
4	\$250.00
6	\$400.00
8+	\$850.00

5. Rate Increase. Rates charged by the Borough under this Agreement shall remain unchanged until the effective date of Aqua's second increase in rates approved by the PUC that the customers in the Proposed Territory are included in following the date of this Agreement. For purposes of clarity, Aqua shall be permitted to raise its rates applicable to customers in the Proposed Territory one time during the Term without an increase in the amount it pays the Borough hereunder. Upon approval by the PUC and the effective date for Aqua's second increase of its rates applicable to customers in the Proposed Territory during the Term, the volumetric and customer charge in paragraph 4.a. and 4.b. shall simultaneously be increased consistent with the percentage increase to the volumetric and customer charge applicable to customers in the Proposed Territory approved by the PUC in connection with such second rate increase during the Term.

6. Term. This Agreement shall remain in effect for a period of ten (10) years following the date hereof, and may be extended beyond such period, or otherwise modified, upon new terms that are mutually satisfactory to the parties based on good faith negotiations.

7. Meter Reading and Billing. The Borough agrees to read the meters for billing purposes on a quarterly basis. The Borough shall maintain the accuracy of the meters, and shall test and calibrate the meters at least once per year and provide a copy of the test results to Aqua. Notwithstanding the foregoing, the regulations of the Pennsylvania Public Utility Commission codified at 52 PA Code Sections 65.8 and 65.9 shall constitute minimum standards for all meter testing and any appropriate adjustments to meter readings. Aqua may request, at any time and at its cost, additional or special accuracy tests to be performed by the Borough to verify the accuracy of the meters.

8. Billing and Payment. The Borough agrees to send an invoice to Aqua for water supplied during each calendar quarter pursuant to the meter readings required by Section 7 above and Aqua agrees to pay such invoices within 60 days of receipt of the same, subject to the terms of this Agreement.

9. Billing Disputes. Should Aqua dispute any portion of the monthly billing from the Borough, the following procedure shall be utilized, if not contrary to Pennsylvania Public Utility Commission Rules and Regulations:

a. Aqua shall provide written notice to the Borough within 60 days of the receipt of the quarterly invoice setting forth the basis for the dispute and indicating the contested dollar amount.

b. The disputed matter, if not otherwise resolved, shall be submitted to arbitration within 30 days of notice provided under 9.a. above. Arbitration shall be conducted in accordance with the Pennsylvania Uniform Rules of Procedure for Arbitration.

10. Regulatory Approval. As a condition to the provision of service under the terms stated herein, Aqua shall first obtain the approval (or deemed approval) of this Agreement under Section 507 of the Pennsylvania Public Utility Code. To the extent that approval of this Agreement is needed from any other regulatory agency, Aqua shall be responsible for determining the applicable requirements and for making the necessary filing and the Borough shall cooperate fully in those efforts.

11. Limitations on Borough Service. The Borough agrees that it will not sell or transport water, except as provided for in this Agreement, to the Territory or to any of Aqua's

customers during the term of this Agreement or any extensions or renewals thereof without the express written consent of Aqua.

12. Maintenance of Facilities. The Borough agrees to provide and maintain, in good working order, all water treatment and transportation facilities necessary in order to comply with its obligations under this Agreement, up to and including all Delivery Points.

13. Access to Facilities. Aqua shall have access to the Borough's water treatment plant, and the wells and spring referenced in the Borough's Water Supply Permit Number #PA1150077, provided that Aqua gives 24 hours' notice to the Borough's Public Works Director and during normal business hours or, in case of emergency, upon less than 24 hours prior notice to the Borough's Public Works Director and in such manner as not to unreasonably interfere with the business or operations of the Borough.

14. Risk; Liability; Insurance; Penalties.

a. The Borough shall indemnify and shall hold harmless Aqua, its officers, directors, employees and agents from and against all damage, deficiency, claim or expense of any kind, specifically, including any claims brought by PAWC under the PAWC Agreement resulting from: (1) a misrepresentation, breach of warranty or nonfulfillment of any agreement or covenant made by the Borough in this Agreement; and/or (2) the active or passive negligence of the Borough, its agents, servants, employees or subcontractors.

b. Aqua will indemnify and hold harmless the Borough, its officers, employees and agents from and against all damage, deficiency, claim or expense of any kind, specifically, including any claims brought by PAWC under the PAWC Agreement resulting from: (1) a misrepresentation, breach of warranty or nonfulfillment of any agreement or

covenant made by Aqua in this Agreement; and/or (2) the active or passive negligence of Aqua, its agents, servants, employees or subcontractors.

c. The Borough agrees to procure and maintain insurance on its water treatment facilities, the operation thereof, and comprehensive general liability, in order to insure against its obligations under this Agreement. All policies shall name Aqua as an additional insured party therein. The Borough's Certificate of Insurance shall be provided to Aqua annually throughout the term of this Agreement. Such coverages shall be in content and amounts adequate to cover the risk commensurate with the operation and any construction to be performed under this Agreement.

d. Aqua agrees to procure and maintain worker's compensation insurance in amounts adequate to cover the risk commensurate with the operation to be performed under this Agreement, including any inspection of Borough facilities.

e. Any penalties, fines, assessments, legal expenses, or civil damages assessed against Aqua for any omission or commission associated with the Borough's construction, operation (including but not limited to NPDES discharge penalties) or maintenance of the water treatment and transportation facilities not in accordance with any federal, state or local statute, rule, regulation or procedure, shall be borne solely by the Borough, unless it is established that such fine or penalty was the result of some negligent or wrongful action or inaction of Aqua.

15. Legal Authority. Each party represents and warrants to the other that it has full legal authority to enter this Agreement; that the officers and representatives signing this Agreement have been duly authorized to sign by their respective party; that entering this

Agreement will not conflict with or violate the terms of any other agreement or obligation to which each respective party hereto is obligated or bound.

16. Successors and Assigns. This Agreement shall be binding upon the respective successors and assigns of the parties hereto and the benefits herein shall inure to the same; however, the Agreement may not be assigned by either party without the written consent of the other.

17. Entire Agreement. This Agreement, along with any provisions of the APA and the documents executed in connection therewith which are intended to survive Closing, embody the entire Agreement between the parties hereto with reference to the subject matter and there are no agreements, understandings, conditions, warranties, or representations, oral or written, expressed or implied with reference to the subject matter hereof that are not merged into this Agreement and superseded hereby. This Agreement may only be amended by a writing signed by all parties hereto.

18. Governing Law. This Agreement shall be interpreted pursuant to the laws of the Commonwealth of Pennsylvania.

19. Cooperation. The parties agree to cooperate with each other and to use commercially reasonable efforts in the implementation of this Agreement, and to sign or cause to be signed, in a timely fashion, any and all necessary instruments, documents and petitions, and to take such other actions as may be reasonably necessary in order to effectuate the purposes of this Agreement.

20. Notice. Notice to be given pursuant to the terms of this Agreement shall be in writing and delivered in person or transmitted by overnight courier or certified mail, return receipt requested, postage prepaid. Notices required to be given shall be addressed as follows:

If to Aqua:

Aqua Pennsylvania, Inc.
762 W. Lancaster Avenue
Bryn Mawr, PA 19010
Attention: Marc A. Lucca, President

With Required Copy to:

Aqua Pennsylvania, Inc.
762 W. Lancaster Avenue
Bryn Mawr, PA 19010
Attention: Frances Orth, Esq., Vice President, Senior Managing Counsel

If to the Borough:

Borough of Phoenixville,
351 Bridge Street, 2nd Floor
Phoenixville, PA 19460

Attention: Borough Manager

With Required Copy to:

McNees Wallace & Nurick, LLC

100 Pine Street

Harrisburg, PA 17101

Attention: James P. Dougherty, Esq.

Adeolu A. Bakare, Esq.

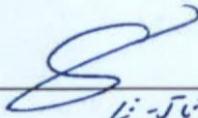
or to such other address(es) and to such individuals as may be specified by either party by prior written notice.

Signature page follows.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and delivered, and their respective corporate seals to be hereunto affixed by their respective duly authorized officers, the day and year first above written.

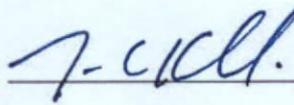
BOROUGH OF PHOENIXVILLE

ATTEST:



*Li-Juan Kanter
Borough Manager*

By:

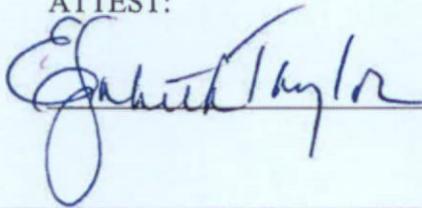


1/10/2018

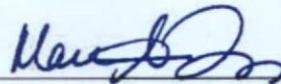
James C. Kovaleski,
Borough Council President

AQUA PENNSYLVANIA, INC.

ATTEST:



By:

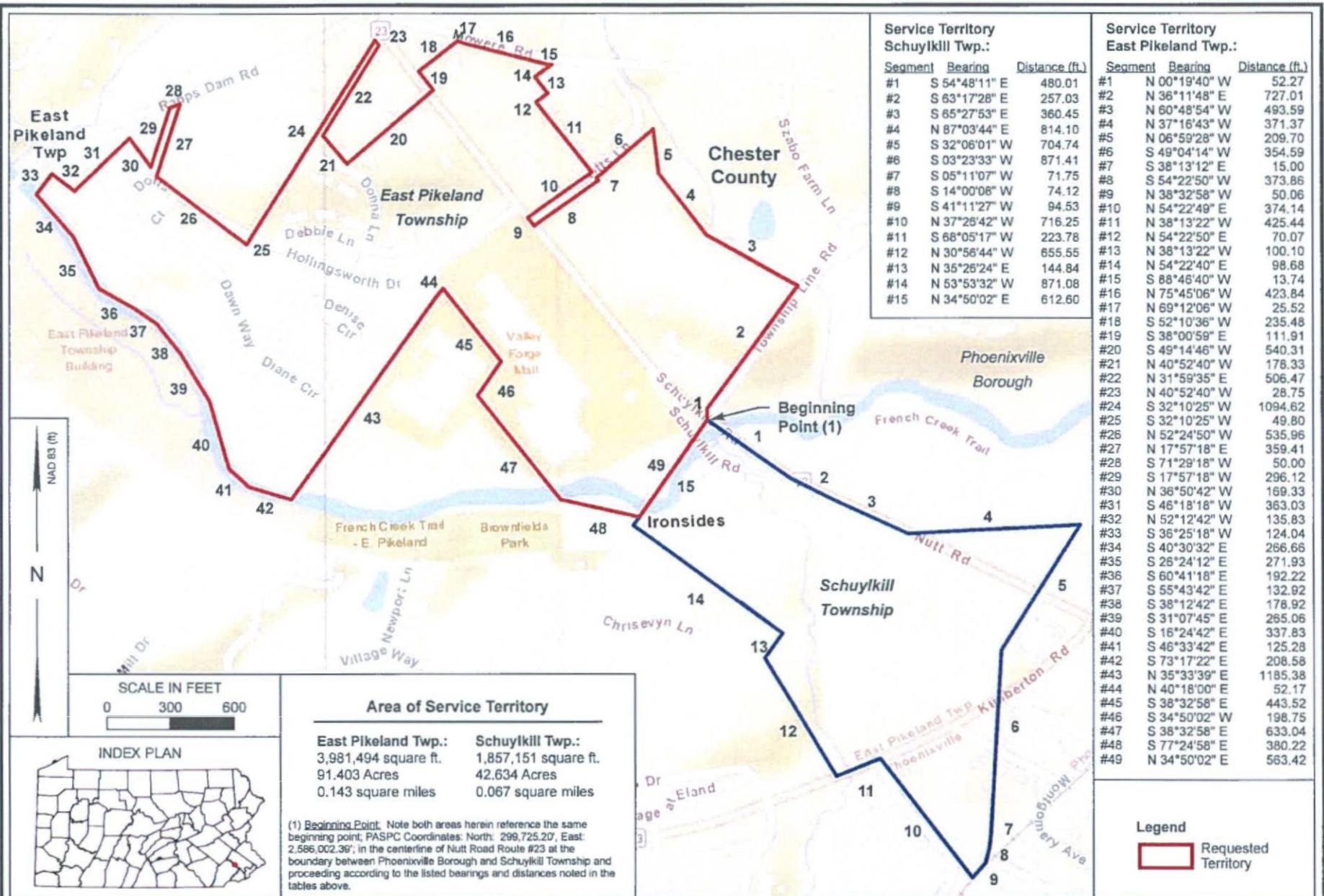


Marc A. Lucca, President

EXHIBIT "A"

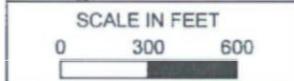
East Pikeland and Schuylkill Townships, Chester County

Water supplied to customers under this Agreement includes the Schuylkill Township area outlined in blue in the attached map.



