

**Application of Pennsylvania-American Water Company for the Acquisition
of the Wastewater Collection, Conveyance and Treatment System
Owned and Operated by Towamencin Township and Towamencin Municipal Authority
(collectively “Towamencin”)**

Docket No. A-2023-3039900

Section 1329 Application Standard Data Requests

Rates/Ratemaking

1. Estimate the potential monthly incremental cost impact on existing and acquired customers following the actual results of the Buyer’s most recently adjudicated base rate proceeding, whether litigated or settled, allocating the fair market value of the acquired system according to the Buyer’s previously approved single-tariff pricing model.
 - a. In the case of a wastewater acquisition, a Buyer that employs a combined revenue requirement pursuant to 66 Pa. C.S. § 1311 will provide information assuming a combined water and wastewater revenue requirement consistent with its most recent adjudicated base rate proceeding.
 - b. If a Buyer has filed the thirty-day notice of 52 Pa. Code § 53.45(a), or has filed a rate case, it should calculate the above using data as proposed in its upcoming or filed rate case.

Response: **NOTE:** For purposes of answering the Standard Data Requests, PAWC construes the “Buyer” as referring to PAWC, even though NextEra Water Pennsylvania, LLC (“NextEra”) executed the Asset Purchase Agreement with Towamencin Township (the “Township”) and Towamencin Municipal Authority (the “Authority”). NextEra, the Township and the Authority subsequently entered into the First Amendment to the Asset Purchase Agreement, and NextEra’s interests in the amended Asset Purchase Agreement were then assigned to and assumed by PAWC.

Please refer to **Appendix A-18-d** of the Application. The notices contained in **Appendix A-18-d** provide an estimate of the cost impact on existing and acquired customers using the methodology approved by the Commission in the Settlement of Docket No. A-2019-3006880.

Provided by: **Ashley E. Everette, American Water Works Service Company
Senior Director, Rates and Regulatory**

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2. If the Buyer has a present intention to increase the acquired system’s rates to a certain level, please state the basis for the targeted rate.

Response: Pennsylvania-American Water Company (“PAWC”) will adopt the System’s existing rates at closing. PAWC anticipates moving the acquired system’s rates into a PAWC-consolidated rate zone at a future rate proceeding.

Provided by: Ashley E. Everette, American Water Works Service Company
Senior Director, Rates and Regulatory

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3. Provide the annual depreciation expense using the purchase price/proposed rate base. If the exact depreciation expense is not available, provide the best estimate of the annual depreciation expense. Show how the depreciation expense is calculated.

Response: The estimated annual depreciation expense associated with the purchase price is \$2,055,000. As explained in the Direct Testimony of Ms. Everette at **Appendix A-14-a**, PAWC Statement No. 3, p. 6, PAWC proposes to record the acquired Utility Plant in Service (UPIS) at the net value. Please refer also to the tentative journal entry in **Appendix A-15-f**.

The depreciation expense is calculated as shown below:

UPIS at Acquisition:	\$104,000,000
Annual depreciation expense:	\$2,055,000
Composition depreciation rate:	1.98% [Note 1]

Note 1 – The composite depreciation rate is calculated for the acquired plant using the depreciation rates approved in PAWC’s most recently-approved base rate case for Wastewater Sanitary Sewer Systems General Operations at Docket No. R-2022-3031673. PAWC will utilize depreciation rates that are approved and in effect at the time of the closing of the acquisition.

Provided by: Ashley E. Everette, American Water Works Service Company
Senior Director, Rates and Regulatory

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4. Provide an estimate of the annual revenue requirement of the municipal system under the Buyer’s ownership. Provide the assumptions for the annual revenue requirement, including expected rate of return, expected depreciation expense, O&M expenses, etc.

Response: The estimated annual revenue requirement of the System under PAWC ownership is \$14,678,000. Please refer to the Direct Testimony of Ms. Everette at **Appendix A-14-a**, PAWC Statement No. 3, PAWC Exhibit AEE-1, for the assumptions for the annual revenue requirement shown above.

