
EXHIBIT U

TESTIMONY OF WILLIAM C. PACKER

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

AQUA PENNSYLVANIA WASTEWATER, INC.

DOCKET NO. A-2021-3024267

AQUA STATEMENT NO. 1

**DIRECT TESTIMONY OF
WILLIAM C. PACKER**

**With Regard To
A General Overview of the Transaction
Financial and Legal Fitness of Aqua
Public Benefits of the Transaction
Section 1329**

May 2021

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1 **I. INTRODUCTION**

2 **Q. Please state your name and business address.**

3 A. My name is William C. Packer. My business address is 762 West Lancaster Avenue,
4 Bryn Mawr, Pennsylvania 19010.

5
6 **Q. By whom are you employed and in what capacity?**

7 A. I am employed by Essential Utilities, Inc. (“Essential”), as Vice President, Regulatory
8 Accounting and Regional Controller. In this position, I am Controller of Aqua
9 Pennsylvania, Inc. (“Aqua PA”) and oversee financial operations of Aqua New Jersey,
10 Inc. (“Aqua NJ”). Additionally, I oversee rate issues for all subsidiaries of Essential.
11 Aqua PA is the parent company to Aqua Pennsylvania Wastewater, Inc. (“Aqua” or the
12 “Company”).

13
14 **Q. Please provide a brief description of your education and work experience.**

15 A. I graduated from Richard Stockton College of New Jersey in 1998 with a Bachelor of
16 Science degree in Business Studies with a concentration in Accounting. In 1998, I joined
17 GE Capital Mortgage Services Inc. as a Staff Accountant. In September 1999, I joined
18 New Jersey American Water Company (“American”) as a General Staff Accountant
19 responsible for financial statement preparation, account reconciliation, financial support
20 for rate cases, and account analysis. In September 2001, I was transferred to American’s
21 Service Company, in its Shared Services operation located in Mt. Laurel, New Jersey. I
22 was employed there for four years in several roles, including Senior Fixed Assets/Job
23 Cost Accountant, Financial Support Analyst, and Accounting Supervisor Fixed Assets.

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1 At American, I had the opportunity to support the rate-making process by working
2 closely with operating subsidiaries in 23 states, preparing schedules and answering
3 interrogatories.

4 In March 2005, I joined Aqua New Jersey, Inc., where I served as Assistant
5 Controller until December 2006, when I transferred to Aqua America, Inc. In July 2008,
6 I was promoted to the position of Mid-Atlantic Manager of Rates. In April 2011, I
7 became the Manager of Rates and Planning – Northeast Divisions. I was promoted to
8 Regional Controller for Aqua PA and Aqua NJ subsidiaries in October 2012. In April
9 2017, I was promoted to Vice President – Controller of Aqua PA. In 2020, I was
10 promoted to my current position of Vice President, Regulatory Accounting and Regional
11 Controller where I have additional responsibilities to oversee rate issues of Essential.

12 In addition to my corporate experience, I served three terms as a Councilman in
13 the Borough of Woodbury Heights, New Jersey. In that role, I served as the Chairman of
14 the Finance, Administration, and Personnel committee; in addition, I served as a member
15 of the Public Safety and Streets/Roads committees.

16 I was elected as Mayor of the Borough of Woodbury Heights in November of
17 2018 and was sworn in on January 5, 2019. The Borough of Woodbury Heights is one of
18 565 municipalities in New Jersey and has a population of approximately 3,000 residents.

19
20 **Q. Have you testified before this Commission before?**

21 A. Yes, I have testified in several proceedings before the Pennsylvania Public Utility
22 Commission (“PUC” or the “Commission”), including Aqua PA’s petition to charge a
23 7.5% Distribution System Improvement Charge (“DSIC”) at Docket R-2008-2079310,

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1 Aqua PA’s last three rate cases at Docket Nos. R-2009-2132019, R-2011-2267958, R-
2 2018-3003558, and Aqua’s six previous Section 1329 proceedings in Docket Nos. A-
3 2016-2580061, A-2017-2605434, A-2018-3001582, A-2019-3008491, A-2019-3009052,
4 and A-2019-3015173. I have also testified in various other proceedings before the
5 Commission.

6
7 **Q. What is the purpose of your testimony?**

8 A. The purpose of my testimony is as follows: (1) to provide a general overview of Aqua;
9 (2) to provide a general overview of the proposed transaction (“Proposed Transaction”)
10 between Aqua and Lower Makefield Township (“LMT” or the “Township”); (3) to
11 describe Aqua’s technical, legal, and financial fitness to own and operate the system; and
12 (4) to explain the benefits of the proposed transaction.

13
14 **Q. Are you sponsoring any Exhibits with your testimony?**

15 A. Yes. Attached to my testimony as Appendix A is a schedule showing the revenue
16 deficiency and overall impact on customers.

17
18 **Q. Are there any other witnesses submitting testimony with this application?**

19 A. Yes. In addition to my testimony, Aqua is submitting the following statements in support
20 of the Application:

- 21 • Aqua Statement No. 2 – Direct Testimony of Mark J. Bubel, Sr. Mr. Bubel will
22 provide testimony regarding the specifics of the system being acquired from an
23 operations/engineering perspective.

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- 1 • Aqua Statement No. 3 – Direct Testimony of Kurt M. Ferguson. Mr. Ferguson
2 will provide testimony regarding the background of the Proposed Transaction
3 from LMT’s perspective and benefits of the Proposed Transaction.
- 4 • Aqua Statement No. 4 – Direct Testimony of Harold Walker III. Mr. Walker will
5 provide testimony regarding the appraisal conducted on behalf of the Company.
- 6 • Aqua Statement No. 5 – Direct Testimony of Jerome C. Weinert. Mr. Weinert
7 will provide testimony regarding the appraisal conducted on behalf of LMT.
- 8

9 **Q. Has the Company filed an application with the Commission for regulatory approval**
10 **to acquire the wastewater system assets of the LMT Sanitary Wastewater Collection**
11 **System (the “System”)?**

12 A. Yes. Aqua filed its Application on May 14, 2021.

13

14 **Q. What is Aqua seeking in its application?**

15 A. There are three requests. First, Aqua is requesting approval of the acquisition under
16 Section 1102, 66 Pa. C.S. § 1102, similar to many requests that come before the
17 Commission. Second, pursuant to Act 12 of 2016 (“Act 12” or the “Act”), 66 Pa. C.S. §
18 1329, Aqua is seeking to utilize fair market value for the determination of the ratemaking
19 rate base of the LMT System. Third, Aqua is requesting that the Commission approve, if
20 necessary, its acquisition agreement with LMT and the assignment of eighteen contracts
21 with municipalities under Section 507, 66 Pa. C.S. § 507.

22

23 **Q. What does Section 1329 require to be included in the application?**

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1 A. Section 1329 requires that the application include (1) copies of the two appraisals, (2) the
2 purchase price, (3) ratemaking rate base, (4) transaction and closing costs, and (5) the
3 proposed tariff. A rate stabilization plan could also be required if it is applicable to the
4 transaction.