Segment	Bearing	Distance (ft.)
#1	S 54°48'11" E	480.01
#2	S 63°17'28" E	257.03
#3	S 65°27'53" E	360.45
#4	N 87°03'44" E	814.10
#5	S 32°06'01" W	704.74
#6	S 03°23'33" W	871.41
#7	S 05°11'07" W	71.75
#8	S 14°00'08" W	74.12
#9	S 41°11'27" W	94.53
#10	N 37°26'42" W	716.25
#11	S 68°05'17" W	223.78
#12	N 30°56'44" W	655.55
#13	N 35°26'24" E	144.84
#14	N 53°53'32" W	871.08
#15	N 34°50'02" E	612.60

Segment	Bearing	Distance (ft.)
#1	N 00°19'40" W	52.27
#2	N 36°11'48" E	727.01
#3	N 60°48'54" W	493.59
#4	N 37°16'43" W	371.37
#5	N 06°59'28" W	209.70
#6	S 49°04'14" W	354.59
#7	S 38°13'12" E	15.00
#8	S 54°22'50" W	373.86
#9	N 38°32'58" W	50.06
#10	N 54°22'49" E	374.14
#11	N 38°13'22" W	425.44
#12	N 54°22'50" E	70.07
#13	N 38°13'22" W	100.10
#14	N 54°22'40" E	98.68
#15	S 88°46'40" W	13.74
#16	N 75°45'06" W	423.84
#17	N 69°12'06" W	25.52
#18	S 52°10'36" W	235.48
#19	S 38°00'59" E	111.91
#20	S 49°14'46" W	540.31
#21	N 40°52'40" W	178.33
#22	N 31°59'35" E	506.47
#23	N 40°52'40" W	28.75
#24	S 32°10'25" W	1094.62
#25	S 32°10'25" W	49.80
#26	N 52°24'50" W	535.96
#27	N 17°57'18" E	359.41
#28	S 71°29'18" W	50.00
#29	S 17°57'18" W	296.12
#30	N 36°50'42" W	169.33
#31	S 46°18'18" W	363.03
#32	N 52°12'42" W	135.83
#33	S 36°25'18" W	124.04
#34	S 40°30'32" E	266.66
#35	S 26°24'12" E	271.93
#36	S 60°41'18" E	192.22
#37	S 55°43'42" E	132.92
#38	S 38°12'42" E	178.92
#39	S 31°07'45" E	265.06
#40	S 16°24'42" E	337.83
#41	S 46°33'42" E	125.28
#42	S 73°17'22" E	208.58
#43	N 35°33'39" E	1185.38
#44	N 40°18'00" E	52.17
#45	S 38°32'58" E	443.52
#46	S 34°50'02" W	198.75
#47	S 38°32'58" E	633.04
#48	S 77°24'58" E	380.22
#49	N 34°50'02" E	563.42



Area of Service Territory	
East Pikeland Twp.: 3,981,494 square ft. 91.403 Acres 0.143 square miles	Schuylkill Twp.: 1,857,151 square ft. 42.634 Acres 0.067 square miles

(1) Beginning Point. Note both areas herein reference the same beginning point; PASC Coordinates: North: 299,725.20', East: 2,586,002.36'; in the centerline of Nutt Road Route #23 at the boundary between Phoenixville Borough and Schuylkill Township and proceeding according to the listed bearings and distances noted in the tables above.



Note
Bearings and distances obtained from Chester County tax parcel data, obtained from https://arcweb.ches-co.org/cv3/Default_CV.html. The resultant bearings and distances do not result from a physical survey on the ground and are approximate and not intended to represent a legal description of property.

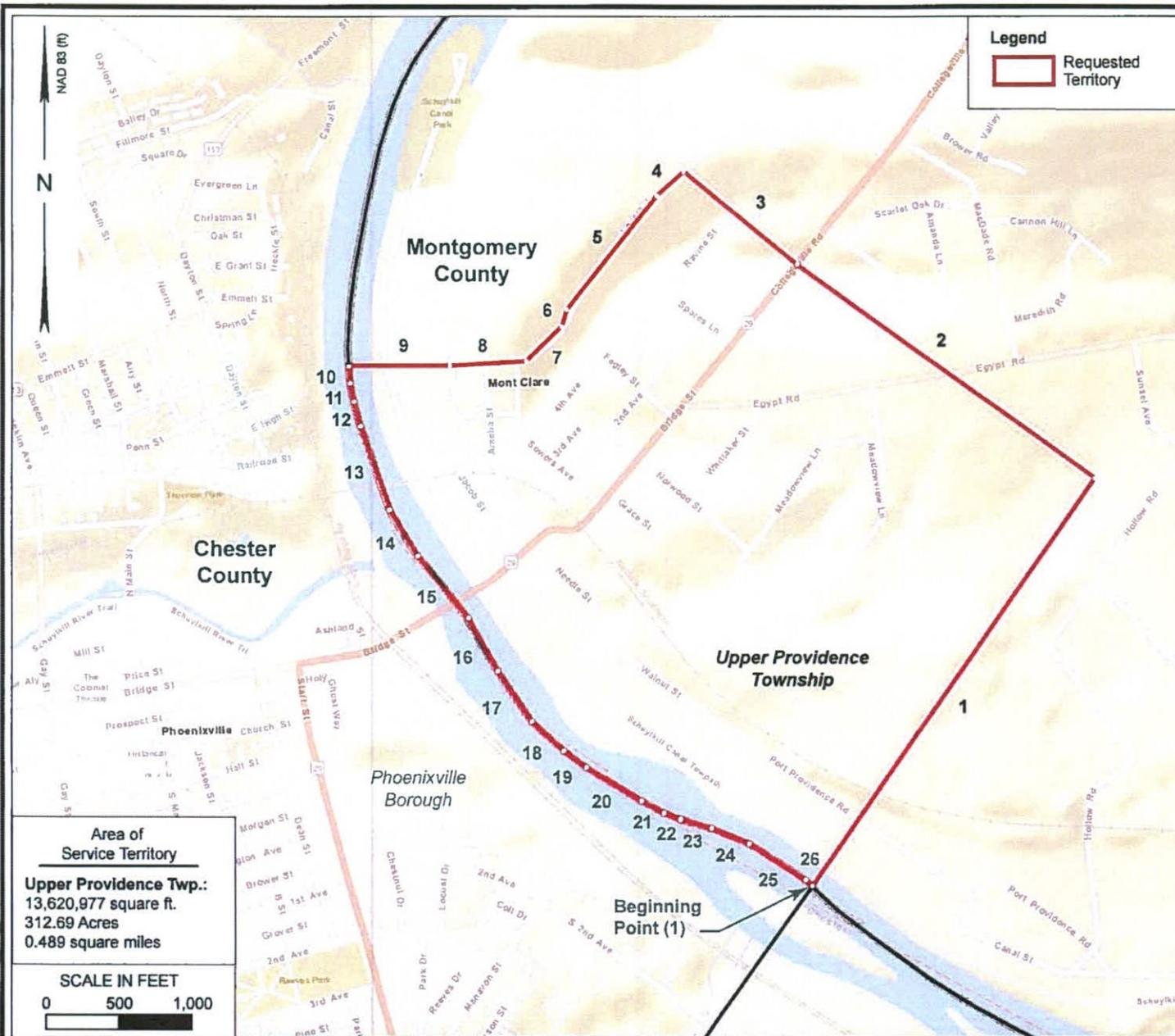
REV.	DATE	DESCRIPTION
2.	9/26/17	Expanded E. Pikeland Area (add'l. hydrants)
1.	8/23/17	Expanded E. Pikeland Area (Vail Property)

Proposed Service Territory
Schuylkill and E. Pikeland Twp.s., Chester County, Pennsylvania

DATE: 7/14/17 SCALE: 1" = 600 FT EXHIBIT: **A**

EXHIBIT "B"

Upper Providence Township, Montgomery County



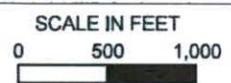
Legend

Requested Territory

Service Territory		
Segment	Bearing	Distance (ft)
#1	N35° 00' 57"E	3434.97
#2	N54° 47' 32"W	2536.75
#3	N50° 46' 53"W	1018.10
#4	S 48°11'12" W	241.17
#5	S 38°59'49" W	1013.47
#6	S 16°58'18" W	118.65
#7	S 45°52'27" W	346.83
#8	S 86°27'17" W	528.74
#9	W	702.40
#10	S 03°41'39" E	118.76
#11	S 10°57'45" E	127.59
#12	S 14°50'29" E	175.96
#13	S 19°34'44" E	611.77
#14	S 31°07'18" E	373.14
#15	S 39°11'38" E	552.89
#16	S 29°28'24" E	410.40
#17	S 34°10'37" E	428.83
#18	S 47°22'19" E	299.86
#19	S 54°25'45" E	217.83
#20	S 59°18'09" E	420.88
#21	S 62°18'33" E	182.57
#22	S 69°41'35" E	116.36
#23	S 73°47'18" E	231.49
#24	S 68°12'28" E	282.89
#25	S 57°25'16" E	465.58
#26	S 47°30'44" E	63.54

(1) Beginning Point: At a point of intersection between the counties of Chester and Montgomery in the Schuylkill River and the line between Phoenixville Borough and Schuylkill Township (PAPC Coordinates: North: 297,372.53', East: 2,584,396.93') and proceeding according to the listed bearings and distances noted in the table above.

Area of Service Territory
 Upper Providence Twp.:
 13,620,977 square ft.
 312.69 Acres
 0.489 square miles



Note
 Bearings and distances obtained from Chester County tax parcel data, obtained from https://arcweb.chesco.org/cv3/Default_CV.html. The resultant bearings and distances do not result from a physical survey on the ground and are approximate and not intended to represent a legal description of property.

REV.	DATE	DESCRIPTION

Proposed Service Territory
 Upper Providence Township, Montgomery County, Pennsylvania

DATE: 7/14/17 SCALE: 1" = 1,000 FT EXHIBIT: **B**

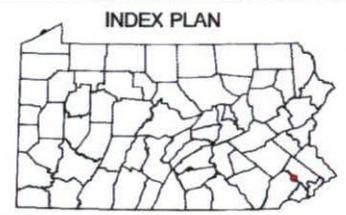
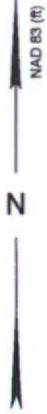


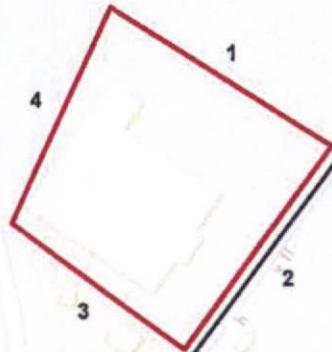
EXHIBIT "C"

Northeast Corner of East Pikeland Township, Chester County



Chester County
East Pikeland Township

Spring City Rd
Schuylkill River Trail



Cromby

Beginning Point (1)

Cromby Rd

Schuylkill River Tri

Water St

Phoenixville Borough

Service Territory
East Pikeland Twp.:

Segment	Bearing	Distance (ft)
#1	N 57°35'14" W	443.06
#2	S 24° 43' 17" W	407.70
#3	S 53° 34' 50" E	365.14
#4	N 35°38'38" E	430.23

Area of Service Territory

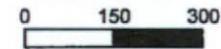
East Pikeland Twp.:
168,044 square ft.
3.86 Acres
0.006 square miles

(1) **Beginning Point:** PASPC Coordinates: North: 304,454.81', East: 2,589,371.60'; said point being approximately 100 ft southwest of the intersection of Township Line Road and Schuylkill River Trail in East Pikeland Township, Chester County, Pennsylvania and proceeding according to the listed bearings and distances noted in the table above.

Legend

 Requested Territory

SCALE IN FEET



INDEX PLAN



Note

Bearings and distances obtained from Chester County tax parcel data, obtained from https://arcweb.chesco.org/cv3/Default_CV.html. The resultant bearings and distances do not result from a physical survey on the ground and are approximate and not intended to represent a legal description of property.

REV.	DATE	DESCRIPTION

Proposed Service Territory

East Pikeland Twp., Chester County, Pennsylvania

DATE: 9/26/17

SCALE: 1" = 300 FT

EXHIBIT: **C**

EXHIBIT "D"

Location 1

East Pikeland Township Area – a 12" meter connection to be installed in a suitable location along the Highway right of way along Route 23, near French Creek.

Location 2

Upper Providence Area – two (2) meter connections to be installed, a 16" and an 8", in a suitable location along the Schuylkill River crossing at Bridge Street.

EXHIBIT G2

1986 WATER SUPPLY AGREEMENT

RECEIVED

JAN 12 2018

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

WATER SUPPLY AGREEMENT BETWEEN
THE BOROUGH OF PHOENIXVILLE, MONTGOMERY COUNTY, PENNSYLVANIA
AND CITIZENS UTILITIES HOME WATER COMPANY

THIS AGREEMENT, made and entered into this 10th day of March, 198⁶, and executed in duplicate originals (each executed copy constituting an original) by the BOROUGH OF PHOENIXVILLE, a municipal corporation of the Commonwealth of Pennsylvania (hereinafter referred to as "Phoenixville") and CITIZENS UTILITIES HOME WATER COMPANY, a Pennsylvania corporation (hereinafter referred to as "Citizens");

W I T N E S S E T H:

WHEREAS, Citizens owns and operates public utility water systems and provides public utility water service to the public located in and in the vicinity of Upper Providence and East Pikeland Townships, Montgomery County, Pennsylvania, for residential, commercial, industrial and corporate purposes, pursuant to Certificates of Public Convenience granted by the Pennsylvania Public Utility Commission; and,

WHEREAS, Phoenixville presently owns and operates a 6.0 million gallon per day (mgd) water treatment plant along the Schuylkill River and furnishes water service to itself and the Village of Mont Clare in Upper Providence Township; and,

WHEREAS, Citizens has been requested by developers to provide public utility water service to a portion of Upper Providence Township along Egypt Road in support of proposed development and Citizens proposes to enter into a Water Facilities Line Extension Agreement with one or more of said developers; and,

WHEREAS, Citizens desires to obtain a wholesale supply of water from Phoenixville for Citizens' use in portions of Upper Providence

Township and in a certain portion of its certificated service area within East Pikeland Township; and

WHEREAS, Phoenixville is willing to provide a continuous wholesale supply of water to Citizens to enable Citizens to provide public utility water service within Upper Providence Township and East Pikeland Township.

NOW, THEREFORE, for and in consideration of the foregoing and of the mutual covenants herein contained, the parties hereto agree as follows:

ARTICLE I

SCOPE OF AGREEMENT

Section 1 - Water Supply Requirements

1. Subject to the terms and conditions hereinafter set forth, Phoenixville shall deliver and sell to Citizens and Citizens shall purchase and receive from Phoenixville (i) its total supply of water required to accommodate the residential, commercial, industrial and corporate water requirements within Citizens' proposed service area, shown on Exhibit "A" attached hereto, and made a part hereof, along Egypt Road in Upper Providence Township, Montgomery County, Pennsylvania; provided, however, that Citizens shall not be obligated to use water purchased from Phoenixville to service areas for which a Water Facilities Line Extension Agreement was executed prior to the satisfaction of the conditions precedent for service within Upper Providence Township as contained in Article V, Section 2, herein; and (ii) its total supply of water for use within that certain proposed service area serving Southill Development within East Pikeland Township for which Citizens has a Certificate of Public Convenience, as shown on Exhibit "B", attached hereto and made a part hereof.