Provided by: Ashley E. Everette, American Water Works Service Company
Senior Director, Rates and Regulatory

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Rates/Ratemaking

5. Other than the STAS, does Buyer’s current water/wastewater tariff include any provisions that would fall under “pass-through costs or charges imposed by the Commonwealth of Pennsylvania”?

Response: No, other than the STAS, PAWC does not have any provisions in its tariff that would fall under pass-through costs or changes imposed by the Commonwealth of Pennsylvania.

PAWC’s current wastewater tariff also includes the Distribution System Improvement Charge (“DSIC”). PAWC’s Application requests that this charge be applied to System customers, subject to inclusion in PAWC’s wastewater LTIP.

Provided by: Ashley E. Everette, American Water Works Service Company
Senior Director, Rates and Regulatory

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Rates/Ratemaking

6. Provide a listing of any entities that currently receive free service from the Seller.

Response: Under Towamencin ownership, the facilities listed below are not billed for wastewater service. Upon closing, PAWC will begin billing these entities pursuant to Section 7.04 of the Asset Purchase Agreement.

Service Address	Property Description
<u>Township Facilities:</u>	
2225 Kriebel Road	Towamencin Municipal Authority
2227 Kriebel Road	Towamencin Municipal Authority
2035 Hollis Road	Hollis Hills Pump Station
2235 Bustard Road	Fisher Park - Bathrooms
1984 Green Lane Road	Greenlane Ballfields - Bathroom
1601 Allentown Road	Gristmill Park - Bathrooms
Park Green Lane Road	Greenlane Ballfields - Bathroom
Liberty Bell Drive	Bustard Park / Garage
1090 Troxel Road Meter A (higher use)	Admin/Police
1090 Troxel Road Meter B	Admin/Police
1500 Quarry Road	Hose Bib
855 Weikel Road	Towamencin Pool (two meters; one for pool and one for other facilities)
<u>Other Entities:</u>	
850 Weikel Road	Morgan Log House (owned by Township, leased to operator)
1590 Bustard Road	Towamencin Township Volunteer Fire Company (Station A)
1260 Snyder Road	Towamencin Township Volunteer Fire Company (Station B)

Provided by: **Ashley E. Everette, American Water Works Service Company
Senior Director, Rates and Regulatory**

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Rates/Ratemaking

7. In the next rate case, does Buyer anticipate including the acquired system in a combined revenue requirement?

Response: The Buyer anticipates including Seller’s wastewater system in a combined revenue requirement in the next rate case.

Provided by: Ashley E. Everette, American Water Works Service Company
Senior Director, Rates and Regulatory

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Rates/Ratemaking

8. If Seller has increased rates in the last year, please state the date of the increase and provide a copy of the new rate schedule and the total annual revenues produced under the new rates.

Response: The Seller increased rates effective January 1, 2023 and has informed PAWC that it plans to increase rates prior to Closing. A copy of the current rate schedule is attached as **Appendix A-18-a.1** to the Application. The anticipated schedule of rates at Closing can be found at **Appendix A-18-a.3**. The estimated total annual sewer revenue produced under current rates is \$6,947,000 and the estimated total annual sewer revenue produced by the rates in effect at closing is \$5,373,000.

Provided by: Ashley E. Everette, American Water Works Service Company
Senior Director, Rates and Regulatory

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Rates/Ratemaking

9. Are there any leases, easements, and access to public rights-of-way that Buyer will need in order to provide service which will not be conveyed at closing? If yes, identify when the conveyance will take place and whether there will be additional costs involved.

Response: It is anticipated that any leases, easements and access to public-rights-of-way the Buyer will need in order to provide wastewater service will be conveyed at time of Closing. See also APA Sections 4.09 and 6.05, as well as Schedules 4.09 and 6.05(d), attached to the Application at **Appendix A-24-a**, for further details in identifying all easements and obtaining any missing easements.