5
6 **Q. Can you generally opine on the purpose of Section 1329 and the Commission’s**
7 **view?**

8 A. Yes, as stated by the Commission, “Section 1329 works to: (1) provide certainty as to the
9 value of acquired utility property; (2) remove regulatory barriers to the prudent sale of
10 public water and wastewater assets; (3) protect a Seller from having to offer public assets
11 for sale at below-market rates; and (4) allow a Buyer to recover market-based investment
12 in those public assets through regulated rates.”¹ I also agree with the Commission that
13 Section 1329 “encourages a realistic approach to the sale of public assets based upon the
14 fair market value of those assets.”² Moreover, as further explained by the Commission:

15 Section 1329 recognizes that no reasoned argument would propose that
16 these public assets are of marginal value simply because the book value and
17 the Commission’s traditional rate setting methodology dictate as much.
18 Rather, the valuation methods of Section 1329 provide municipalities and
19 authorities with a wholistic recognition of the fair market value of the public
20 assets they seek to sell based on a balancing of accepted business valuation
21 principles, specifically, the cost, market, and income approaches. 66 Pa.
22 C.S. § 1329(a). Thus, for sale purposes, Section 1329 works to value the
23 public assets as the businesses they are as opposed to what their value might
24 be under regulatory accounting for depreciated utility assets.³

25
26 ...
27

¹ *Implementation of Section 1329 of the Public Utility Code*, Docket No. M-2016-2543193 Tentative Supplemental Implementation Order at 4 (Sep. 20, 2018) (hereinafter “TSIO”).

² TSIO at 7.

³ TSIO at 6.

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1 Section 1329 enables a Seller to price its public assets at a market value
2 based on reasonable business valuation principles and enables a Buyer to
3 recover its investment in those public assets at that market-based value.⁴
4

5 **Q. What does the Commission require for the approval of the certificate that utilizes**
6 **Section 1329?**

7 A. In its Final Implementation Order entered October 27, 2016, in Docket No. M-2016-
8 2543193 (“Final Implementation Order”), the Commission referenced the checklist in the
9 Tentative Implementation Order for items to include with the application for it to be
10 processed in a six-month time frame. This checklist was subsequently updated in March
11 2017. The Commission released its Final Supplemental Implementation Order on
12 February 28, 2019 in Docket No. M-2016-2543193, which included an updated checklist,
13 standard data requests (“SDR”), jurisdictional exceptions, and form testimony for Utility
14 Valuation Experts (“UVE”). Aqua has included references with the Checklist indicating
15 where in the Application the relevant information is located.
16

17 **II. OVERVIEW OF AQUA PA AND AQUA**

18 **Q. Please provide a general overview of Aqua PA and Aqua.**

19 A. Aqua PA is the second largest investor owned regulated water/wastewater utility
20 operating in the Commonwealth of Pennsylvania. Aqua PA provides water and
21 wastewater utility service to approximately 488,000 customers, consisting of 443,000
22 water customers and 45,000 wastewater customers. Aqua PA employs approximately
23 600 highly trained utility professionals to achieve its mission to provide safe, adequate,
24 and reliable utility service at reasonable rates. In addition, Aqua PA is one of eight

⁴ TSIO at 7.

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1 regulated subsidiaries of water and wastewater subsidiaries of Essential, which brings to
2 bear its own financial, technical, and managerial resources to assist in our mission.

3 Aqua is a subsidiary of Aqua PA and is engaged in the business of collecting,
4 treating, transporting, and disposing of wastewater for the public. Aqua provides
5 wastewater service to approximately 45,000 customers in Adams, Bucks, Carbon,
6 Chester, Clarion, Clearfield, Delaware, Lackawanna, Luzerne, Monroe, Montgomery,
7 Pike, Schuylkill, Venango, and Wyoming Counties. Aqua brings extensive expertise in
8 providing wastewater service to citizens of Pennsylvania, and currently operates 39
9 wastewater treatment plants.

10
11 **Q. Please provide a description of the LMT.**

12 A. LMT owns the sewer system and service is provided by the Municipal Sewer Authority
13 of the Township of Lower Makefield (“Authority” or “LMTSA”). LMT is a
14 Pennsylvania second-class township. Wastewater utility service is provided to
15 approximately 11,151 customers. The utility infrastructure being acquired includes, but
16 is not limited to, collection and conveyance assets, pumping stations, manholes, and land
17 and land rights. Please see Aqua Statement No. 3, Direct Testimony of Mr. Kurt M.
18 Ferguson, for a further description of the Township.

19
20 **Q. Please provide an overview of the proposed Transaction.**

21 A. Aqua responded to a request for bids by the Township and was ultimately chosen as the
22 successful bidder. After arms-length negotiations between Aqua and the Township, the
23 Asset Purchase Agreement (“APA”) was signed and executed on September 17, 2020,

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1 providing for the sale of the assets, properties and rights of the wastewater system. The
2 purchase price totaled \$53 million. According to the APA, the acquired customers will
3 be charged the existing rates of the seller upon closing. Aqua's tariff rules and
4 regulations will apply following closing.

5
6 **III. FITNESS**

7 **Q. Please describe how the Company is legally fit to own and operate the system.**

8 A. Aqua is a public utility operating under Commission granted certificates of public
9 convenience. There are no pending legal proceedings challenging Aqua's ability to
10 provide safe and adequate service to customers.

11
12 **Q. Please describe how the Company is financially fit to own and operate the system.**

13 A. As I mentioned in my overview, Aqua PA, as parent company to Aqua, is a Class A
14 water utility in the Commonwealth and the largest water/wastewater subsidiary of
15 Essential, with total net utility plant assets of \$4.3 billion and annual revenues of \$509
16 million in 2020. Aqua PA had operating income of approximately \$261 million and net
17 income of \$187 million. Aqua PA's cash flows from operations equaled approximately
18 \$231 million. Aqua is a Class A wastewater utility in the Commonwealth, with total net
19 utility plant assets of \$350 million and annual revenues of \$37 million. Aqua PA has an
20 A rating from Standard and Poor's Rating Service and has approximately \$1.825 billion
21 in outstanding long-term debt at a weighted average interest rate of approximately 4.03%.
22 Aqua PA also utilizes low-cost long-term debt financing instruments through the
23 Pennsylvania Infrastructure Investment Authority ("PENNVEST"), representing about

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1 2% of Aqua PA’s total debt portfolio. In addition to Aqua PA’s access to long-term debt,
2 Aqua PA has its short-term credit facility of \$100 million and has access to equity capital
3 as a subsidiary of Essential. Aqua, as a subsidiary of Aqua PA, has access to all of Aqua
4 PA’s financing capabilities.