Citizens shall not sell, furnish or give away water to or for customers within the Village of Mont Clare presently served by the Borough of Phoenixville and shown on Exhibit "A" or in any area within Lower Providence Township, subject to the provisions of Article I, Section 3 herein, or unless permitted by separate agreements. Phoenixville shall not sell, furnish or give away any water to or for customers within Citizens' proposed service areas shown on Exhibits "A" or "B" or in Citizens remaining certificated service areas within East Pikeland Township. Except as provided for in this Article I, Section 1, Paragraph 1, if Citizens chooses not to obtain water for the area shown on Exhibit "A" and/or the area shown on Exhibit "B", then Phoenixville, subject to the approval of the regulatory agencies, shall be free to supply and sell water in those areas.

2. To the extent required by Citizens, Phoenixville shall furnish and deliver water in an amount not to exceed a 1.15 mgd peak day water demand to the proposed service areas shown on Exhibits "A" and "B".

Section 2 - Term and Renewal of Agreement

1. This Agreement shall continue in effect until January 1, 2026.

2. Not later than the first day of March, 2025, both Phoenixville and Citizens shall commence negotiations for continuation, extension or renewal of this Agreement.

Section 3 - Emergency Water Service Agreements

Nothing in this Agreement shall be construed to prohibit Citizens from entering into any water service agreement with any other person,

corporation, firm, municipality, or utility for the purpose of obtaining or providing water in the event that there is a partial or total failure by Phoenixville to supply the quantities called for in Article I, Section 1 of this Agreement, or in the event that the water supply from Phoenixville becomes contaminated.

Section 4 - Water Service Delivery

1. Phoenixville shall furnish and deliver water to Citizens for use in Upper Providence Township at Citizens' metering point attached to Phoenixville's system at the intersection of Walnut Street and Bridge Street within the Village of Mont Clare.

2. Phoenixville shall furnish and deliver water to Citizens at suitable pressures and flows for use in East Pikeland Township at a metering point to be mutually agreed upon.

3. At all times, Phoenixville shall have the capability to furnish and deliver water to Citizens at the metering points described in Article I, Section 4, Paragraph 1, herein, at a flow rate greater than 1,100 gallons per minute (gpm) and a residual pressure greater than 70 pounds per square inch (psi). The static pressure at said metering point will not exceed 125 psi, however.

4. Water delivered at Citizens' metering points shall be clear, potable water, safe for human consumption, meeting drinking water standards of the Pennsylvania Public Utility Commission, the Pennsylvania Department of Environmental Resources, the United States Environmental Protection Agency and successor agencies.

Section 5 - Billing and Invoices

1. Invoices rendered pursuant to the rates and terms herein agreed upon shall be submitted monthly to Citizens by the fifth of the

month and shall contain statements of Citizens' meter readings at the beginning and at the end of the monthly billing period, and such other pertinent invoice data as may be required by Citizens. Citizens shall pay each invoice so rendered within thirty (30) days of the receipt thereof.

2. Should Citizens dispute any portion of the monthly billing, the following procedure shall be utilized, if not contrary to Pennsylvania Public Utility Commission Rules and Regulations:

- A. Citizens shall provide written notice to Phoenixville within 30 days of the receipt of the monthly invoice setting forth the basis for the dispute and indicating the contested dollar amount.
- B. The disputed matter, if not otherwise resolved, shall be submitted to arbitration within 30 days of notice provided under Article I, Section 5, Paragraph 2.A, herein. Arbitration shall be conducted in accordance with the Pennsylvania Uniform Rules of Procedure for Arbitration.
- C. The arbitrator's decision shall also award the prevailing party simple interest on the amount awarded at the then effective prime interest rate of Marine Midland Bank, New York.

ARTICLE II

TECHNICAL PROVISIONS

Section 1 - Measurement of Water Deliveries

All water furnished and delivered by Phoenixville to Citizens, for use within Upper Providence Township, shall be measured by

metering equipment located in the metering pit at the intersection of Walnut Street and Bridge Street in the Village of Mont Clare.

Section 2 - Meter Tests

1. In the event that any meter installed for measuring the quantity of water delivered to Citizens fails to register, the parties shall establish the duration of the period during which said meter failed to register and the quantity of water delivered through said meter during such period and, upon agreement, an appropriate adjustment based thereon shall be made in the amount billed to Citizens; provided, however, that the procedure resulting from application of this Article II, Section 2, Paragraph 1 does not contravene the Pennsylvania Public Utility Commission Rules and Regulations.

2. Testing of the meter installed for measuring the quantity of water delivered to Citizens by the Borough of Phoenixville and any appropriate adjustments to meter readings shall be governed by the regulations of the Pennsylvania Public Utility Commission codified at 52 PA Code Sections 65.8 and 65.9.

Section 3 - Continuity of Service and Consumption

1. Phoenixville shall use reasonable diligence to provide a regular and uninterrupted supply of water to Citizens' metering points, but shall not be liable for damages to Citizens for failure, suspension, diminution or other variations beyond the control of Phoenixville, including but not limited to acts of God or the public enemy, fire, floods, earthquakes or other catastrophes, failure or breakdown of transmission or other facilities. Phoenixville shall diligently seek to remedy the effects of any such occurrences.

2. If Phoenixville is unable to supply the water requirements of Citizens specified in Article I, Section 1, Paragraph 1, herein, for any reason, including, but not limited to requirements in excess of amounts guaranteed pursuant to Article I, Section 1, Paragraph 2, Citizens may obtain additional water service from sources other than those of Phoenixville.

3. Citizens shall use reasonable diligence in the operation and maintenance of any pumping and storage facilities and will not require water to be supplied to its Upper Providence Township facilities at a flow rate greater than 1,100 gpm or at an amount greater than 1.15 mgd.

ARTICLE III

RATES AND CHARGES

Section 1 - Determination of Payments

Phoenixville hereby agrees that the purchased water rate shall be as established by the Pennsylvania Public Utility Commission and may not be changed except by Order of the Pennsylvania Public Utility Commission. Phoenixville and Citizens each reserve the right (but do not have the obligation) to file with the Pennsylvania Public Utility Commission for a change in the purchased water rate at anytime.

ARTICLE IV

PROVISION AND MAINTENANCE OF FACILITIES

Section 1 - Facilities to be Provided by Phoenixville

Phoenixville agrees to provide and maintain all water treatment and transportation facilities, up to and including all metering points.

Section 2 - Facilities to be Provided by Citizens

Citizens agrees to provide and maintain all facilities required to connect the metering points with its water transmission and distribution systems. Citizens further agrees to provide and maintain any signaling devices within its systems that are necessary to control pumping rates from any booster station.

Section 3 - Access to Facilities

Authorized representatives of Phoenixville and Citizens will be allowed access to the metering points at suitable times to perform the obligations of Phoenixville and Citizens with respect to this Agreement.

ARTICLE V

GENERAL PROVISIONS

Section 1 - General Conditions Precedent

This Agreement is expressly subject to and conditioned upon the following:

1. The prior approval of this Agreement by the Pennsylvania Public Utility Commission.
2. The approval by the Pennsylvania Public Utility Commission of any surcharge necessary for recovery of all costs under this Agreement which, in Citizens' sole judgement, will, in fact, enable Citizens to recover all costs to Citizens resulting from this Agreement.

Section 2 - Conditions Precedent Applicable Solely to Service Within Upper Providence Township

Purchase of water from Phoenixville by Citizens for use within Upper Providence Township is expressly subject to and conditioned upon the following:

1. The prior granting of a Certificate of Convenience and Necessity by the Pennsylvania Public Utility Commission for Citizens' provision of water service to the area described in Exhibit "A".

2. Execution of a Water Facilities Line Extension Agreement with one or more developers for construction of water transmission facilities within the area described in Exhibit "A".

Section 3 - Risk; Liability; Insurance; Penalties

1. Phoenixville shall perform all construction, operation and maintenance necessary to provide a supply of purchased water pursuant to this Agreement solely at its own risk and, in case of accident, damage or destruction of its water treatment or transmission facilities necessary to provide purchased water under this Agreement, Phoenixville will replace or repair forthwith at its own expense whatever is damaged or destroyed.

2. Phoenixville hereby assumes full responsibility and liability for the injury or death of any person, or persons, or loss or damage to any property, or to Citizens, contributed to or caused by the active or passive negligence of Phoenixville, its agents, servants, employees or subcontractors in the execution of the construction to be performed under this Agreement, or any claims arising from any action, in bringing the water to the metering points referred to in Article I, Section 4 hereof. Phoenixville will indemnify and hold harmless Citizens, its officers, directors, agents and employees from and against claims or expenses, including penalties and assessments, to which they or any of them may be subjected by reason of such failure to non-negligently construct and in case any suit or other proceeding shall be brought on account thereof,

Phoenixville will assume the defense at Phoenixville's own expense and will pay all judgments rendered therein.

3. Citizens hereby assumes full responsibility and liability for the injury or death of any person, or persons, or loss or damage to any property, or to Phoenixville, contributed to or caused by the active or passive negligence of Citizens, its agents, servants, employees, or subcontractors in the execution of the construction to be performed under this Agreement, or any claims arising from any action, in taking the water beyond the metering points referred to in Article I, Section 4 hereof. Citizens will indemnify and hold harmless Phoenixville, its officers, directors, agents and employees from and against any such claims or expenses, including penalties and assessments, to which they or any of them may be subjected and in case any suit or other proceeding shall be brought on account thereof, Citizens will assume the defense at Citizens' own expense and will pay all judgments rendered therein.

4. Phoenixville agrees to procure and maintain all insurances on its water treatment and transportation facilities construction and operation, and comprehensive general liability, required under this Article V, Section 3, Paragraphs 1 and 2. Such coverages shall be in content and amounts adequate to cover the risk commensurate with the operation and any construction to be performed under this Agreement.

5. Any penalties, fines, assessments, legal expenses, or civil damages assessed against Phoenixville for any omission or commission associated with the construction, operation (including but not limited to NPDES discharge penalties) or maintenance of the water treatment and transportation facilities not in accordance with any federal, state or local statute, rule, regulation or procedure, shall be borne

solely by Phoenixville, unless it is established that such fine or penalty was the result of some negligent or wrongful action or inaction of Citizens.

Section 4 - Notices

All notices or communications hereunder shall be sent to Phoenixville, addressed as follows:

Borough of Phoenixville
Attn: William Herman, Borough Manager
140 Church Street
Phoenixville, PA 19460

or to such other addresses as Phoenixville may advise Citizens in writing, and to Citizens at:

Citizens Utilities Home Water Company
Attn: A. Wyda, Manager
135 North Fourth Street
Royersford, PA 19468

with copy to:

Citizens Utilities Home Water Company
Attn: David E. Chardavoyne
Assistant Vice President
High Ridge Park
Stamford, CT 06905

or to such other addresses as Citizens may advise Phoenixville in writing.

Section 5 - Successors and Assigns

This Agreement shall inure to the benefit of and be binding upon the parties hereto, their successors and assigns, provided however that any assignment shall be approved by the other party, which approval shall not be unreasonably withheld.

Section 6 - Miscellaneous

This Agreement may not be modified or amended except by a writing signed by both parties. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania. This Agreement constitutes the entire agreement and understanding between the parties with respect to the subject matter hereof and expressly supersedes and revokes all other prior or contemporaneous promises, representations and assurances of any nature whatsoever with respect to the subject matter hereof. The remedies provided in this Agreement in favor of either party shall not be deemed either party's exclusive remedy but shall be in addition to all other remedies available at law or in equity. In the event any provision of this Agreement is for any reason adjudicated deficient, unenforceable, irregular and/or invalid, the parties hereto and each of them, will promptly take such action or proceedings as may be necessary to correct such deficiency or otherwise validate that provision. If any provision of this Agreement is declared void and unenforceable, such provision shall be deemed severed from this Agreement, which shall otherwise remain in full force and effect. No waiver by either party of any breach by the other of any provision of this Agreement nor any failure by either party to insist on strict performance by the other of any provision of this Agreement shall in any way be construed to be a waiver of any future or subsequent breach by either party or bar the right of either party to insist on strict performance by the other of the provisions of this Agreement in the future.

Section 7 - Effective Date

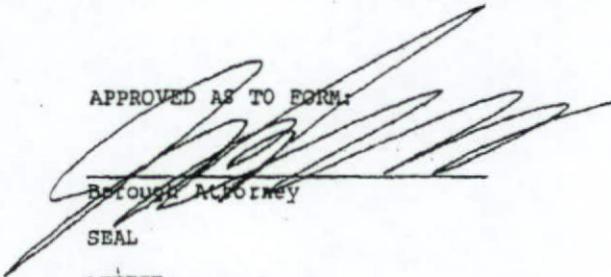
This Agreement shall become effective 30 days after a copy is filed with the Pennsylvania Public Utility Commission.

Section 8

Attached as Appendix "C" hereto, and incorporated herein by reference, is a certified copy of an ordinance of Borough of Phoenixville accepting this Agreement and authorizing its duly authorized representatives to execute this Agreement in behalf of Borough of Phoenixville.

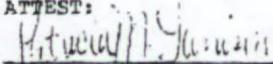
IN WITNESS WHEREOF, the BOROUGH OF PHOENIXVILLE and CITIZENS UTILITIES HOME WATER COMPANY have caused this Agreement to be signed by their respective officers and attested by their Borough Clerk and Assistant Secretary, respectively, and their seals affixed hereto, all as of the day and date first hereinabove set forth.