Provided by: **E. Christopher Abruzzo, Esq., Senior Director of Business Development
Pennsylvania-American Water Company**

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Costs/Benefits

10. Provide a breakdown of the estimated transaction and closing costs. Provide invoices to support any transaction and closing costs that have already been incurred.

Response: PAWC estimates transaction and closing costs of approximately \$695,967 to \$868,467. Please see the chart below for a breakdown of these estimated costs:

Area	Amount (Settlement)	Amount (Litigation)
Legal	\$575,000	\$725,000
PUC/Copying/Publication	6,200	8,700
Transfer Taxes	46,679	46,679
Title Insurance	15,088	15,088
Recording and Misc Title Co Charges	2,000	2,000
Customer Notice	31,000	31,000
Act 12 FMV Valuation (1)	20,000	40,000
Total	\$695,967	\$868,467

Refer to **Attachment 10** and **Appendix A-7** to the Application for a copy of the non-privileged invoices to support the transaction costs that have been incurred to date for the UVE appraisals.

Note:

(1) Prior to the Assignment of the APA from NextEra to PAWC, NextEra paid Gannett Fleming to prepare the UVE appraisal. PAWC will only include Gannett Fleming’s costs incurred since the Assignment of the APA in the transaction and closing costs.

Provided by: Ashley E. Everette, American Water Works Service Company
Senior Director, Rates and Regulatory

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Costs/Benefits

11. Please describe known and anticipated general expense savings and efficiencies under Buyer’s ownership. State the basis for all assumptions used in developing these costs and provide all supporting documentation for the assumptions, if available.

Response: PAWC’s national purchasing power will produce savings for expenses after ownership. Estimated cost savings include the following:

- a. PAWC’s contract pricing for pipe: 37% below the market index
- b. PAWC’s light duty vehicle purchasing: 13% below dealer invoice
- c. PAWC’s chemical expense: 20% below the market index
- d. PAWC’s power expense: at least \$0.01 per kwh less than utility price to compare
- e. PAWC’s natural gas: 10% savings over \$2.50/DTh price.

Other supply chain benefits include, but are not limited to, reliable and secure supply channels, improved warranties, price stability, strategic payment terms, discounting, and supplier responsiveness and support.

Additionally, as PAWC completes replacements of collection mains, it is expected that the reduction in inflow and infiltration will lower the wastewater treatment expense.

For additional examples, *see Appendix A-14-a*, Direct Testimony of E. Christopher Abruzzo, PAWC Statement No. 1, pp. 22-23.

**Provided by: E. Christopher Abruzzo, Esq., Senior Director of Business Development
Pennsylvania-American Water Company**

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Costs/Benefits

12. Please provide a copy of the Seller’s request for proposals (if there was one) and any accompanying exhibits with respect to the proposed sale of the system.

Response: Please see **Attachment 18** for the Township’s request for bids.

**Provided by: E. Christopher Abruzzo, Esq., Senior Director of Business Development
Pennsylvania-American Water Company**

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Costs/Benefits

13. Please provide a copy of the proposal and exhibits of the Buyer for the purchase of Seller’s system.

Response: Because NextEra was the winning bidder for the System in 2022, attached as **Attachment 13** is NextEra’s proposal. As indicated in the Assignment and Assumption Agreement of Asset Purchase Agreement dated March 23, 2023, PAWC accepted assignment of the amended Asset Purchase Agreement between NextEra, the Township and the Authority, which was based on the original proposal of NextEra.

**Provided by: E. Christopher Abruzzo, Esq., Senior Director of Business Development
Pennsylvania-American Water Company**

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Costs/Benefits

14. Provide a copy of the Buyer’s offer to purchase the Seller’s system and the Seller’s response to that offer.

Response: Please see **Attachment A-14 (CONFIDENTIAL)**, PAWC’s Notice of Interest and Intention letter dated March 3, 2023. The First Amendment to the Asset Purchase Agreement and the Assignment and Assumption Agreement were negotiated at arm’s length.