5
6 **IV. FUNDING**

7 **Q. Please explain how Aqua plans to fund the Proposed Transaction.**

8 A. The Proposed Transaction will be funded using existing short-term credit lines. The
9 short-term credit funding will be converted to a mix of long-term debt and equity capital
10 shortly after closing.

11
12 **Q. Do you anticipate the Proposed Transaction will affect Aqua PA’s corporate credit**
13 **rating?**

14 A. No. The Company does not anticipate that the Proposed Transaction will affect Aqua
15 PA’s corporate credit rating.

16
17 **V. APA RATE PROVISIONS AND RATE STABILIZATION PLAN**

18 **Q. Please explain the rate provisions in paragraph 7.03 of the APA.**

19 A. Under the provisions of Paragraph 7.03 of the APA, as of the day of closing, the
20 Company will charge the same base rates as those previously charged by the Township,
21 and the Company shall apply its then-existing miscellaneous fees and charges in the
22 Company’s Tariff. The base rates shall not be increased until after the second
23 anniversary of the Closing Date.

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Q. What is a rate stabilization plan?

A. A rate stabilization plan is defined in Section 1329(g), 66 Pa. C.S. § 1329(g), as a plan that will hold rates constant or phase rates in over a period of time after the next base rate case.

Q. Does the Application include a rate stabilization plan?

A. No.

Q. Does the Application include a proposed tariff that includes language that would constitute a rate stabilization plan?

A. No. The Company is proposing to implement the Township’s current rates. There is no language in Aqua’s proposed tariff requesting that rates be held constant or phased in over a period of time after the next rate case. Section 7.03 of the APA, accordingly, does not constitute a rate stabilization plan.

Q. Are you requesting the implementation of a DSIC for Township customers at this time?

A. No. Following closing, Aqua intends to amend its Long-Term Infrastructure Improvement Plan (“LTIIP”) to include LMT in the LTIIP and file the amended LTIIP with the PUC. The Company will include a request in that filing to initiate the DSIC to LMT customers as permitted by Section 1329.

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1 **Q. Please explain how the Company will bill the Township’s customers after closing.**

2 A. Currently, the Township bills their customers on a quarterly basis. The Company will
3 convert those customers that receive water service from Pennsylvania-American Water
4 Company to monthly billing, while leaving in place quarterly billing for those customers
5 that receive water service from the Municipal Authority of the Borough of Morrisville
6 (“MABM”).

7

8 **VI. PUBLIC INTEREST**

9 **Q. Please explain why the proposed transaction is in the public interest.**

10 A. The PUC has a long-standing record of support for consolidation/regionalization of
11 water/wastewater systems. The PUC understands that in doing so, the utility industry
12 will have a better chance to realize the benefits of better management practices,
13 economies of scale, and the resulting greater customer/environmental/economic benefits.
14 The Commission has previously stated that “acquisitions of smaller systems by larger
15 more viable systems will likely improve the overall long-term viability of the water and
16 wastewater industry. Additionally, these types of acquisitions will also enhance the
17 quality of ratepayers’ daily lives, promote community economic development, and
18 provide environmental enhancements.”⁵ Ultimately, these benefits inure to customers
19 both existing and acquired. The Proposed Transaction with LMT is no exception to the
20 principles noted in the aforementioned policy statement, and Aqua PA has successfully

⁵ Pennsylvania Public Utility Commission, Final Policy Statement on Acquisitions of Water and Wastewater Systems, Docket No. M-00051926, Final Order at 18 (Aug. 17, 2006).

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1 acquired numerous water/wastewater utilities in its over approximately 135 years of
2 operation.

3

4 **Q. Please discuss the Company’s track record of acquiring and improving wastewater**
5 **systems in the Commonwealth.**

6 A. Aqua currently provides utility service to approximately 45,000 wastewater customers in
7 the Commonwealth and has years of experience operating wastewater treatment and
8 collection systems in a safe, reliable and efficient manner. Moreover, Aqua has the
9 managerial, technical, and financial resources to continue to operate, maintain and
10 improve the LMT System.

11 Aqua has acquired 16 wastewater systems over the past 10 years.⁶ Many of these
12 systems required significant investment to correct service and environmental issues.
13 Other systems did not need substantial capital investment. Aqua and Aqua PA are
14 essentially the compilation of smaller systems that have been acquired over the last 135
15 years and make both utilities what they are today. The inherent diversification of systems
16 and customers provides a foundation of stability in the day to day, month to month, and
17 year to year operations of the utility, in that, they are all not requiring major capital
18 investments at the same time. Thus, spreading the financial impacts over the long-term
19 operations of the utility. I would submit that if Aqua were permitted to acquire only non-
20 viable systems, rather than a mix of viable and non-viable, this would have a significant
21 impact on its existing customers’ rates and service. Both types of systems, viable and

⁶ New Garden, East Norriton (2020); Cheltenham (2019); East Bradford, Limerick (2018); Tobyhanna, Avon Grove (2017); Emlenton, Honeycroft (2016); Bunker Hill (2015); Penn Township (2014); Treasure Lake (2013); and Sage Hill, Kidder Township, Beech Mountain, Village at Valley Forge (2012).

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1 non-viable, are consistent with the Commission's policy statements regarding
2 acquisitions. The acquisition of the LMT System will continue to address the
3 Commission's supported policy of consolidation and regionalization.
4

5 **Q. Did the Commonwealth Court refer to the Commission's policy of**
6 **consolidation/regionalization and Aqua's expertise in system operations and ability**
7 **to raise capital in its opinion in *McCloskey v. Pa. P.U.C.* addressing Aqua's**
8 **transaction with New Garden Township?**

9 A. Yes. Although I am not an attorney, I have read the Court's Opinion in the McCloskey
10 case. At the end of Section A of the Opinion, the Court refers to Commission findings
11 that Aqua, as owner of numerous water and wastewater systems in Southeastern
12 Pennsylvania, has sufficient expertise to operate a system and ability to raise capital to
13 support a system and that the Commission has a policy of consolidation and
14 regionalization that allows for increased maintenance, upgrade and expansion of public
15 facilities. The Court concludes that the foregoing are reasons of the type that the
16 Supreme Court in its *Verizon* decision held were sufficient to meet the public benefit
17 standard and substantial evidence to support the notion that there is a public benefit for
18 the transaction. This same analysis is sufficient to support the public benefit and
19 substantial evidence of public benefit in this proceeding.
20

21 **Q. Will the Township's customers benefit from the transaction?**

22 A. Yes. The Township's customers will become part of a larger scale, efficiently operated,
23 wastewater utility. The Company has operations in nearby service areas and will be able

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1 to assume the operations of the LMT System, fold them into a larger scale, efficiently
2 operated wastewater utility that over time will likely yield further operating efficiencies
3 and improve long term viability as envisioned in the PUC policy statement. The
4 acquisition will not have any immediate impact on the rates of either the Township's
5 customers or the existing customers of Aqua. The Company is projecting less operating
6 and maintenance costs under the Company's ownership that will likely be realized
7 through reductions in costs for wastewater treatment, as well as efficiencies in
8 administrative and general costs, such as insurance, auditing and legal, among others.
9 Lastly, given the fact that there are meaningful investments needed in this system, as
10 noted in the testimony of Mark J. Bubel, Sr., Aqua Statement No. 2, the customers of the
11 LMT System will benefit greatly from the Company's technical experience and fitness in
12 deploying resources towards capital improvements.