APPROVED AS TO FORM:

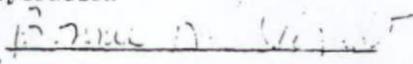

Borough Attorney

SEAL

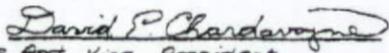
ATTEST:


Borough Clerk

BOROUGH OF PHOENIXVILLE, a
Pennsylvania municipal
corporation

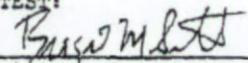
By 
Its

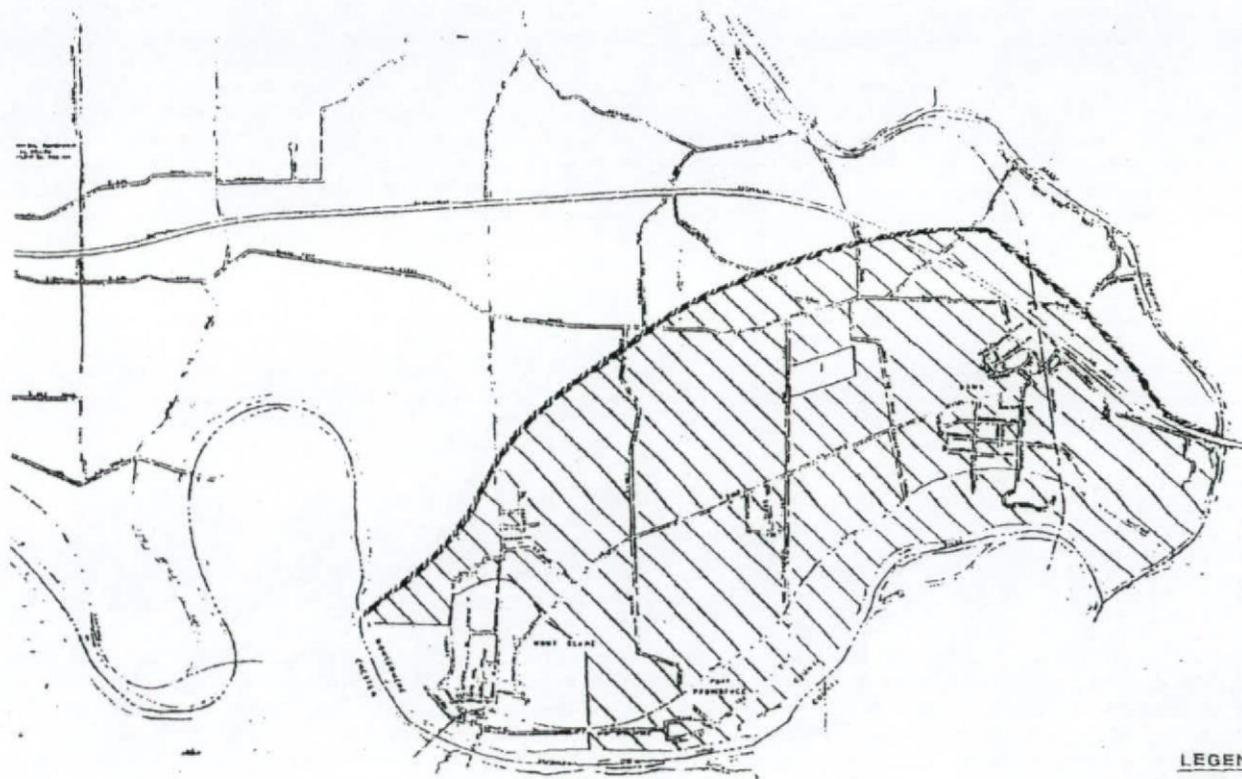
CITIZENS UTILITIES HOME WATER
COMPANY, a Pennsylvania
corporation

By 
Its Asst. Vice President

SEAL

ATTEST:


Assistant Secretary

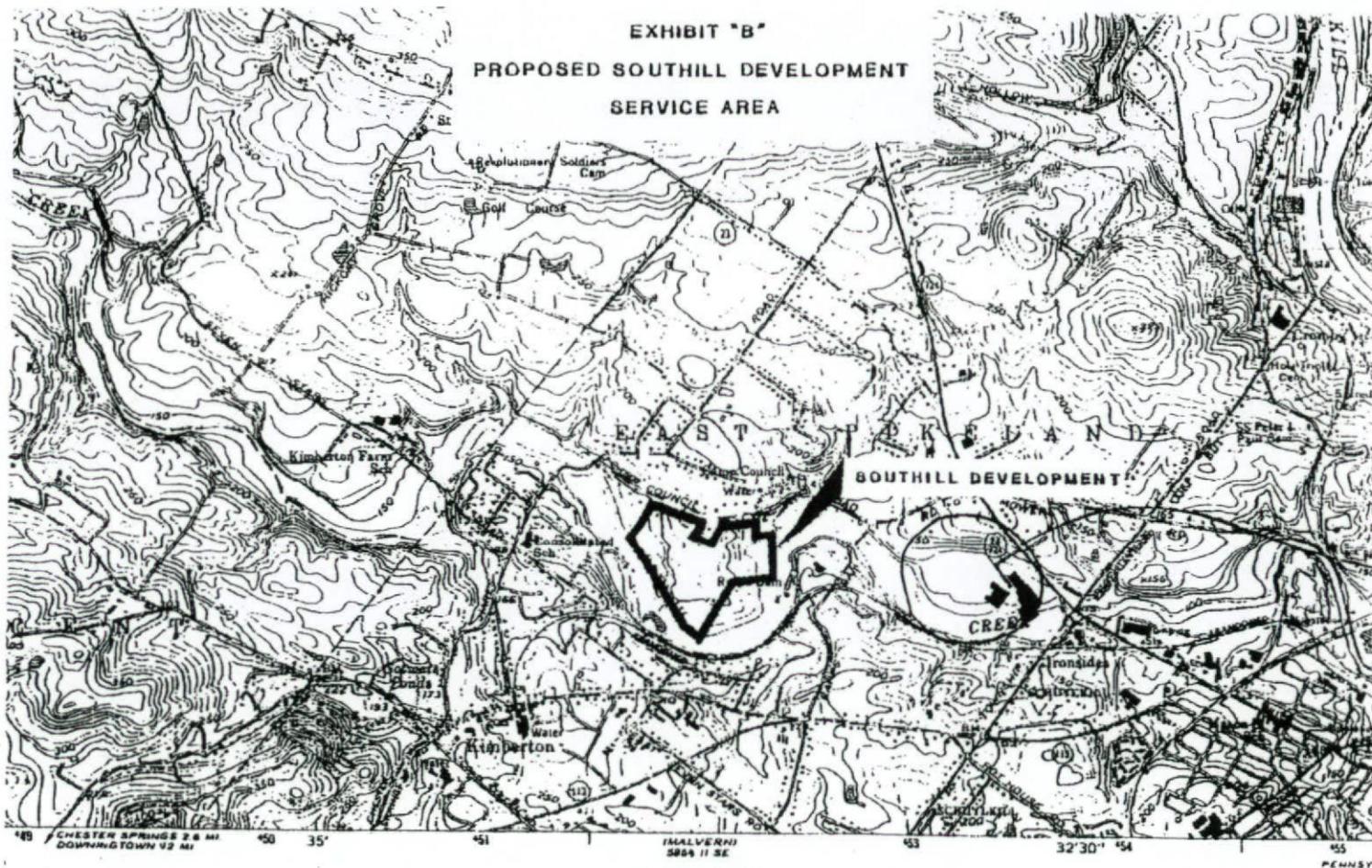


CITIZENS UTILITIES HOME WATER COMPANY

LEGEND

-  AREA APPLIED FOR BY
CITIZENS UTILITIES HOME
WATER COMPANY
-  SOUTHERN BOUNDARY OF
CITIZENS UTILITIES HOME
WATER COMPANY CERTIFICATED
AREA

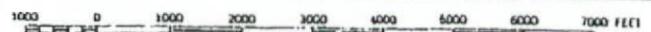
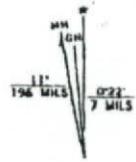
EXHIBIT "B"
 PROPOSED SOUTHILL DEVELOPMENT
 SERVICE AREA



CBC

48 WESTERN SPRINGS 2.8 MI. DOWNTOWN V2 MI. 50 35' 51 53 32'30" 54 55
 MALVERN 2804 11 SE. PENNSY.

SCALE 1:24000



CONTOUR INTERVAL 10 FEET
 NATIONAL GEODETIC VERTICAL DATUM OF 1929



EXHIBIT H
DRAFT OF SCHEDULE OF RATES TARIFF PAGE

RECEIVED

JAN 12 2018

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

AQUA PENNSYLVANIA, INC.

RATES AND RULES

GOVERNING THE DISTRIBUTION

OF

WATER

IN PORTIONS OF

ADAMS, BERKS, BRADFORD, BUCKS, CARBON, CHESTER, CLARION, CLEARFIELD, COLUMBIA,
CRAWFORD, CUMBERLAND, DELAWARE, FOREST, JUNIATA, LACKAWANNA, LAWRENCE,
LEHIGH, LUZERNE, MERCER, McKEAN, MONTGOMERY, MONROE, NORTHHAMPTON,
NORTHUMBERLAND, PIKE, SCHUYLKILL, SUSQUEHANNA, SNYDER, VENANGO, WARREN
WAYNE AND WYOMING COUNTIES

ISSUED: XX/XX/XXXX

Effective: XX/XX/XXXX

by

NICHOLAS DeBENEDICTIS, Chairman

762 Lancaster Avenue

Bryn Mawr, Pennsylvania

NOTICE

**THIS TARIFF ESTABLISHES WATER RATES FOR THE CUSTOMERS OF
A PORTION OF UPPER PROVIDENCE TOWNSHIP, MONTGOMERY COUNTY, AND
PORTIONS OF EAST PIKELAND AND SCHUYLKILL TOWNSHIPS, CHESTER
COUNTY**

(C) Indicates Change

Aqua Pennsylvania, Inc.

Supplement No. XXX
To
Water-PA. P.U.C. No. 1
XXXXX Page No. 1A
Canceling XXXXX Revised Page No. 1A

LIST OF CHANGES MADE BY THIS TARIFF

Changes: This tariff makes changes to reflect the acquisition of the water assets of the Borough of Phoenixville, located in a portion of Upper Providence Township, Montgomery County, and portions of East Pikeland and Schuylkill Townships, Chester County, Pennsylvania. Closing on the acquisition took place on XX/XX/XXXX, with the effective date of ownership occurring at 12:01AM on XX/XX/XXXX. (See pages XXX)

This tariff is made pursuant to the Commission's Order adopted XX/XX/XXXX at Docket No. A-2017-XXXXXXX, which authorizes the issuance of the Certificate of Public Convenience.

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(C) Indicates Change

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Aqua Pennsylvania, Inc.

Canceling XXXXX Revised Page No. 3B

MAIN DIVISION CITIES

<u>CITY</u>	<u>COUNTY</u>
Sharon	Mercer
Farrell	Mercer
Hermitage	Mercer
Shamokin	Northumberland

BRISTOL DIVISION TOWNSHIPS

<u>TOWNSHIP</u>	<u>COUNTY</u>
Bristol	Bucks
Bensalem	Bucks

CHALFONT DIVISION TOWNSHIPS

<u>TOWNSHIP</u>	<u>COUNTY</u>
New Britain	Bucks

OAKLAND BEACH & LAKESIDE TOWNSHIPS

<u>TOWNSHIP</u>	<u>COUNTY</u>
Sadsbury	Crawford
Summit	Crawford

C S WATER TOWNSHIPS

<u>TOWNSHIP</u>	<u>COUNTY</u>
Lackawaxen	Pike

CLARENDON DIVISION TOWNSHIPS

<u>TOWNSHIP/BORO</u>	<u>COUNTY</u>
Borough of Clarendon	Warren
Mead	Warren

SAND SPRINGS DIVISION

<u>TOWNSHIP</u>	<u>COUNTY</u>
Luzerne	Butler

KRATZERVILLE

<u>TOWNSHIPS</u>	<u>COUNTY</u>
Jackson	Snyder
Penn	Snyder

MIFFLIN TOWNSHIP DIVISION

<u>TOWNSHIP</u>	<u>COUNTY</u>
Mifflin	Columbia

EAGLE ROCK TOWNSHIPS

<u>TOWNSHIP</u>	<u>COUNTY</u>
East Union	Schuylkill
North Union	Schuylkill
Black Creek	Luzerne
Hazle	Luzerne

PINECREST DIVISION TOWNSHIPS

<u>TOWNSHIP</u>	<u>COUNTY</u>
Tobyhanna	Monroe

STANTON TOWNSHIPS

<u>TOWNSHIP</u>	<u>COUNTY</u>
South Abington	Lackawanna

(C) Indicates Change

BEECH MOUNTAIN LAKE

<u>TOWNSHIP</u>	<u>COUNTY</u>
Butler	Luzerne
Dennison	Luzerne

TREASURE LAKE

<u>TOWNSHIP</u>	<u>COUNTY</u>
Sandy	Clearfield

CONCORD PARK

<u>TOWNSHIP</u>	<u>COUNTY</u>
Bensalem	Bucks

BUNKER HILL SUBDIVISION

<u>TOWNSHIP</u>	<u>COUNTY</u>
Clinton	Wyoming

ROBIN HOOD LAKES

<u>TOWNSHIP</u>	<u>COUNTY</u>
Polk	Monroe

EAST CAMERON

<u>TOWNSHIP</u>	<u>COUNTY</u>
East Cameron	Northumberland

PHOENIXVILLE DIVISION (C)

<u>TOWNSHIP</u>	<u>COUNTY</u>
Upper Providence	Montgomery
East Pikeland	Chester
Schuylkill	Chester

SCHEDULE OF RATES

Meter Services

Customer Charge: the following are the customer charges based on the size of the meter serving the customer:

<u>Size of Meter</u>	<u>Quarterly</u>
3/4"	\$10.00
1"	\$20.00
1 1/2"	\$35.00
2"	\$75.00
3"	\$125.00
4"	\$250.00
6"	\$400.00
8"	\$850.00

Temporary service pending installation of a meter shall be based upon multiplying by four the customer charge of the meter to be installed.

Consumption Charges:

<u>Quarterly Consumption</u>	<u>Rate per 1,000 gallons</u>
0 to 1,000,000 gallons	\$3.00
1,000,001 to 5,000,000 gallons	\$2.45
over 5,000,000 gallons	\$2.00

Non-Metered Services

Hydrant Fire Protection Service: the Private, Municipal, and Public Fire Protection Service through a fire hydrant shall be \$270.00 per year.