**Provided by: E. Christopher Abruzzo, Esq., Senior Director of Business Development
Pennsylvania-American Water Company**

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Appraisals

15. For each UVE in this case, please provide the following, if not already provided:

- a. A list of valuations of utility property performed by the UVE;
- b. A list of appraisals of utility property performed by the UVE;
- c. A list of all dockets in which the UVE submitted testimony to a public utility commission related to the appraisal of utility property; and
- d. An electronic copy of or electronic link to testimony in which the UVE testified on public utility fair value acquisitions in the past two years.

Response: **Harold Walker III, Manager, Financial Studies - Gannett Fleming Valuation and Rate Consultants, Inc.**

- a. Please see Mr. Walker’s Curriculum Vitae attached as Appendix A to Mr. Walker’s direct testimony, included as **Appendix A-14-b** to the Application (PAWC Statement No. 4). Starred items represent dockets where Mr. Walker presented testimony related to the appraisal of utility property.
- b. Please see Mr. Walker’s response to a. above.
- c. Please see Mr. Walker’s response to a. above.
- d. In the past two years, Mr. Walker submitted testimony in the below dockets. Links to the dockets where Mr. Walker testified are below:
 - i. Borough of Royersford – A-2020-3019634
http://www.puc.state.pa.us/about_puc/consolidated_case_view.aspx?Docket=A-2020-3019634
 - ii. Valley Township – A-2020-3019859
http://www.puc.state.pa.us/about_puc/consolidated_case_view.aspx?Docket=A-2020-3019859
 - iii. Valley Township – A-2020-3020178
<https://www.puc.pa.gov/docket/A-2020-3020178>

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- iv. Upper Pottsgrove Township – A-2020-3021460
<https://www.puc.pa.gov/docket/A-2020-3021460>
- v. Lower Makefield Township – A-2021-3024267
<https://www.puc.pa.gov/docket/A-2021-3024267>
- vi. East Whiteland Township – A-2021-3026132
<https://www.puc.pa.gov/docket/A-2021-3026132>
- vii. Willistown Township – A-2021-3027268
<https://www.puc.pa.gov/docket/A-2021-3027268>
- viii. Shenandoah Borough – A-2022-3034143
<https://www.puc.pa.gov/docket/A-2022-3034143>
- ix. City of Beaver Falls – A-2022-3033138
<https://www.puc.pa.gov/docket/A-2022-3033138>
- x. Butler Area Sewer Authority – A-2022-3037047
<https://www.puc.pa.gov/docket/A-2022-3037047>

Response: Dylan W. D’Ascendis, Partner, ScottMadden, Inc. (“Madden”)

- a. Please see Mr. D’Ascendis’ Curriculum Vitae attached as Attachment A to **Appendix A-13-b** (Towamencin Township Statement No. 2), direct testimony of Dylan W. D’Ascendis.
- b. Please see Mr. Dylan D’Ascendis’ response to a. above.
- c. Please see Mr. Dylan D’Ascendis’ response to a. above.
- d. In the past two years, Mr. D’Ascendis submitted testimony in the below dockets. Links to the dockets where Mr. D’Ascendis testified are below:
 - i. Shenandoah Borough Water System – Docket No. A-2022-3034143;
<https://www.puc.pa.gov/docket/A-2022-3034143>
 - ii. City of York – Docket No. A-2021-3024681;
<https://www.puc.pa.gov/docket/A-2021-3024681>

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Appraisals

16. Please explain each discount rate used in the appraisals, including explanations of the capital structure, cost of equity and cost of debt. State the basis for each input. Provide all sources, documentation, calculations and/or workpapers used in determining the inputs.