13
14 **Q. Will Aqua's existing customers benefit from the acquisition?**

15 A. Yes. The acquisition of the LMT System will be an approximate 25% increase in Aqua's
16 customer base. By virtue of the Company's larger customer base, future infrastructure
17 investments across the state will be shared at a lower incremental cost per customer for
18 all of Aqua's customers.

19 Notably, the LMT System is being acquired at a lower rate base per customer at
20 approximately \$5,000, than compared to the Company's existing systems most recently
21 included in its 2018 Rate Case (Docket No. R-2018-3003561) at approximately \$7,650.
22 The fact that the rate base per customer is less than the Company's current rate base per

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1 customer demonstrates there are economies of scale that can be achieved as a result of
2 this acquisition.

3 I note again that both Aqua and Aqua PA have developed into the utility they are
4 today by acquiring and operating smaller and mid-sized systems. This progression has
5 successfully happened over the last several decades and took the form of both viable and
6 non-viable systems. Over the long term, this process has benefitted both current
7 customers, future customers that were acquired, and the Commonwealth.

8

9 **Q. Will acquired customers benefit from Aqua's customer service?**

10 A. Yes. Essential provides customer service through a toll-free number that customers can
11 call from 8:00AM-5:00PM EST for regular business. The same customer service number
12 houses Essential's 24/7/365 emergency response. LMT customers can go to the Aqua
13 Companies' website and establish an account to pay their bills online. LMT customers
14 can also sign up for notifications and alerts to be sent to their email address or phone
15 concerning their service. This service allows customers to stay informed of events
16 impacting their service. LMT customers will also have access to Aqua's customer
17 assistance programs.

18

19 **Q. Will the acquired customers benefit from customer billing and payment
20 protections?**

21 A. Yes. Aqua has procedures in place under Chapter 14, 66 Pa. C.S. 1401, *et seq.*, that
22 provide for billing, payment, collection, termination and reconnection of service,
23 payment arrangements, medical certifications, and formal and informal complaint

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1 procedures. Aqua Services employs customer care teams to help resolve service and
2 billing issues, and has an established process and procedure for addressing formal and
3 informal complaints.

4
5 **Q. In *McCloskey*, the Commonwealth Court concluded that the Commission must**
6 **address rate impact “in a general fashion” when deciding whether there is**
7 **substantial public benefit. Please address the rate impact of the Proposed**
8 **Transaction.**

9 A. The current average monthly bill of a residential customer in LMT, is approximately
10 \$74.32 per month using four thousand seven hundred gallons. As my calculations in
11 Appendix A demonstrate, applying 100% of the revenue deficiency to the existing rates,
12 the average bill would increase to approximately \$95.26 per month or a 28.17% increase.
13 Again, this system is also being acquired at a rate base per customer that is less than the
14 Company’s existing systems, which demonstrates that economies of scale can be
15 achieved as a result of this acquisition. Given this fact and the fact that there are again
16 meaningful future investments needed to address deficiencies in the system, those future
17 rate impacts could be spread across a broader customer base thus moderating those future
18 rate increases over time. Yet, while the rates of the LMT System are reasonably expected
19 to increase, either on their own, or whether acquired by the Company, the fact is that
20 there is more flexibility and opportunity to deal with those impacts over a much larger
21 customer base. This benefits both existing and acquired customers alike.

22

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1 **Q. Is the impact on rates outweighed by other positive factors from the Proposed**
2 **Transaction?**

3 A. Yes. While there is an expectation of increased rates as a result of the transaction, this is
4 not unexpected. The possibility of increased rates is noted by the Commonwealth Court
5 in *McCloskey*. The positive factors from the transaction outweigh the possibility of
6 increased rates. These types of transactions further a recognized legislative objective and
7 are consistent with the Commission's consolidation/regionalization policy. The
8 Company's application demonstrates that there will be both tangible and intangible
9 positive factors that are likely realized as a result of the Proposed Transaction, including
10 capital improvements, expense efficiencies, and economies of scale.

11

12 **VII. SECTION 1329 FAIR MARKET VALUE CONSIDERATIONS**

13 **Q. Is Aqua proposing that its application be evaluated utilizing the Fair Market Value**
14 **provisions of Section 1329 of the Public Utility Code?**

15 A. Yes. The Company's Application has been prepared with this in mind. Specifically, the
16 Company is requesting that the ratemaking rate base of the LMT System be based on the
17 lesser of the average of the Fair Market Value Appraisals included in the Application or
18 the purchase price pursuant to Section 1329 of the Public Utility Code.

19

20 **Q. Has Aqua prepared its application in compliance with the Commission's Final**
21 **Implementation Order and Final Supplemental Implementation Order?**

22 A. Yes. Aqua has complied with all required documentation according to the PUC's
23 application checklist including, but not limited to, the Engineering Assessment of Assets,

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1 responses to SDRs, testimony supporting the Application, and two independent Fair
2 Market Value appraisals.

3
4 **Q. Please provide an overview of the valuation process.**

5 A. Following the execution of the APA, the Company and the Township agreed to engage
6 Ebert Engineering, Inc. to complete the Engineer's Assessment (Exhibit D). Both parties
7 engaged their respective UVEs to perform a Fair Market Value analysis of the system in
8 accordance with the Uniform Standards of Professional Appraisal Practice ("USPAP"),
9 utilizing the cost, market, and income approaches. Aqua engaged the services of Gannett
10 Fleming Valuation and Rate Consultants, LLC ("Gannett") and has attached to its
11 Application their Fair Market Value Appraisal as Exhibit Q. The Township engaged the
12 services of AUS Consultants, Inc. ("AUS") and their Fair Market Value Appraisal is
13 attached to the Application as Exhibit R. Both firms have been pre-certified as
14 authorized UVEs by the PUC and are on the list of qualified appraisers maintained by the
15 PUC.

16
17 **Q. Please describe the conclusions of the two appraisals used to determine the fair
18 market value of the Township's assets.**

19 A. The two appraisals used the USPAP employing the cost, market, and income approaches
20 to arrive at the fair market value of the system. The Township sponsored appraisal
21 performed by AUS arrived at a system value of \$54,430,591. The Company sponsored
22 appraisal performed by Gannett arrived at a system value of \$55,505,000. Therefore, the

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1 fair market value as defined in Act 12 is the average of these two appraisals which is
2 \$54,967,796.