Sprinkler Fire Protection Service: the minimum bill for Fire Protection Service provided for sprinkler systems shall be based on the size of the service line serving the customer, based upon the following:

<u>Size of Service from Main</u>	<u>Annual Charge</u>
8 inches or less	\$270.00

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JAN 12 2018

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

EXHIBIT I

PHOENIXVILLE'S TARIFF FOR
WATER SERVICE IN EAST PIKELAND, SCHUYLKILL
AND UPPER PROVIDENCE TOWNSHIPS

TARIFF WATER - Pa. P.U.C. No. 7
Cancelling TARIFF WATER - Pa. PUC No. 6

R-912038

BOROUGH OF PHOENIXVILLE

RATES, RULES AND REGULATIONS
GOVERNING THE DISTRIBUTION OF WATER

IN PORTIONS OF
UPPER PROVIDENCE TOWNSHIP, MONTGOMERY COUNTY,
EAST PIKELAND TOWNSHIP, CHESTER COUNTY
AND
SCHUYLKILL TOWNSHIP, CHESTER COUNTY, PENNSYLVANIA

ISSUED: June 28, 1991

EFFECTIVE: September 1, 1991

BY: Franklin R. Edinger, Finance Director
The Borough of Phoenixville
Borough Hall
140 Church Street
Phoenixville, PA 19460

RECEIVED

Penna. Public Utility Council

JUN 28 1991

APR 01 1992

Office of Special Assistant
Tariff Division

EFFECTIVE MAR -6 1992

NOTICE

This Tariff Makes Increases In Existing Rates And
Revisions To Rules And Regulations

OFFICIALLY FILED TARIFF

List of Changes Made by this Supplement

To increase all rates by 59.5% and
revise regulations and adds water main extension

OFFICIALLY FILED TARIFF

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Penn. Public Utility Comm.

JUN 20 1991

Office of Special Assistance
Tariff Division

APR 01 1992
R 912038
SUSPENSION GRANTED
EFFECTIVE MAR 6 1992

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OF FIXED UTILITY SERVICES
TARIFFS/FINANCE

R974233

Borough of Phoenixville

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BUREAU OF FIXED UTILITY SERVICES
TARIFFS/FINANCE

RULES AND REGULATIONS

(C)

1. DEFINITIONS

The following terms, wherever used in the Rules and Regulations or elsewhere in the tariff, shall have the meaning set forth below:

Annual Line Extension Costs: The sum of a Company's additional annual operating and maintenance costs, debt costs and depreciation charges associated with the construction, operation and maintenance of the line extension.

Annual Revenue: (For Line Extension Purposes) The Company's expected additional annual revenue from the line extension based on the Company's currently effective tariff rates and on the average annual usage of customers similar in nature and size to the bona fide service applicant.

"Applicant" shall mean any person applying for utility service from the Company pursuant to this tariff.

Bona Fide Service Applicant: (For Line Extension Purposes) A person or entity applying for water service to an existing or proposed structure within the utility's certificated service territory for which a valid occupancy or building permit has been issued if the structure is either a primary residence of the applicant or a place of business. An applicant shall not be deemed a bona fide service applicant if:

- (a) applicant is requesting water service to a building lot, subdivision or a secondary residence;
- (b) the request for service is part of a plan for the development of a residential dwelling or subdivision; or
- (c) the applicant is requesting special utility service.

"Commission" shall mean Pennsylvania Public Utility Commission.

"Company" shall mean the Borough of Phoenixville, Chester County and its duly authorized officers, agents and employees, each acting within the scope of his/her authority and employment.

Company service line: The water line extending from the curb, property line or utility connection to a point of consumption.

Customer: A person or entity who is an owner or occupant and who contracts with the Company for water service.

Customer service line: The water line extending from the curb, property line or utility connection to a point of consumption.

Debt Costs: The Company's additional annual cost of debt associated with financing the line extension investment based on the current debt ratio and weighted long-term debt cost rate for that utility or that of a comparable jurisdictional water utility.

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FEB 26 1998

BUREAU OF FIXED UTILITY SERVICES

R974233

Borough of Phoenixville

Depreciation charges: The utility's additional annual depreciation charges associated with the specific line extension investment to be made based on the current depreciation accrual rates for that Company or that of a comparable jurisdictional water Company.

Line extension: (For Line Extension Purposes) An addition to the Company's main line which is necessary to serve the premises of a customer.

"Main" shall mean the pipe of the Company's water system, excluding the service connection, located in a public highway, street, alley, or private right-of-way, which pipe is used to transport water.

"Meter" shall mean a device for measuring the quantity of water used as a basis for determining charges for water service to a customer.

Operating and Maintenance Costs: (For Line Extension Purposes) The utility's average annual operating and maintenance costs associated with serving an additional customer, including customer accounting, billing, collections, water purchased, power purchased, chemicals, and other variable costs based on the current total Company level of such costs, as well as costs particular to the specific needs of that customer, such as line flushing.

"Person" shall mean any individual, corporation, partnership, cooperative, or association.

"Premises" shall mean a single lot or piece of ground including improvements thereon, to which utility service is or will be provided pursuant to this tariff.

Public Utility: Persons or corporations owning or operating equipment or facilities in this Commonwealth for diverting, developing, pumping, impounding, distributing or furnishing water to or for the public for compensation.

"Service" shall mean to include all utility service provided under this tariff.

Short-term Supply Shortage: An emergency which causes the total water supply of a Company to be inadequate to meet maximum system demand.

Special Utility Service: Residential or business service which exceeds that required for ordinary residential purposes. See additional clarification in the main extension portion of this tariff.

"Tariff" shall mean the entire body of the Company's effective rates, charges, rules and regulations, as set forth herein.

OFFICALLY FILED TARIFF

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FEB 26 1998

BUREAU OF FIXED UTILITY SERVICES
TARIFFS/FINANCE

Borough of Phoenixville

Cancelling Original Page No. 6

2. FILING, POSTING AND EFFECT

2.1 A copy of this tariff comprising the Rates, Rules and Regulations governing the provision of utility service by the Company is on file with the Commission and is posted and available for inspection at the Company's office. These rates, rules and regulations are part of the contract with every customer, and every customer, by taking utility service under this tariff, agrees to be bound hereby.

RECEIVED
Penns. Public Utility Comm.

MAR 6 1992

ISSUED: March 4, 1992

Office of Special Assistants
Tariff Division

EFFECTIVE: March 6, 1992

8974233

Borough of Phoenixville

3. APPLICATION PROCEDURE FOR SERVICE,
CHANGE IN CUSTOMER OR SERVICE, AND MAIN EXTENSIONS

3.1 Application for Service: Before service is initiated, each customer shall complete and submit the Company's written application for utility service and the application is subject to review by Company to determine if service is to be provided. The application and these Rules and Regulations constitute the contract between the customer and the Company; and each customer, by the taking of utility service, agrees to be bound thereby.

3.2 Change In Service or Customer: It shall be the obligation of each customer to notify the Company to change the type of service or to terminate. The notice shall state the effective date for the change, which shall be no less than seven days after the notice is received by the Company in the name of the customer. Upon receipt of such notice, the Company shall prepare and submit to the customer a final bill.

3.3 Line Extensions: Whenever a developer, owner or occupant of a property within the service territory of the Company requests the Company to extend service to such property, the Company will extend service under the following conditions:

(C)

1. Requests by Bona Fide Service Applicant: Each Company shall file with the Commission, as part of its tariff, a rule setting forth the conditions under which facilities will be extended to supply service to an applicant within its service area. Upon request by a bona fide service applicant, a utility shall construct line extensions within its franchised territory consistent with the following directives:

- (a) Line extensions to bona fide service applicants shall be funded without customer advance where the annual revenue from the line extension will equal or exceed the Company's annual line extension costs.
- (b) If the annual revenue from the line extension will not equal or exceed the Company's annual line extension costs, a bona fide service applicant may be required to provide a customer advance to the utility's cost of construction for the line extension. The utility's investment for the line extension shall be the portion of the total construction costs which generate annual line extension costs equal to annual revenue from the line extension. The customer advance amount shall be determined by subtracting the utility's investment for the line extension from the total construction costs.

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FEB 26 1998

BUREAU OF FIXED UTILITY SERVICES
TARIFFS/FINANCE

1974233

Borough of Phoenixville

(c) The Company's investment for the line extension shall be based on the following formula, where X equals the utility's investment attributed to each bona fide applicant:

- X = [AR - OM] divided by [I + D] ; and,
- AR = the Company's annual revenue
- OM = the Company's operating and maintenance costs
- I = the Company's current debt ratio multiplied by the Company's weighted long-term debt cost rate
- D = the Company's current depreciation accrual rate

2. Customer advance financing, refunds and facilities on private property:

- (a) When a customer advance is required of a service applicant and an additional customer or customers attach service lines to the line extension within ten years, the utility shall refund a portion of the advance to the customer. Deposits made for additional facilities other than the line extension, such as booster pumps, storage tanks and the like, are contributions in aid of construction and need not be so refunded.
- (b) The Company will refund to the applicant, during a period of ten (10) years from the date of the extension deposit, a per-customer amount for each additional bona fide service applicant from whom a street service connection shall be directly attached to such main extension as distinguished from extensions or branches thereof. Provided, however, that the total amount refunded shall not exceed the original deposit without interest, and provided that all or any part of the deposit not refunded within said 10 year period shall become the property of the Company and shall be treated as Contributions in Aid of Construction for ratemaking purposes. The per customer refund amount shall equal the utility's investment attributed to each bona fide applicant as calculated in the formula contained in this tariff.
- (c) A utility shall require a customer to pay, in advance, a reasonable charge for service lines and equipment installed on private property for the exclusive use of the customer.

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HEAD OF FIXED UTILITY SERVICES
TARIFFS/FINANCE

(d) Special Utility Service shall mean residential or business service which exceeds that required for ordinary residential purposes. Section G (1) parts (a) through (c) of this tariff does not apply to special utility service. By way of illustration and not limitation, special utility service shall include: the installation of facilities such as oversized mains, booster pumps and storage tanks as necessary to provide adequate flows or to meet specific pressure criteria, or service to large water consuming commercial and industrial facilities. An otherwise bona fide applicant requesting service which includes a "special utility service" component is entitled to Bona Fide applicant

Borough of Phoenixville

status, including the corresponding Company contribution toward the costs to the line extension which do not meet the special utility service criteria.

3. Requirement for Extension Deposit Agreement: Where extension of facilities is not fully funded by the Company pursuant to Rule 1 of this Section, the execution by the applicant of an Extension Deposit Agreement for customer contribution or advance shall be a condition of extending the facilities. Upon notice that the Company is prepared and able to go forward with the work, the applicant will deposit with the Company the amount specified in the Extension Deposit Agreement.
4. Size of Line: The Company shall have the exclusive right to determine the type and size of lines to be installed and the other facilities required to render adequate service. However, where the Company decides to install a pipe large than necessary to render extension of adequate service to the applicant, estimated or actual cost figures in the Extension Deposit Agreement shall include only the material and installation cost for a pipe the size of which is necessary to provide adequate service to the applicant. Any incremental costs of a larger pipe will be the responsibility of the Company. All estimated or actual cost figures referred to in the Extension Deposit Agreement shall include a reasonable allowance for overhead costs and taxes as appropriate. The minimum pipe size for main extensions will be six (6) inches pursuant to Commission regulation at 52 Pa. Code §65.17(b).
5. Length of Extension: In determining the necessary length of an extension, the terminal point of such extension shall be at that point in the curb line, which is equidistant from the side property lines of the last lot for which water service is requested. A Company service connection will be provided only for customer service lines that extend at right angles from the curb line in a straight line to the premises to be served.
6. Cost True-up: At the conclusion of the line extension project there shall be a reconciliation of the actual costs incurred to the amount of extension deposit that has been paid by the customer. If the actual cost exceeds the deposit, the applicant shall be responsible for payment to the Company of the difference. If the deposit exceeds the actual cost, the Company shall refund the difference.

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BUREAU OF FIXED UTILITY SERVICES
TARIFFS/FINANCE

4. CUSTOMER DEPOSITS

4.1 Customer Deposit: The Company reserves the right to require a deposit equal to the estimated gross bill for any single billing period plus one month to secure payments for water service rendered. Customer deposits shall be required where the credit of the customer has not been established to the satisfaction of the Company.

4.2 Maintenance of Deposit: Deposits and refunds shall be administered in accordance with Chapter 56, Title 52, of the Pa. Code. Interest at the rate authorized by the Commission under Subchapter C, Chapter 56 (§ 56.57), Title 52, shall be paid annually to the customer, or, at the option of either the Company or the customer, shall be applied to reduce bills for water service in lieu of a cash refund.

4.3 Refund of Deposit: The Company will refund said deposit upon receipt of notice from customer to discontinue service and after payment in full has been made for all service rendered or when the customer shall have paid undisputed bills for service over a period of twelve consecutive months. After return of a customer's deposit, customer shall not be required to make a new deposit unless the service has been discontinued or the customer's credit standing has been impaired through failure to comply with tariff provisions.

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MAR 1992

5. METERED SERVICE

5.1 Meter Furnished by the Company: All meters and remote meters will be furnished and installed by the Company and remain the property of the Company. All meters must be accessible to and subject to the Company's control. The Company reserves the right to establish the size of a meter required by each customer.

5.2 Location: The meter will be installed only after the customer has had the plumbing arranged to receive the meter at a convenient location approved by the Company so as to control the entire supply. A proper place and protection for the meter shall be provided by the customer. In cases where it is not practical to place the meter within a building, a brick or concrete pit, with a suitable iron cover, or other approved meter box, shall be located inside the property line by the customer at the customer's expense. The size and dimensions of the pit or box shall be approved by the Company.

5.3 Responsibility for Damage: Meters will be maintained by the Company for ordinary wear and tear, but the customer shall be responsible to the Company for any damage to the meter arising out of, or caused by, the customer's negligence or carelessness, or any person upon the premises with the customer's consent. The customer shall not permit anyone not an agent of the Company or otherwise lawfully authorized to remove, inspect or tamper with the Company's meter or other property of the Company. The customer shall notify the Company of any damage to or failure of the meter as soon as it comes to the customer's knowledge.