3

4 **Q. Pursuant to Section 1329 of the Public Utility Code, what is the resulting rate base**
5 **determination for the LMT System?**

6 A. According to Section 1329, the ratemaking rate base is the lesser of either the purchase
7 price in the APA, which is \$53,000,000, or the fair market value which is \$54,967,796.
8 In this instance, since the purchase price is lower than the fair market value, the
9 ratemaking rate base for the LMT System is \$53,000,000.

10

11 **Q. Please state the total of the UVE fees incurred by the Company.**

12 A. The UVE fees for the Company's appraisal received as of the date of the Application
13 totaled \$32,560. The Company's UVE fees will be included in the transaction and
14 closing costs of this Proposed Transaction as stated below.

15

16 **Q. Please explain whether you believe the UVEs' fees are reasonable?**

17 A. Based on the scope of work, the methods used as accepted industry practice, and that the
18 UVEs' fees were less than 5% of the fair market value benchmark noted in the Final
19 Implementation Order and Final Supplemental Implementation Order, I believe the fees
20 are reasonable. Per the Final Implementation Order, Final Supplemental Implementation
21 Order and Checklist, the contract engaging the Company's UVE, Gannett, along with
22 Gannett's invoices are included as Exhibit S1. The contract engaging the Township's
23 UVE, AUS, along with AUS's invoices are included as Exhibit S2.

AQUA PENNSYLVANIA WASTEWATER, INC.
DIRECT TESTIMONY OF WILLIAM C. PACKER

1

2 **Q. Please comment on the transaction and closing costs?**

3 A. The Company anticipates that the transaction and closing costs will be approximately
4 \$320,000 including the Company's UVE fees. The exact closing costs will be
5 determined at closing.

6

7 **VIII. CONCLUSION**

8 **Q. Does this conclude your testimony?**

9 Yes it does, however I reserve the right to supplement my testimony as additional issues
10 and facts arise during the course of this proceeding.

Aqua Pennsylvania Wastewater, Inc.
LOWER MAKEFIELD Wastewater Authority

1.)	LOWER MAKEFIELD Wastewater Authority		Year 1	Notes
	Revenue	\$	10,038,836	
	O&M		6,194,610	
	Depreciation		1,454,181	***2.72% Composite Depreciation Rate
	Taxes Other		214,905	
	Income Taxes	\$	314,667	****21% Federal & 9.99% State
	Operating Income	\$	1,860,472	
	Rate Base at Fair Market Value	\$	53,000,000	
	Capital Investments (Year 1)	\$	462,550	
	Rate Base (Including Capital Investments less depreciation year 1)	\$	52,008,369	
	Interest Expense ^		1,086,322	
	^ Includes Interest Expense synchronized with rate base			
	Required Operating Income (Rate Base x Rate of Return)	\$	3,834,964	
	Operating Income Deficiency	\$	1,974,492	
	Gross Revenue Conversion Factor		1.432171	
	Revenue Deficiency (Excess) \$	\$	2,828,000	
	Revenue Deficiency (Excess) %		28.17%	
	Increase applied to Acquired (Authority) customers 100%	\$	2,828,000	
	Increase %		28.17%	
	Increase applied to Acquired (Authority) customers 50%	\$	1,414,000	
	Increase %		14.09%	
	Increase applied to Existing (Company Wastewater) customers 50%	\$	1,414,000	
	Increase %		3.82%	
	Increase applied to Existing (Company Water) customers (Act 11)	\$	3,216,709	
	Increase %		0.74%	

	Avg. Usage / Kgal	Estimated Monthly Increase	Estimated Percentage Increase
Impact Existing (Lower Makefield) Residential 100%	4.69	\$ 20.94	28.17%
Impact Existing (Lower Makefield) Commercial 100%	4.69	\$ 30.32	28.17%
Impact Existing (Lower Makefield) Residential 50%	4.69	\$ 10.47	14.09%
Impact Existing (Lower Makefield) Commercial 50%	4.69	\$ 15.16	14.09%
Impact Existing Customers (Company Wastewater) - Residential - 50%	3.02	\$ 2.61	3.82%
Impact Existing Customers (Company Wastewater) - Commercial - 50%	21.94	\$ 8.20	3.82%
Impact Existing Customers (Company Wastewater) - Industrial - 50%	3.20	\$ 2.11	3.82%
Impact Existing Customers (Company Water) - Residential	4.08	\$ 0.48	0.74%
Impact Existing Customers (Company Water) - Commercial	37.05	\$ 3.02	0.74%
Impact Existing Customers (Company Water) - Industrial	211.51	\$ 14.24	0.74%

2.)	Rate of Return			
	Debt	Ratio	Cost Rate	WACC
	Equity	47.15%	4.43%	2.09%
		52.85%	10.00%	5.29%
		100.00%		7.37%

3.)	Gross Revenue Conversion Factor		
	Dollar of Revenue		1.0000
	Less: Gross Receipts (Revenue) Tax	0.00%	0.0000
	Less: Reg Assessments	0.62%	0.0062
	Less: Bad Debts	1.17%	0.0117
	State Taxable Income		0.982053
	State Income Tax	9.9999%	0.0982
	Federal Taxable Income		0.883848772
	Federal Tax Rate	21.00%	
	Federal Income Tax		0.185608
	Net Revenue Dollar		0.69824052932
	Gross Revenue Conversion Factor		1.43217123
	EFT	28.8999%	

Aqua Pennsylvania Wastewater, Inc.
Calculation of LOWER MAKEFIELD Wastewater Authority - Present Revenues

	Rate 2020	Customers 2020	Method	Gallons 2020	EDU's 2020	Revenue 2020
Service Charges:						
Residential						
Minimum Fee Per Quarter	\$160.48	10,916				\$7,007,199
first 10,000	\$4.37		per 1,000 Gallons Water Used	436,640,000		\$1,908,117
second 10,000	\$4.60		per 1,000 Gallons Water Used	178,257,497		\$819,984
third 10,000	\$4.81		per 1,000 Gallons Water Used			
forth 10,000	\$5.29		per 1,000 Gallons Water Used			
fifth 10,000	\$5.90		per 1,000 Gallons Water Used			
excess over 50,000 gallons	\$6.77		per 1,000 Gallons Water Used			
Subtotal Residential		10,916		614,897,497		\$9,735,300
Commercial	\$22.93	235	per 1,000 Gallons Water Used	13,237,524		\$303,536
Total Revenue at Present Rates		<u>11,151</u>		<u>628,135,020</u>		<u>\$10,038,836</u>

Aqua Pennsylvania Wastewater, Inc.**Calculation of LOWER MAKEFIELD Wastewater Authority - Operating and Maintenance Expenses**

<u>OPERATING AND MAINTENANCE EXPENSES:</u>	<u>Year 1</u>
O&M Labor Exp Reg	\$ 135,000
O&M Labor Exp OT	11,250
O&M Employee Benefits	58,500
O&M Purchased WW Treatment	5,000,000
O&M Purchased Power	80,000
O&M Chemicals	1,000
O&M Mgmt Fees	400,000
O&M Cust Ops ACO (@ \$10.00 per customer)	109,460
O&M OS Operations	13,100
O&M OS Maintenance	359,500
O&M Supplies	4,000
O&M Other	22,800
Total O&M Expenses =>	<u><u>\$ 6,194,610</u></u>

Aqua Pennsylvania Wastewater, Inc.

Calculation of LOWER MAKEFIELD Wastewater Authority - Taxes Other Than Income

<u>TAXES OTHER THAN INCOME (PRE-RATE CASE)</u>	<u>Rate</u>	<u>Year 1</u>
Payroll Taxes (FICA, FUTA, SUTA)	8.000%	\$ 11,700
Property Taxes / (Purta)	1.400%	\$ 140,544
Regulatory Assessments	0.624%	\$ 62,662
Total		<u>\$ 214,905</u>

Docket No. R-2018-3003558

Schedule A-2
Witness: William C. Packer

AQUA PENNSYLVANIA, INC.
NUMBER OF CUSTOMERS SERVED
AND WHOSE BILLS WILL BE CHANGED

LINE NO.	CUSTOMER CLASS (1)	SERVED AT 3/31/2017 (2)	SERVED AT 3/31/2018 (3)	TO BE SERVED AT 3/31/2019 (4)	TO BE SERVED AT 3/31/2020 (5)	INCREASED BILLS (6)	DECREASED BILLS (7)	UNCHANGED BILLS (8)
1	Metered:							
2	Residential	391,514	394,192	395,423	396,654	396,654	-	-
3	Commercial	22,364	22,460	22,598	22,737	22,733	4	-
4	Industrial	781	779	776	773	773	-	-
5	Public	1,254	1,256	1,256	1,256	1,256	-	-
6	Bulk Water	-	-	-	-	-	-	-
7	Private Fire Protection	5,197	5,301	5,403	5,504	5,504	-	-
8	Sales to Water Utilities	17	16	16	16	16	-	-
9	Total Metered Customers	421,027	424,004	425,472	426,940	426,936	4	-
10	Other:							
11	Unmetered	903	943	943	943	943	-	-
12	Availability Charge	2,801	2,769	-	-	-	2,769	-
13	Public Fire Protection	263	263	263	263	263	-	-
14	Private Fire Protection	766	779	779	779	779	-	-
15	Total Customers	425,760	428,758	427,457	428,925	428,921	2,773	-

Docket No. R-2018-3003561

Schedule A-2
Witness: William C. Packer

AQUA PENNSYLVANIA WASTEWATER, INC.
NUMBER OF CUSTOMERS SERVED
AND WHOSE BILLS WILL BE CHANGED

LINE NO.	CUSTOMER CLASS (1)	SERVED AT 3/31/2017 (2)	SERVED AT 3/31/2018 (3)	TO BE SERVED AT 3/31/2019 (4)	TO BE SERVED AT 3/31/2020 (5)	INCREASED BILLS (6)	DECREASED BILLS (7)	UNCHANGED BILLS (8)
1	Residential	16,062	17,051	17,051	17,051	16,981	-	70
2	Commercial	1,324	1,469	1,469	1,469	1,427	42	-
3	Industrial	1	1	1	1	1	-	-
4	Public	38	40	40	40	40	-	-
5	Miscellaneous	-	-	-	-	-	-	-
6	Availability Charge	469	446	-	-	-	446	-
7	Total Customers	17,894	19,007	18,561	18,561	18,449	488	70
ADD	Limerick Res/Com					4,852		
	Ind					216		
ADD	East Bradford Res/Com					1,213		
	Ind					33		
ADD	Cheltenham Res/Com					9,648		
	Ind					534		
	Pub					14		
						23		
ADD	New Garden Res/Com					1,916		
	Com					190		
ADD	East Norriton Res/Com					4,966		
	Total Existing WW Customers					42,297		

Wastewater Settlement Revenues => Exhibit 1(b) from 2018/2019 APWW Rate Case =>	\$ 17,920,976
Add East Bradford WW	\$ 1,082,402
Add Limerick WW	\$ 4,771,000
Add Cheltenham WW	\$ 7,321,878
Add New Garden	\$ 2,620,039
Add East Norriton	\$ 3,315,000
Total Existing Revenues	\$ 37,031,295

Docket No. R-2018-3003558

Water Settlement Revenues => Exhibit 1(b) from 2018/2019 APWW Rate Case =>	\$ 473,763,919
Residential	\$ 307,623,471
Commercial	\$ 111,880,600
Industrial Revenues	\$ 16,462,317
Total Existing Revenues (Res, Com, & Ind classes)	\$ 435,966,388

AQUA PENNSYLVANIA, INC.
1-A(a) WATER AND 1-B(b) WASTEWATER REVENUE REQUIREMENT - SUMMARY

	Total Company	Water Operations	Wastewater Operations
Present Rate Revenue	\$ 444,858,981	\$ 431,415,676	\$ 13,443,305
Additional Revenue Requirement	47,002,319	35,263,332	11,738,987
Act 11 Allocation (1)	-	7,261,316	(7,261,316)
Proposed Revenues	\$ 491,861,300	\$ 473,940,324	\$ 17,920,976
Rate Increase/(Decrease) - \$	\$ 47,002,319	\$ 42,524,648	\$ 4,477,671
Rate Increase/(Decrease) - %	10.57%	9.86%	33.31%

(1) **Notes:**
The allocation between wastewater operations and water operations is achieved by the proposed consolidation of water and wastewater revenue requirements to derive the water and wastewater rates proposed by the Company in this case.

Aqua Pennsylvania, Inc
Residential Average Monthly Bill Comparison - Wastewater
Docket Nos. A-2018-3004108, A-2018-3004109, R-2018-3003558 and R-2018-3003561