5.4 Cost of Reinstallation: The charge for the reinstallation or changing of a meter when removed because of damage due to the negligence of a customer will be \$35.00, which charge includes testing of the repaired meter.

5.5 Meter Accuracy: The quantity of water recorded by the meter shall be conclusive to establish usage, except when the meter has been found to be registering inaccurately or has ceased to register. In either of such cases, the meter will be promptly repaired or replaced by the Company, and the quantity of water consumed shall be estimated by the average registration of the meter during previous corresponding period.

5.6 Meter Testing: In case of a disputed bill involving the accuracy of a meter, the meter shall be tested, upon the request of the customer, pursuant to rules and regulations pertaining thereto of the Commission. If the meter so tested is found to have an error in registration of four percent (4%) or more, the bills will be increased or decreased accordingly as provided by said rules.

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Borough of Phoenixville

Each request for test of a meter for accuracy shall be accompanied by a deposit, the amount of which shall be determined by the size of the meter as set forth in applicable rules and regulations of the Commission. If the meter tested shall be found to have any error in registration of less than four percent (4%), the deposit shall be retained by the Company as compensation for such test. If the error in registration is found to be four percent (4%) or more, then the cost of the test shall be borne by the Company, and the amount of the deposit shall be returned to the customer.

5.7 Bypassing of Meter Prohibited: No customer served with meter water shall take or receive, or permit to be taken or received, any water from the Company water supply into a premises for which a meter is installed, except that such water shall have passed through and been registered by such meter. The Company, after determining that bypassing of the water has occurred, may estimate the customer's usage and bill the customer for such usage and take such action to end the bypassing.

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Penna. Public Utility Comm'n

MAR 4 1992

ISSUED: March 4, 1992

EFFECTIVE: March 6, 1992

Office of General Counsel
Tariff Division

6. SERVICE CONNECTIONS

6.1 Company Service Line: The Company shall furnish, install and maintain all Company service lines from the main to and including the curb stop and box. The Company's service line shall be the property of the Company.

6.2 Customer Service Line: All customer service lines from the curb stop and box to points of usage shall be installed and maintained by the Customer consistent with the Company's specifications.

6.3 Inspection Of Customer Service Lines: Prior to closure of the trench containing customer's service line, the customer shall notify the Company and the Company shall have the right to inspect the installation of customer service lines to determine compliance with the Company's specifications.

6.4 Separate Service: Each housing unit shall be served individually supplied through a separate service line, unless the Company approves some other arrangement because of special circumstances.

6.5 Customer's Duty To Repair Leaks: All leaks in customer's service line and internal plumbing shall be promptly repaired. Failure to promptly make such repairs shall allow the Company to turn off the water and impose a turn off charge. The Company, will not turn on the water supply until all proper and necessary repairs are made by the customer at customer's expense and the expense incurred in turning off and turning on the water are paid in full. No deduction from any water bill shall be allowed on account of leakage.

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Gen. Public Utility Comm.

MAR 4 1992

ISSUED: March 4, 1992

EFFECTIVE: March 6, 1992

Office of General Assistance
Tenth Division

7. VOLUNTARY AND INVOLUNTARY DISCONNECTION

7.1 Voluntarily Disconnection: To voluntarily resume or discontinue the use of water service a customer shall submit a written or verbal request.

7.2 Involuntary Disconnection For Failure To Comply With Rules: Water service may, after due notice, be turned off for a customer's failure to comply with these Rules and will not be again turned on until satisfactory assurance is given that these Rules will be complied with and all proper and necessary expense incurred in turning off the water service is paid in full. The Company shall follow the procedures set forth in subchapter E, Chapter 56, Title 52.

7.3 Involuntarily Disconnection For Waste: Water service will, after due notice, be turned off to a customer allowing it to run to prevent freezing, or allowing it to run. Water service will not be resumed until satisfactory assurance is given that the practice will be discontinued and all proper and necessary expense incurred in turning off and turning on the water are paid in full.

7.4 Disconnection By Authorized Personnel: Water service shall not be turned off to any premises by any person not an agent of the Company, except temporarily by a plumber testing work on the premises. No customer, unless specifically authorized to do so, shall open or close any of the Company's curb stops or valves in any public or private line.

7.5 Turn On/Turn Off Charge: A customer shall request a temporary or permanent turn off or turn on of service for routine maintenance or service during normal business hours and shall be charged \$20.00 per request, and an additional \$20.00 emergency fee per request shall be charged if the turn off or turn on of service is requested during a weekend, holiday, or between the hours of 5:00 p.m. and 9:00 a.m.

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MAR 6 1992

ISSUED: March 4, 1992

EFFECTIVE: March 6, 1992

Office of Special Assistant
Tariff Division

8. BILLING AND PAYMENT

8.1 Time of Rendering Bills: All bills for water service shall be rendered either monthly or quarterly at the option of the Company for service furnished during the preceding period.

8.2 Due Date: The due date for payment of bills shall be twenty (20) days from the date the bill is mailed, except that in the case of the United States Government, the Commonwealth of Pennsylvania, or the local municipalities served, or any department or institution thereof, the due date shall be thirty days from the date the bill is mailed. Payments mailed as evidenced by the United States Post Office mark, on or previous to the end of the twenty-day or thirty-day period, will be deemed to be payment within such period.

8.3 Late Payment Charge: A late charge or penalty of 1.25% per month shall be due and payable to the Company calculated on the overdue portions of delinquent bills. Late payment charge shall be imposed when payments for water service are received in person at the Company office. Such penalties will be calculated each billing period thereafter only on the overdue portions of the bills, and in no event shall the penalty charged exceed more than 15% annually.

8.4 Discontinuing Service for Nonpayment: If an undisputed bill remains unpaid for a period of thirty (30) days from the date the bill is mailed, the Company reserves the right to discontinue service for nonpayment after ten (10) days' notice shall have been given according to Subchapter E, Chapter 56, Title 52.

8.5 Failure to Receive Bill: Failure to receive a bill will not exempt the customer from the terms of payment, or constitute a waiver of these Rules. Customer shall be responsible to notify the Company within fifteen (15) days of the end of any billing period if no bill has been received and the Company shall send a new bill to the customer upon such notice.

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Penn. Public Utility Comm.

MAR 6 1992

Office of Special Agent
Tariff Division

9. TEMPORARY OR EMERGENCY INTERRUPTIONS

9.1 Temporary Interruption: The Company may temporarily interrupt service; discontinue service without prior written notice; or terminate service within the purview of Subchapters D and E, Chapter 56, Title 52. Only the Company, through its authorized employees, has the authority to turn off the water at any corporation stop or curb stop, or to disconnect or remove the meter.

Company will use all reasonable and practicable measures to provide advance notice to the customer of such discontinuance of service. The Company shall not be liable for any damage or inconvenience suffered by the customer, nor in any case for any claim against it at any time for interruption in service, lessening of supply, inadequate pressure, poor quality of water, or any cause beyond its control. The Company shall have the right to reserve a sufficient supply of water at all times in its reservoirs to provide for fire or any other emergencies and may restrict or regulate the quantity of water used by customers in case of scarcity, or whenever the public welfare may require it.

9.2 Emergency Curtailment of Nonessential Use: The Company shall have authority, in the event of any emergency affecting the adequacy of the supply of water to the domestic users of the Company's water system or the fire fighting capacity of the system, either actual or imminent, to require any or all users to curtail or discontinue the use of water for nonessential uses. Such curtailment or discontinuance shall remain in effect for the duration of such emergency. No customer shall thereafter use or permit to be used water furnished by the Company except in strict compliance with such regulations or restrictions. Verbal or other notice by the Company to the customer or public advertisement in a newspaper circulated locally, shall be deemed to be sufficient notice of such curtailment.

Nonessential uses apply to the use of water for car washing, lawn and garden sprinkling, irrigation, ornamental fountains, exterior washing, whirlpools, spas, pools, or other uses reasonably determined to be nonessential. If the degree of emergency shall warrant, nonessential uses shall include all or certain industrial and/or commercial uses.

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Phoenixville Public Utility Company

MAR 6 1992

10. GENERAL

10.1 Resale: No person shall purchase water from the Company and resell the same on a metered basis or any other basis.

10.2 Unauthorized Use: If any person shall make any unauthorized connection to any water piping supplied from the Company's water system, or any unauthorized extension of any existing water piping, whether or not the water in such piping is being registered on a water meter, the Company shall, in addition to any and/or all other remedies, immediately discontinue water service to such unauthorized connection or extension. In the case of any dispute concerning the authority for any such connection or extension, the burden of proof shall be upon the customer to establish the validity of such authority.

10.3 No Guarantee of Supply or Pressure: Nothing in these Rules, nor any contract or representation, verbal or written, of the Company or any of its employees shall be taken or construed in any manner to be or constitute a guarantee to furnish any specific pressure or specific quantity of water through any service connection, but the Company will at all times, and under all conditions, endeavor to provide safe, adequate and reliable service.

10.4 Abnormally Large Quantities of Water: Any usage that will result in the usage of an excessive quantity of water, such as swimming pool or such other purposes, the Customer shall request in advance permission to take water in unusually large quantities, and the Company will approve such request only if it can be safely delivered through the Company's facilities and if other customers are not inconvenienced.

10.5 Access to Premises: The authorized agents of the Company shall have the right of access, at all reasonable hours, to the Customer's premises for the purpose of reading meters, examining pipes and fixtures, observing manner of using water, and for any other purpose which is proper and necessary in the conduct of the water utility business. Company employees must produce proper credentials denoting their employment by the Company.

10.6 Indemnity: No agent or employee of the Company shall have the right or authority to bind it by any promise, agreement or representation contrary to the letter or intent of these Rules and Regulations. The Company will not be liable for any claim or damage arising from a shortage of water, the breaking of machinery or other facilities, or any other cause beyond its control.

10.7 Violation of Rules: For violation of its Rules, the Company reserves the right to turn off the water after due notice and cancel the contract.

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Penn. Public Utility Comm.

MAR 6 1992

Borough of Phoenixville

10.8 Changing Rules: Rules, regulations and rates may be amended, altered and changed by the Company at any time in the manner provided by law upon the approval of the Commission.

10.9 Dispute and Complaint: Any customer who has a complaint with regard to the Company's service or bill shall notify the Company of the dispute pursuant to Subchapter F, Chapter 56, Title 52 prior to filing a complaint with the Commission. Upon receipt of customer's notice, the Company shall stay any termination of service. The Company within 30 days of notice of a dispute, shall prepare a report containing the following as required under 52 Pa. Code §56.152:

A utility company report shall include the following:

- (1) A statement of the claim or dispute of the ratepayer and a copy thereof if the claim or notice of dispute was made in writing.
- (2) The position of the utility regarding the claim.
- (3) A statement that service will not be terminated pending completion of the dispute process, including both informal and formal complaints, so long as there is compliance with all requirements of the Commission.
- (4) A statement that if the complaining party does not agree with the utility company report, an informal complaint must be filed with the Commission within 10 days of the mailing date of the report to insure the preservation of all of his rights.
- (5) The office where payment may be made or information obtained listing the appropriate telephone number and address of the utility.
- (6) A full and complete explanation of procedures for filing an informal complaint with the Commission including the telephone number and address of the nearest regional office of the Commission where an informal complaint may be filed.
- (7) If the matter in dispute involves a billing dispute, the report shall include the following:
 - (i) An itemized statement of the account of the complaining ratepayer specifying the amount of credit, if any, and the proper amount due.
 - (ii) The date on or after which the account will become delinquent unless a settlement or payment

ISSUED: March 4, 1992

EFFECTIVE: March 6, 1992

Office of Special Assistance
Tariff Division

Borough of Phoenixville

agreement is entered into or an informal complaint is filed with the Commission. This date may not be earlier than the due date of the bill or 15 days after the issuance of a utility company report, whichever is later.

(8) If the matter involves a dispute other than a billing dispute, the report shall also state the following:

(i) The action required to be taken to avoid the termination of service.

(ii) The date on or after which service will be terminated unless the report is complied with, settlement agreement entered or an informal complaint filed. This date may not be earlier than the original date for compliance with the matter which gave rise to the dispute or 10 days from the date of issuance of the utility report, whichever is later.

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Penna. Public Utility Control

MAY 6 1992

ISSUED: March 4, 1992

EFFECTIVE: March 6, 1992

Office of Special Assessment
Taxiff Division

11. WATER CONSERVATION CONTINGENCY PLAN

11.1 Authority to Impose Conservation Measures: If the Company experiences a short-term water supply shortage or other emergency condition, the Company may request voluntary general conservation of water uses. If voluntary measures are not successful, then the Company may impose mandatory conservation measures deemed necessary to reduce or eliminate nonessential uses of water. Water emergency conservation measures will continue in effect until terminated by the Company. The Company through its duly authorized agent shall declare a "water emergency" and impose water use restrictions consistent with these Rules.

11.2 Curtailment of Nonessential Use: In the event of a either actual or imminent short-term water supply shortage or any other emergency condition affecting the adequacy of the supply of water to the domestic users of the Company's water system or the fire fighting capacity of the system, the Company shall require any or all users to curtail or discontinue the use of water for nonessential purposes, and such curtailment or discontinuance shall remain in effect for the duration of such emergency.

The following water uses are declared nonessential, and any one or more of such nonessential uses shall be prohibited within the service territory:

- a. The use of hoses, sprinklers, or other means for sprinkling or watering of shrubbery, trees, lawns, grass, plants, vines, gardens, vegetables, flowers, or any other vegetation.
- b. The use of water for watering golf courses.
- c. The use of water for washing automobiles, trucks, trailers, trailer houses, or any other type of mobile equipment.
- d. The washing of streets, driveways, parking lots, service station aprons, office buildings, exteriors of homes, sidewalks, apartments, or other outdoor surfaces.
- e. The operation of any ornamental fountain or other structures making a similar use of water.
- f. The use of water for filling swimming or wading pools.
- g. The operation of any water-cooled comfort air conditioning which does not have water-conserving equipment.
- h. The use of water from fire hydrants for construction purposes, fire department drills, or testing fire apparatus, except as deemed necessary and approved in the interest of public health or safety by the municipal health officials.

Borough of Phoenixville

- i. The use of water to flush a sewer line or sewer manhole.
- j. The use of water for commercial farms and nurseries other than a bare minimum to preserve plants, crops and livestock.

11.3 Priorities and Procedures: The following priorities and procedures shall be established in the event water conservation measures are necessary:

- a. Voluntary cooperation by the customers will initially be requested by the Company.
- b. Customers shall be notified of the implementation of the Water Conservation Contingency Plan, at least one day prior to its effective date, by either mailing notices to all customers, or by providing an announcement through the public media (radio and/or television, or providing an advertisement in a newspaper circulated locally).
- c. If voluntary cooperation does not achieve satisfactory results, mandatory compliance will be imposed. If any customer refuses to comply with such mandatory measures, the Company may either adjust the outside water valve connection in a manner which will restrict water flow by up to $\frac{1}{2}$, or may otherwise restrict flow such as by the insertion of a plug device.

Note: Prior to such valve adjustment or other flow restriction being imposed, the Company will make a bona fide attempt to deliver notice of the valve adjustment or other flow restriction to a responsible person at the affected premises and fully explain the reason for the proposed flow restriction and the means by which the customer may eliminate the grounds for such flow restriction. Less restrictive means may be imposed to secure such compliance.

- d. These conservation measures shall be terminated at such time as the supply shortage is eliminated.
- e. Complete service termination may be imposed by an Administrative Law Judge or other presiding officer of the Commission after an expedited hearing has been held providing an affected customer with an opportunity to be heard.

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Penna. Public Utility Comm.

MAR 1 1992

ISSUED: March 4, 1992

Office of Special Agent in Charge
EFFECTIVE: March 6, 1992
York Division

Borough of Phoenixville

12. WATER RATIONING PLAN - PENNSYLVANIA
EMERGENCY MANAGEMENT COUNCIL

In addition to the provisions as set forth above, the Pennsylvania Emergency Management Council is authorized to promulgate, adopt, and enforce a Water Rationing Plan by virtue of the Emergency Management Service Code, 35 Pa. C.S. § 7101 et seq. as implemented by the Drought Emergency Proclamation dated November 6, 1980.

OFFICIALLY PUBLISHED

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Penns. Public Utility Comm.

MAR 11 1992

ISSUED: March 4, 1992

Office of Secretary of Public Utility Control
Tariff Division

EFFECTIVE: March 6, 1992

Borough of Phoenixville Cancelling First and Second Revised Page No. 23

13. SCHEDULE OF RATES (I)

The rates to all customers shall be based on the application of the following rates and the customer charge. (C)

<u>Quarterly Consumption</u>	<u>Rate per 1,000 gallons</u>	
0 to 1,000,000 gallons	\$3.00	
1,000,001 to 5,000,000 gallons	\$2.45	(I)
over 5,000,000 gallons	\$2.00	(I)

Customer Charge (C)

The following are the customer charges based on the size of the meter serving the customer:

<u>Size of Meter (inches)</u>	<u>Customer Charge</u>
under 1	\$. 10.00
1	\$. 20.00
1½	\$. 35.00
2	\$. 75.00
3	\$. 125.00
4	\$. 250.00
6	\$. 400.00
8	\$. 850.00

Temporary service pending installation of a meter shall be based on multiplying by four the customer charge of the meter to be installed. (C)

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Public Utility Comm

FEB 7 1994

Office of Special Assistant
Tariff Division

ISSUED: February 7, 1994

EFFECTIVE: February 8, 1994

Borough of Phoenixville Celling First and Second Revised Page No. 24

14. NON-METERED SERVICE

HYDRANT FIRE PROTECTION SERVICE (I)

The Private, Municipal and Public Fire Protection Service through a fire hydrant shall be \$270.00 per year, payable each January without discount.

SPRINKLER FIRE PROTECTION SERVICE (I)

The minimum bill for Fire Protection Service provided for sprinkler systems shall be based on the size of the Company's service line serving the customer, based upon the following:

<u>Size of service from main (inches)</u>	<u>Annual Charge</u>
8 or less\$270.00

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FEB 7 1994

Office of Special Assistant
Tariff Division

ISSUED: February 7, 1994

EFFECTIVE: February 8, 1994

EXHIBIT J

PHOENIXVILLE ANNUAL REPORT - 2016

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU



The Borough of Phoenixville
CHESTER COUNTY, PENNSYLVANIA

Borough Hall, 351 Bridge Street, Phoenixville, PA 19460-3457
Phone: (610) 933-8801 Fax: (610) 983-0621

April 24, 2017

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
PO Box 3265
Harrisburg, PA 17105-3265

Dear Ms. Chiavetta;

Attached is the original filing of the 2016 Annual Water Report

This report is not confidential and public in nature.

Sincerely,

Peggy Niemczuk
Office Administrator
Borough of Phoenixville

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2017 APR 26 AM 10:35
PA P.U.C.
SECRETARY'S BUREAU

ANNUAL REPORT

Water Wastewater

OF

Borough of Phoenixville

(name of company)

Address: 351 Bridge Street

Address:

Address:

City: Phoenixville State: PA Zip: 19460

FOR THE YEAR ENDED 12/31/2016

To The: **Pennsylvania Public Utility Commission**

This report must be filed no later than

04/30/17

1 Name and title of official in charge of utility department:

Brian A. Watson, Public Works Director

2 List of communities served outside limits of reporting municipality:

Upper Providence, East Pikeland & Schuylkill Townships

3 Explain briefly any essential difference existing between service inside limits of reporting municipality and service furnished
Water charge per thousand gallons for inside the municipal limits is \$8.70. Water charge per thousand gallons for outside the municipal limits is \$3.00.

4 If the property is operated by the municipality and leased from an authority. Name the authority:

None

5 Is the system gravity pumping combination of both

If combination, set forth areas requiring pumping:

6 State the sources from which water is obtained:

Schuylkill River

7 Average daily yield from municipality's own source of supply (Gallons):

2,167

8 If water is purchased:

a. Name of vendor: Aqua Pennsylvania

b. Point of delivery: Ross Lane Interconnect

c. Gallons purchased during the year: 0.00

9 Description, location and capacity of each storage reservoir, and and standpipe:

Two above ground reservoirs @ Filmore & Franklin Avenues, one 6 million gals and one 3 million gals. One standpipe @ Lane Avenue, 1.25 million gallons.

10 If water is purified, state process used:

Conventional treatment including flocculation sedimentation, rapid sand filtration with chemical addition.

11 Average daily consumption of water during the period (Gallons):

2,123

12 Number of public fire hydrants outside limits of reporting municipality at the end of the period:

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SECRETARY'S BUREAU

Printed Name and Title of Official responsible for filing this report		
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EXHIBIT K

PHOENIXVILLE ANNUAL REPORT - 2015

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JAN 12 2018

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU



The Borough of Phoenixville
CHESTER COUNTY, PENNSYLVANIA

Borough Hall, 351 Bridge Street, Phoenixville, PA 19460-3457
Phone: (610) 933-8801 Fax: (610) 983-0621

April 28, 2016

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
PO Box 3265
Harrisburg, PA 17105-3265

Dear Ms. Chiavetta;

Attached is the original filing of the 2015 Annual Water Report

This report is not confidential and public in nature.

Sincerely,

Peggy Niemczuk
Office Administrator
Borough of Phoenixville

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2016 MAY 28 AM 1:05
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SECRETARY'S BUREAU

ANNUAL REPORT

Water Wastewater

OF

Borough of Phoenixville

(name of company)

Address: 351 Bridge Street

Address:

Address:

City: Phoenixville State: PA Zip: 19460

FOR THE YEAR ENDED 12/31/2015

To The: **Pennsylvania Public Utility Commission**

This report must be filed no later than

04/30/16

1 Name and title of official in charge of utility department:

Brian A. Watson, Public Works Director

2 List of communities served outside limits of reporting municipality:

Upper Providence, East Pikeland & Schuylkill Townships

3 Explain briefly any essential difference existing between service inside limits of reporting municipality and service furnished
Water charge per thousand gallons for inside the municipal limits is \$8.70. Water charge per thousand gallons for outside the municipal limits is \$3.00.

4 If the property is operated by the municipality and leased from an authority. Name the authority:

None

5 Is the system gravity pumping combination of both

If combination, set forth areas requiring pumping:

6 State the sources from which water is obtained:

Schuylkill River

7 Average daily yield from municipality's own source of supply (Gallons):

2.429 MGD

8 If water is purchased:

a. Name of vendor: Aqua Pennsylvania

b. Point of delivery: Ross Lane Interconnect

c. Gallons purchased during the year: 0.00

9 Description, location and capacity of each storage reservoir, and and standpipe:

Two above ground reservoirs @ Filmore & Franklin Avenues, one 6 million gals and one 3 million gals. One standpipe @ Lane Avenue, 1.25 million gals.

10 If water is purified, state process used:

Conventional treatment including flocculation sedimentation, rapid sand filtration with chemical addition.

11 Average daily consumption of water during the period (Gallons):

2.348 MGD

12 Number of public fire hydrants outside limits of reporting municipality at the end of the period:

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2016 MAY -3 AM 1:05
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EXHIBIT L

CURT STEFFY WATER OPERATOR'S LICENSE

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JAN 12 2018

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Commonwealth of Pennsylvania

Department of Environmental Protection

*In accordance with the
State Board for Certification of Water and Wastewater Systems Operators
and the Regulations of the
Department of Environmental Protection*

CURT R STEFFY

Is Hereby Authorized to Operate
WATER SYSTEM

Class: A,E, Water

Subclass: 1,2,3,4,5,6,7,8,9,10,11,12,13,14

Client ID: 194146

CURT R STEFFY
[REDACTED]

Issue Date Oct 01, 2017
Expiration Date Sep 30, 2020

Certificate No. W7556

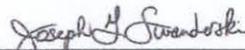

Board Chairman

EXHIBIT M1

MUNICIPAL ACKNOWLEDGMENT -
MONTGOMERY COUNTY

RECEIVED

JAN 12 2018

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU



June 23, 2017

Mr. Steven Kline, Chairman
Montgomery County Planning Commission
One Montgomery Plaza
Suite 201
425 Swede St.
Norristown, PA 19401

Re: Aqua Pennsylvania, Inc. application to serve a portion of Upper Providence Township, Montgomery County

Aqua Pennsylvania, Inc. (Aqua) is submitting an application with the Pennsylvania Public Utility Commission (PUC) to approve the right to offer, render, furnish, or provide water service to the public in a portion of Upper Providence Township, Montgomery County, Pennsylvania.

As part of the application process, the PUC requested that Aqua seek the County's input for the purpose of determining if Aqua's application complies with this County's land use planning.

Specifically, the PUC requests that the County reviews the following questions:

1. Are there adopted comprehensive plans for the township's / borough's involved? Yes
2. Is there an adopted county comprehensive plan? Yes
3. Is there an adopted multi-municipal or multi-county comprehensive plan? No
4. Is there an adopted County or municipal zoning ordinance or joint municipal zoning ordinance? Yes
5. Is the proposed project consistent with these comprehensive plans and/or zoning ordinances? Yes
6. If the answer is "yes" to any of the above questions, please sign below, or submit a letter, indicating that the application is consistent with the applicable comprehensive plans and zoning ordinances. If the application is not consistent with the applicable comprehensive plans and zoning ordinances, please provide an explanation. SEE ATTACHED LETTER

If you have any questions, please call me at (610) 645-1122 or e-mail CRSteffy@aquaamerica.com.

Sincerely,

Curt Steffy
Vice President of Production

Aqua Pennsylvania Water application is consistent with the applicable comprehensive plans and zoning ordinances.

Montgomery County Signature [Signature]

Printed Name / Title TOM A. KESHER PRINCIPAL ENVIRONMENTAL PLANNER Date 6.26.17

Please fax/e-mail this form to: Tom Rafferty at TFRafferty@aquaamerica.com or fax to 610 645-1061.

**MONTGOMERY COUNTY
BOARD OF COMMISSIONERS**
VALERIE A. ARKOOSH, MD, MPH, CHAIR
KENNETH E. LAWRENCE, VICE CHAIR
JOSPEH GALE, COMMISSIONER



**MONTGOMERY COUNTY
PLANNING COMMISSION**
MONTGOMERY COUNTY COURTHOUSE • PO Box 311
NORRISTOWN, PA 19404-0311
610-278-3722
FAX: 610-278-3941 • TDD: 610-631-1211
WWW.MONTCOPA.ORG
JODY L. HOLTON, AICP
EXECUTIVE DIRECTOR

June 26, 2017

County Comment Letter
Aqua Pennsylvania Service Area
Upper Providence Township

Aqua Pennsylvania
Attn: Sue Falcone

Miss Falcone:

We have received a letter regarding the applicant's intent to submit for an NPDES Permit. The permit is related to plans to offer, render, furnish or provide water service areas in a portion of Upper Providence Township. Our office has determined that the project is consistent with the Montgomery County Comprehensive Plan (adopted January 15, 2015) and all other county land use plans that impact this area as long as all necessary steps are taken to ensure the environmental protection of the area.

Please contact me if you have any questions on the content of this letter.

Sincerely,

Jon A. Lesher
Principal Environmental Planner
Montgomery County Planning Commission
(610)278-3750
jlesher@montcopa.org

EXHIBIT M2

MUNICIPAL ACKNOWLEDGMENT -
BOROUGH OF PHOENIXVILLE

RECEIVED

JAN 12 2018

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU



July 5th, 2017

Mr. David Boelker, BCO
Zoning Officer
Phoenixville Borough Planning and Code Enforcement
351 Bridge Street
Phoenixville, PA 19460

Re: Aqua Pennsylvania, Inc. application to serve outside areas of Phoenixville Borough

Aqua Pennsylvania, Inc. (Aqua) is submitting an application with the Pennsylvania Public Utility Commission (PUC) to approve the right to offer, render, furnish, or provide water service to the public in areas which are now served by Phoenixville Borough and include: Schuylkill Township, East Pikeland and Upper Providence.

As part of the application process, the PUC requested that Aqua seek the Borough's input for the purpose of determining if Aqua's application complies with the Borough's land use planning.