	<u>Current Division</u>	<u>New Rate Zone</u>	<u>Avg Consumption</u>	<u>Present Rates</u>	<u>Settlement Rates</u>	<u>\$ Change</u>	<u>% Change</u>	<u>Metered Number of Bills</u>	<u>Metered & Unmetered Number of Bills</u>
1	Bridlewood Division	1	4,100	43.04	67.48	24.44	56.79%	3,908	3,908
2	CS Sewer Division (Masthope)	6	1,300	28.99	40.94	11.95	41.22%	15,517	15,578
3	Deerfield Knoll Division	3	3,000	57.87	71.50	13.63	23.55%	1,426	1,426
4	Eagle Rock Division	1	1,900	39.67	45.44	5.77	14.54%	11,704	11,716
5	East Bradford Division	5	5,400	106.43	125.84	19.41	18.24%	972	972
6	Laurel Lakes Division	3	4,200	51.49	81.70	30.21	58.67%	2,348	2,372
7	Links at Gettysburg Division	3	2,700	63.58	68.95	5.37	8.45%	2,046	2,046
8	Little Washington Division	5	3,400	98.05	106.64	8.59	8.76%	4,152	4,164
9	Media Division	1	4,200	42.19	62.92	20.73	49.13%	20,733	20,773
10	Newlin Green Division	5*	6,500	158.75	158.75	0.00	0.00%	588	588
11	Peddlers View Division	4	4,100	78.44	100.95	22.51	28.70%	2,564	2,564
12	Penn Township Division	1B	3,400	40.70	55.00	14.30	35.14%	3,148	3,148
13	Plumsock Division	5	5,300	107.12	124.88	17.76	16.58%	456	456
14	Rivercrest Division	2	3,200	45.22	61.92	16.70	36.93%	5,785	5,869
15	Stony Creek Division	3	2,500	54.86	67.25	12.39	22.58%	2,558	2,558
16	The Greens at Penn Oaks Division	5	3,500	106.38	107.60	1.22	1.15%	838	850
17	Thornhurst Division	3	2,600	52.36	68.10	15.74	30.06%	3,538	3,538
18	Treasure Lake Division	1A	3,000	40.52	49.90	9.38	23.15%	25,259	25,590
19	Twin Hills Division	4	4,200	70.15	101.90	31.75	45.26%	3,947	3,947
20	White Haven Division	2	2,900	47.07	59.49	12.42	26.39%	5,568	5,736
21	Willistown Woods Division	3	3,100	54.92	72.35	17.43	31.74%	8,888	8,888
22	Woodloch Springs Division	3	2,000	51.87	63.00	11.13	21.46%	4,907	4,987
23	Beech Mountain Lakes Division	3	Unmetered	56.04	80.00	23.96	42.76%		11,234
24	Bunker Hill Subdivision	1A	Unmetered	31.92	56.20	24.28	76.07%		790
25	Emlenton Borough Division	2	Unmetered	45.00	68.40	23.40	52.00%		4,416
26	Honeycroft Village Division	4	Unmetered	66.67	100.00	33.33	49.99%		1,250
27	Lake Harmony Division	4	Unmetered	65.63	100.00	34.37	52.37%		12,033
28	New Daleville Division	4	Unmetered	74.17	100.00	25.83	34.83%		1,272
29	Pinecrest Division	2	Unmetered	\$44.28	\$68.40	\$24.12	54.48%		4,002
30	Tobyhanna Township Division	4	Unmetered	66.67	100.00	33.33	49.99%		6,453
31	Sage Hill	5*	Unmetered	180.00	180.00	0.00	0.00%		251
	WEIGHTED AVERAGE Metered		3,018		62.09				
	WEIGHTED AVERAGE ALL				68.27				

5* - Special Charges have been assigned to these divisions within Rate Zone 5.
All Residential Customers are charged a customer charge on an EDU basis with the exception of the Media and Treasure Lake Divisions, which are charged a customer charge based on the appropriate meter size of the applicable Rate Zone. Media and Treasure Lake rates above represent a 5/8" meter.

Pinecrest Division's Present Rate is based on the weighted average of the present rates of all customers both inside Pinecrest and outside Pinecrest.

Bridlewood Division's Average Consumption and Present Rate are based on the weighted average of both townhome and single family home customers.

As per the Asset Purchase Agreement, the Tobyhanna Division rate increase will not become effective until January 1, 2020.

Aqua PennsylvRania, Inc
Commercial Average Monthly Bill Comparison - Wastewater
Docket Nos. A-2018-3004108, A-2018-3004109, R-2018-3003558 and R-2018-3003561

	<u>Current Division</u>	<u>New Rate Zone</u>	<u>Avg Consumption</u>	<u>Present Rates</u>	<u>Settlement Rates</u>	<u>\$ Change</u>	<u>% Change</u>	<u>Number of Bills</u>
1	CS Sewer Division (Masthope)	6	24,800	41.33	64.44	23.11	56%	96
2	Eagle Rock Division	1	11,700	52.02	124.92	72.90	140%	323
3	Links at Gettysburg Division	3	20,000	216.93	216.00	-0.93	0%	24
4	Media Division	1	15,700	111.87	150.32	38.45	34%	3,388
5	Penn Township Division	1B	88,800	873.10	955.50	82.40	9%	507
6	Rivercrest Division	2	12,200	92.66	134.82	42.16	45%	108
7	The Greens at Penn Oaks Division	5	78,400	798.26	1,122.64	324.38	41%	12
8	Tobyhanna Township Division	4	9,600	86.00	153.20	67.20	78%	1,449
9	Treasure Lake Division	1A	31,700	153.53	230.71	77.18	50%	382
10	Village at Valley Forge Division	1A	144,500	1,054.42	1,220.35	165.93	16%	243
11	White Haven Division	2	5,700	50.60	82.17	31.57	62%	463
12	Willistown Woods Division	3	3,200	55.23	73.20	17.97	33%	1,428
13	Woodloch Springs Division	3	117,000	62.62	71.50	8.88	14%	98
14	Avon Grove School District	5*	Unmetered	6,625.00	8,281.25	1656.25	25%	
15	Beech Mountain Lakes Division	3	Unmetered	69.74	80.00	10.26	15%	
16	Bridlewood Division	1	Unmetered	38.42	61.40	22.98	60%	
17	Emlenton Borough Division	2	Unmetered	45.00	68.40	23.40	52%	
18	Honeycroft Rillage Division	4	Unmetered	466.69	700.00	233.31	50%	
19	Lake Harmony Division	4	Unmetered	65.63	100.00	34.37	52%	
20	Pinecrest Division	2	Unmetered	\$52.32	\$68.40	16.08	31%	
WEIGHTED AVERAGE - METERED ONLY			21,936		214.73			

5* - Special Charges have been assigned to these Divisions within Rate Zone 5.

All Residential Customers are charged a customer charge on an EDU basis with the exception of the Media and Treasure Lake Divisions, which are charged a customer charge based on the appropriate meter size of the applicable Rate Zone. Media and Treasure Lake rates above represent a 5/8" meter.

Bridlewood Division's Present Rate and Settlement Rate are based on the weighted average of the EDU rate charged to the 2 commercial customers.

Woodloch Springs Division's Present Rate and Settlement Rate are based on the customer charge per EDU.

As per the Asset Purchase Agreement, the Tobyhanna Division rate increase will not become effective until January 1, 2020.