Specifically, the PUC requests that the Borough reviews the following questions:

- 1. Are there adopted comprehensive plans for the township's / borough's involved? YES
- 2. Is there an adopted county comprehensive plan? YES
- 3. Is there an adopted multi-municipal comprehensive plan? YES
- 4. Is there an adopted municipal zoning ordinance or joint municipal zoning ordinance? YES
- 5. Is the proposed project consistent with these comprehensive plans and/or zoning ordinances? YES
- 6. If the answer is "yes" to any of the above questions, please sign below, or submit a letter, indicating that the application is consistent with the applicable comprehensive plans and zoning ordinances. If the application is not consistent with the applicable comprehensive plans and zoning ordinances, please provide an explanation.

If you have any questions, please call me at (610) 645-1064 or e-mail TFRafferty@aquaamerica.com.

Sincerely,

Thomas F Rafferty
Director, Business Development

Aqua Pennsylvania, Inc. application is consistent with the applicable comprehensive plans and zoning ordinances.

Phoenixville Borough Signature 
Printed Name / Title DAVID BOELKER - ZONING OFFICER Date 7/17/17

Please fax/e-mail this form to: Tom Rafferty at TFRafferty@aquaamerica.com or fax to 610 645-1061.

EXHIBIT M3

MUNICIPAL ACKNOWLEDGMENT -
EAST PIKELAND TOWNSHIP

RECEIVED

JAN 12 2018

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU



July 6th, 2017

Mrs. Kimberly Moretti
Township Manager
East Pikeland Township
1158 Rapps Dam Road
Phoenixville, PA 19460

Re: Aqua Pennsylvania, Inc. application to serve East Pikeland Township, ChesterCounty PA

Aqua Pennsylvania, Inc. (Aqua) is submitting an application with the Pennsylvania Public Utility Commission (PUC) to approve the right to offer, render, furnish, or provide water service to the public in areas which are now served by Phoenixville Borough and includes: East Pikeland Township.

As part of the application process, the PUC requests that Aqua seek the Township's input for the purpose of determining if Aqua's application complies with the Township's land use planning.

Specifically, the PUC requests that the Township reviews the following questions:

1. Are there adopted comprehensive plans for the township's / borough's involved? yes
2. Is there an adopted county comprehensive plan? yes
3. Is there an adopted multi-municipal comprehensive plan? yes
4. Is there an adopted municipal zoning ordinance or joint municipal zoning ordinance? yes
5. Is the proposed project consistent with these comprehensive plans and/or zoning ordinances? yes
6. If the answer is "yes" to any of the above questions, please sign below, or submit a letter, indicating that the application is consistent with the applicable comprehensive plans and zoning ordinances. If the application is not consistent with the applicable comprehensive plans and zoning ordinances, please provide an explanation.

If you have any questions, please call me at (610) 645-1064 or e-mail TFRafferty@aquaamerica.com.

Sincerely,

Thomas F Rafferty
Director, Business Development

Aqua Pennsylvania, Inc. application is consistent with the applicable comprehensive plans and zoning ordinances.

East Pikeland Township Signature Kimberly Moretti
Printed Name / Title Kimberly Moretti, Township Manager Date 7/6/17

Please fax/e-mail this form to: Tom Rafferty at TFRafferty@aquaamerica.com or fax to 610 645-1061.

EXHIBIT M4

MUNICIPAL ACKNOWLEDGMENT -
SCHUYLKILL TOWNSHIP



July 6th, 2017

Ms. Mary Bird
Township Manager
Schuylkill Township
111 Valley Park Road
Phoenixville, PA 19460

Re: Aqua Pennsylvania, Inc. application to serve Schuylkill Township, PA

Aqua Pennsylvania, Inc. (Aqua) is submitting an application with the Pennsylvania Public Utility Commission (PUC) to approve the right to offer, render, furnish, or provide water service to the public in areas which are now served by Phoenixville Borough and includes: Schuylkill Township.

As part of the application process, the PUC requested that Aqua seek the Township's input for the purpose of determining if Aqua's application complies with the Township's land use planning.

Specifically, the PUC requests that the Township reviews the following questions:

1. Are there adopted comprehensive plans for the township's / borough's involved? YES
2. Is there an adopted county comprehensive plan? YES
3. Is there an adopted multi-municipal comprehensive plan? YES
4. Is there an adopted municipal zoning ordinance or joint municipal zoning ordinance? YES
5. Is the proposed project consistent with these comprehensive plans and/or zoning ordinances? YES
6. If the answer is "yes" to any of the above questions, please sign below, or submit a letter, indicating that the application is consistent with the applicable comprehensive plans and zoning ordinances. If the application is not consistent with the applicable comprehensive plans and zoning ordinances, please provide an explanation.

If you have any questions, please call me at (610) 645-1064 or e-mail TFRafferty@aquaamerica.com.

Sincerely,

Thomas F Rafferty
Director, Business Development

Aqua Pennsylvania, Inc. application is consistent with the applicable comprehensive plans and zoning ordinances.

Schuylkill Township Signature

Printed Name / Title

Mary R. Bird, Township Manager

Date

7/7/17

Please fax/e-mail this form to: Tom Rafferty at TFRafferty@aquaamerica.com or fax to 610 645-1061.

CHESTER COUNTY

Schuylkill Township

BOARD OF SUPERVISORS

July 7, 2017

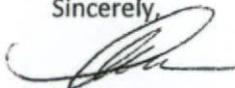
Mr. Thomas F. Rafferty
Director, Business Development
Aqua Pennsylvania, Inc.
762 W Lancaster Avenue
Bryn Mawr, PA 19010

Dear Mr. Rafferty:

1. Are there adopted comprehensive plans for the Township involved?
 - a. Yes; Schuylkill Township Comprehensive Plan adopted In 1991 and updated in 2005
2. Is there an adopted county comprehensive plan?
 - a. Yes; Chester County Landscapes 2 Comprehensive Plan adopted by Chester County in 2009. The county is currently working on updates to the plan.
3. Is there an adopted multi-municipal comprehensive plan?
 - a. Yes; Phoenixville Regional Comprehensive Plan for Schuylkill Twp., East Pikeland Twp, Borough of Phoenixville, Charlestown Twp. and West Vincent Twp. adopted in 2008. The Phoenixville Regional Planning Committee is currently working on updates to the plan.
4. Is there an adopted municipal zoning ordinance or joint municipal zoning ordinance?
 - a. Yes; there is an adopted municipal zoning ordinance as amended and codified in 2013. Link: <http://www.ecode360.com/13604405>
5. Is the proposed project consistent with these comprehensive plans and/or zoning ordinances?
 - a. Yes; If best management practices are prioritized/practiced in a manner that is consistent with all applicable planning and zoning ordinances and that Aqua maintains correspondence/communication with Schuylkill Township with respect to infrastructure coordination.

If you have any questions, please contact me at (610) 933-5843 or e-mail twpmgr@schuylkilltp.org.

Sincerely,



Mary R. Bird
Township Manager

EXHIBIT M5

MUNICIPAL ACKNOWLEDGMENT -
UPPER PROVIDENCE TOWNSHIP



July 6th, 2017

Mr. Timothy Tieperman
Township Manager
Upper Providence Township
1286 Black Rock Road
Oaks, PA 19456

Re: Aqua Pennsylvania, Inc. application to serve Upper Providence Township, Montgomery County PA

Aqua Pennsylvania, Inc. (Aqua) is submitting an application with the Pennsylvania Public Utility Commission (PUC) to approve the right to offer, render, furnish, or provide water service to the public in areas which are now served by Phoenixville Borough and includes: Upper Providence Township.

As part of the application process, the PUC requests that Aqua seek the Township's input for the purpose of determining if Aqua's application complies with the Township's land use planning.

Specifically, the PUC requests that the Township reviews the following questions:

1. Are there adopted comprehensive plans for the township's / borough's involved? YES
2. Is there an adopted county comprehensive plan? YES
3. Is there an adopted multi-municipal comprehensive plan? NO
4. Is there an adopted municipal zoning ordinance or joint municipal zoning ordinance? YES
5. Is the proposed project consistent with these comprehensive plans and/or zoning ordinances? YES
6. If the answer is "yes" to any of the above questions, please sign below, or submit a letter, indicating that the application is consistent with the applicable comprehensive plans and zoning ordinances. If the application is not consistent with the applicable comprehensive plans and zoning ordinances, please provide an explanation.

If you have any questions, please call me at (610) 645-1064 or e-mail TFRafferty@aquaamerica.com.

Sincerely,

Thomas F Rafferty
Director, Business Development

Aqua Pennsylvania, Inc. application is consistent with the applicable comprehensive plans and zoning ordinances.

Upper Providence Township Signature _____

Printed Name / Title Timothy J. Tieperman, Township Manager Date July 25, 2017

Please fax/e-mail this form to: Tom Rafferty at TFRafferty@aquaamerica.com or fax to 610 645-1061.



1286 Black Rock Road
P.O. Box 406
Oaks, PA 19456
Phone: 610-933-9179
Fax: 610-983-0355

Visit Us Online:
www.uprov-montco.org

General Inquiries:
admin@uprov-montco.org

Board Supervisors

Philip A. Barker
Lisa A. Mossie
Albert Vagnozzi

Township Manager

Timothy J. Tieperman

Township Solicitor

Joseph E. Bresnan, Esq.

July 25, 2017

Mr. Thomas F. Rafferty
Director, Corporate Development
Aqua Pennsylvania, Inc.
762 West Lancaster Avenue
Bryn Mawr, PA 19010

Dear Mr. Rafferty

Via PDF and Regular Mail

In reference to your recent PUC application regarding Aqua's acquisition of the water systems outside of Phoenixville Borough and upon consultation with UPT's Staff and Consultants, we agree that this application is in compliance with Montgomery County's and Upper Providence's Comprehensive Plans.

Sincerely,

Timothy J. Tieperman

Enclosure(s)

Xc: Bryan Bortnichak, Assistant Township Manager

EXHIBIT M6

CHESTER COUNTY CORRESPONDENCE



THE COUNTY OF CHESTER



COMMISSIONERS
Michelle Kichline
Kathi Cozzone
Terence Farrell

Brian N. O'Leary, AICP
Executive Director

PLANNING COMMISSION
Government Services Center, Suite 270
601 Westtown Road
P. O. Box 2747
West Chester, PA 19380-0990
(610) 344-6285 Fax (610) 344-6515

Act 67 & 68 Notice of Permit Application - Chester County Response Letter

Date: July 21, 2017

Date Received	July 10, 2017
Applicant Name	Aqua Pennsylvania Water, Inc., Attn: Tom Rafferty
Applicant Address	762 Lancaster Avenue Bryn Mawr, PA 19010
Project Name	Aqua Pennsylvania Water, Inc. acquisition of Phoenixville water service - Phoenixville Borough and East Pikeland, Schuylkill and Upper Providence Townships

Determination of Consistency with the Chester County Comprehensive Plan, *Landscapes2* (2009) for the above referenced project:

- The Chester County Planning Commission declines to review the project for consistency with *Landscapes2*.
- The Chester County Planning Commission has previously reviewed this project and the Act 247/537 letter dated _____ indicates that the project was:
 - Consistent with *Landscapes2*
 - Inconsistent with *Landscapes2*
- The Chester County Planning Commission finds the project to be:
 - Consistent with *Landscapes2*
 - Inconsistent with *Landscapes2*

Additional Comments:

Reviewed by:

Name	Carrie J. Conwell
Title	Senior Environmental Planner
Signature	

VERIFICATION

I, Marc A. Lucca, President of Aqua Pennsylvania, Inc., hereby state that the facts set forth in the foregoing Joint Application concerning Aqua Pennsylvania, Inc. are true and correct to the best of my knowledge, information and belief and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities).



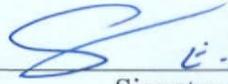
Marc A. Lucca
President
Aqua Pennsylvania, Inc.

Dated: January 11, 2018

VERIFICATION

I, E. Jean Krack, Borough Manager of the Borough of Phoenixville, hereby state that the facts set forth in the foregoing Application are true and correct to the best of my knowledge, information and belief, and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities).

1/10/18
Date


E-JEAN KRACK
Signature

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Joint Application of Aqua Pennsylvania, Inc. : Docket No. A-2018-
(hereinafter referred to as "Aqua") and the Borough :
of Phoenixville ("Phoenixville"), Pursuant to Section :
1102 of the Public Utility Code, for approval of: :

(1) the acquisition by Aqua of the water system assets :
of Phoenixville used in connection with water service :
provided by Phoenixville in East Pikeland and :
Schuylkill Townships, Chester County, and in Upper :
Providence Township, Montgomery County, :
Pennsylvania; :

(2) the right of Aqua to begin to offer, render, furnish :
and supply water service to the public in portions of :
East Pikeland Township, Chester County, and Upper :
Providence Township, Montgomery County, :
Pennsylvania; and :

(3) the abandonment by Phoenixville of public water :
service in East Pikeland Township, Chester County, :
and in Upper Providence Township, Montgomery :
County, and to certain locations in Schuylkill :
Township, Chester County, Pennsylvania.

Request for Approval of Contracts, including : Docket No. U-2018-
Assignments of Contracts, between Aqua and :
Phoenixville, Pursuant to Section 507 of the Public :
Utility Code :

CERTIFICATE OF SERVICE

I hereby certify that I have this 12th day of January 2018, served a true and correct copy of the foregoing Joint Application (Public Version), upon the persons and in the manner set forth below:

FIRST CLASS MAIL, POSTAGE PREPAID

Bureau of Technical Utility Services
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
P.O. Box 3265
Harrisburg, PA 17105-3265

Office of Consumer Advocate
555 Walnut Street
Forum Place, 5th Floor
Harrisburg, PA 17101-1923

Office of Small Business Advocate
Suite 202, Commerce Building
300 North Second Street
Harrisburg, PA 17101

Bureau of Investigation and Enforcement
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
P.O. Box 3265
Harrisburg, PA 17105-3265

Andrew L. Swope
Vice President and General Counsel
Pennsylvania American Water Company
800 West Hersheypark Drive
Hershey, PA 17033



Thomas T. Niesen
PA Attorney ID No. 31379