Aqua Pennsylvania, Inc
Industrial Average Monthly Bill Comparison - Wastewater
Docket Nos. A-2018-3004108, A-2018-3004109, R-2018-3003558 and R-2018-3003561

	<u>Current Division</u>	<u>New Rate Zone</u>	<u>Meter Size</u>	<u>Avg Consumption</u>	<u>Present Rates</u>	<u>Settlement Rates</u>	<u>\$ Change</u>	<u>% Change</u>
7	Media Division	1	5/8"	3,200	36.13	55.32	19.19	53%

Aqua Pennsylvania, Inc
Residential Average Monthly Bill Comparison - Water
Docket Nos. A-2018-3004108, A-2018-3004109, R-2018-3003558 and R-2018-3003561

	<u>Current Division</u>	<u>New Rate Zone</u>	<u>Present Rates*</u>	<u>Settlement Rates*</u>	<u>\$ Change</u>	<u>% Change</u>	<u>Number of Bills</u>	<u>Consumption</u>	<u>Average Gallons</u>
1	Main Division Eagle Rock, Fawn Lake, Langewood, Thornhurst, Woodledge Village, Western & Pinecrest Divisions	1	\$59.85	\$65.52	\$5.67	9.47%	4,173,338	172,154,838	4,125
2		3	59.85	65.52	5.67	9.47%	36,516	737,618	2,020
3	Bensalem Division	1	55.80	65.52	9.72	17.42%	179,147	7,534,487	4,206
4	Chalfont Division	2	47.27	65.52	18.25	38.61%	25,821	1,021,170	3,955
5	Oakland Beach/Lakeside Acres Division	3	57.04	65.52	8.48	14.87%	11,344	261,978	2,309
6	CS Water Division (Masthope)	3	49.36	65.52	16.16	32.74%	15,615	204,095	1,307
7	Country Club Gardens Division	1	40.29	52.98	12.69	31.50%	4,979	223,135	4,482
8	Clarendon Water Division	1	51.05	65.52	14.47	28.34%	3,407	109,345	3,210
9	Kratzerville Division	1	52.29	65.52	13.23	25.30%	1,727	58,671	3,398
10	Honesdale Division	1	52.20	65.52	13.32	25.52%	17,272	632,741	3,663
11	Sand Springs Division	1	40.73	52.98	12.25	30.08%	5,023	168,199	3,349
12	Mifflin Township Division	1	37.11	50.64	13.53	36.46%	5,606	176,827	3,154
13	Beech Mountain Lakes Division	1	21.45	31.73	10.28	47.93%	11,187	369,388	3,302
14	Treasure Lake Division	2	27.20	40.15	12.95	47.61%	25,311	765,777	3,026
15	Concord Park Division	2	30.88	43.91	13.03	42.20%	1,980	77,030	3,890
16	Bristol Township Water System Division	1	24.24	38.40	14.16	58.42%	5,089	226,795	4,457
17	Mt Jewett Borough Division	1	45.95	65.52	19.57	42.59%	4,832	155,007	3,208
18	Bunker Hill Subdivision	Bunker Hill	12.88	26.36	13.48	104.66%	779	31,897	4,097
19	Robin Hood Lakes Division	1	40.16	53.09	12.93	32.20%	2,397	67,756	2,826
20	East Cameron Division	1	57.02	65.52	8.50	14.91%	609	12,076	1,982
21	Sun Valley Division**	Sun Valley	15.00	19.50	4.50	30.00%			
22	Superior Water Company	2	57.02	65.52	8.50	14.91%	47,018	2,045,060	4,350
WEIGHTED AVERAGE				65.20					4,080

*Residential water rates are based on 5/8" meter and an average consumption of 4,080 gallons per month for all divisions.

**Sun Valley customers are flat rate, unmetered customers.

Aqua Pennsylvania, Inc
Commercial Average Monthly Bill Comparison - Water
Docket Nos. A-2018-3004108, A-2018-3004109, R-2018-3003558 and R-2018-3003561

	<u>Current Division</u>	<u>New Rate Zone</u>	<u>Meter Size</u>	<u>Avg Consumption</u>	<u>Present Rates</u>	<u>Settlement Rates</u>	<u>\$ Change</u>	<u>% Change</u>	<u>Number of Bills</u>
1	Main Division Eagle Rock, Fawn Lake, I anglewood, Thornhurst, Woodledge Village, Western & Pinecrest Divisions	1	5/8"	37,800	\$380.00	\$419.63	\$39.63	10.43%	236,233
2	Bensalem Division	3	5/8"	13,800	171.34	186.73	15.39	8.98%	665
3	Chalfont Division	1	5/8"	50,700	468.54	531.51	62.97	13.44%	15,289
4	Oakland Beach/Lakeside Acres Division	2	5/8"	7,100	70.32	102.49	32.17	45.75%	1,678
5	CS Water Division (Masthope)	3	5/8"	5,500	84.39	93.45	9.06	10.74%	381
6	Country Club Gardens Division	3	5/8"	42,300	426.00	468.66	42.66	10.01%	57
7	Clarendon Water Division	1	5/8"	33,900	271.22	333.27	62.05	22.88%	11
8	Kratzerville Division	1	5/8"	9,900	93.91	135.81	41.90	44.62%	252
9	Honesdale Division	1	5/8"	7,600	82.56	108.44	25.88	31.35%	23
10	Sand Springs Division	1	5/8"	12,600	133.84	164.18	30.34	22.67%	3,789
11	Mifflin Township Division	1	2"	40,800	309.80	523.34	213.54	68.93%	12
12	Beech Mountain Lakes Division	1	5/8"	19,600	112.70	174.80	62.10	55.10%	369
13	Treasure Lake Division	1	5/8"	23,000	51.34	95.40	44.06	85.82%	60
14	Concord Park Division	2	5/8"	30,800	121.26	185.24	63.98	52.76%	393
15	Bristol Township Water System Division	2	4"	487,300	2,226.92	3,381.86	1,154.94	51.86%	12
16	Mt Jewett Borough Division	1	5/8"	14,800	116.15	146.76	30.61	26.35%	1,785
17	East Cameron Division	1	5/8"	2,200	33.07	44.18	11.11	33.60%	444
20	Superior Water Company	1	3/4"	300	50.00	34.04	(15.96)	-31.92%	28
22		2	5/8"	8,400	99.18	117.96	18.78	18.94%	1,077
	WEIGHTED AVERAGE			37,047		409.72			

Aqua Pennsylvania, Inc
Industrial Average Monthly Bill Comparison - Water
Docket Nos. A-2018-3004108, A-2018-3004109, R-2018-3003558 and R-2018-3003561

	<u>Current Division</u>	<u>New Rate Zone</u>	<u>Meter Size</u>	<u>Avg Consumption</u>	<u>Present Rates</u>	<u>Settlement Rates</u>	<u>\$ Change</u>	<u>% Change</u>	<u>Number of Bills</u>
1	Main Division	1	5/8"	231,500	\$1,897.56	\$2,099.59	\$202.03	10.65%	8,254
3	Bensalem Division	1	1"	53,500	523.48	590.30	66.82	12.76%	853
4	Chalfont Division	2	2"	37,000	358.73	484.19	125.46	34.97%	57
5	Oakland Beach/Lakeside Acres Division	3	5/8"	76,500	691.26	765.28	74.02	10.71%	12
10	Honesdale Division	1	5/8"	23,200	222.27	275.01	52.74	23.73%	72
17	Mt Jewett Borough Division	1	1"	600	22.11	59.64	37.53	169.74%	24
	WEIGHTED AVERAGE			211,513		1,930			