Response: **Harold Walker, III, Manager, Financial Studies - Gannett Fleming Valuation and Rate Consultants, Inc. (“Gannett”)**

Please see the direct testimony of Harold Walker III, included as **Appendix A-14-b** to the Application (PAWC Statement No. 4), at p. 18-21, **Appendix A-5.1** to the Application (Gannett Appraisal), and **CONFIDENTIAL Appendix A-4.2** to the Application (Gannett electronic workpapers).

Response: **Dylan W. D’Ascendis, Partner, ScottMadden, Inc. (“Madden”)**

Please see the direct testimony of Dylan W. D’Ascendis, included as **Appendix A-13-b** to the Application (Towamencin Township Statement No. 2) at pp. 20-21. Information on the discount rate can also be found in Application **Appendix A-5.2** (Madden Appraisal), Section VI.D., pp. 10-11 and in Appendix G to the appraisal.

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Appraisals

17. Please explain whether the UVE used replacement cost or reproduction cost and why that methodology was chosen.

Response: **Harold Walker, III, Manager, Financial Studies - Gannett Fleming Valuation and Rate Consultants, Inc. (“Gannett”)**

Gannett Fleming used the original cost new (OCN) to calculate the trended original cost (TOC) measures, or the reproduction cost of the depreciable assets by multiplying the OCN by specific cost indices. We converted reproduction cost new to replacement cost new (RCN) after factoring in obsolescence. We used the TOC method because the mandated use of the Engineering Assessment’s original cost essentially dictates the use of TOC over the reproduction cost or the replacement cost methods. Please see the direct testimony of Harold Walker III, included as **Appendix A-14-b** to the Application (PAWC Statement No. 4), at pp. 16-18 for an explanation of why this method was chosen.

Response: **Dylan W. D’Ascendis, Partner, ScottMadden, Inc. (“Madden”)**

Madden used the original cost new (OCN) method to calculate the trended original cost (TOC) of the assets. The TOC was arrived at by using the Handy-Whitman Index and the Producers Pricing Index which results in a current reproduction value. Please see the direct testimony of Dylan W. D’Ascendis, included as **Appendix A-13-b** to the Application (Towamencin Township Statement No. 2) at pp. 13-14 for an explanation of why this method was chosen.

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Appraisals

18. Please provide a copy of the source for the purchase price and number of customers for each comparable acquisition used in the appraisals.

Response: **Harold Walker, III, Manager, Financial Studies - Gannett Fleming Valuation and Rate Consultants, Inc. (“Gannett”)**

Please see pages 9 to 80 of Exhibit 25 (workpapers) from **Appendix A-5.1** to the Application (Gannett Appraisal) for the source for the purchase price and number of customers for each comparable acquisition used in the Gannett Appraisal.

Response: **Dylan W. D’Ascendis, Partner, ScottMadden, Inc. (“Madden”)**

Please see Application **Appendix A-5.2** (Madden Appraisal), Appendix E.

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Appraisals

19. Have Buyer’s and Seller’s UVE corresponded with regard to their respective fair market value appraisals of the assets at issue in this case? If yes, provide the following information:
- a. Identify the nature and date(s) of correspondence;
 - b. Identify the type(s) of correspondence (i.e. written, verbal, etc.); and,
 - c. Provide copies of any written correspondence exchanged between the UVEs.

Response: **Harold Walker, III, Manager, Financial Studies - Gannett Fleming Valuation and Rate Consultants, Inc. (“Gannett”)**

No. The Buyer’s and Seller’s UVE did not correspond with regard to their respective fair market value appraisals of the assets at issue in this case.

Response: **Dylan W. D’Ascendis, Partner, ScottMadden, Inc. (“Madden”)**

No. The Buyer’s and Seller’s UVE did not correspond with regard to their respective fair market value appraisals of the assets at issue in this case.

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Section 1329 Application Standard Data Requests

Miscellaneous

20. Are there any outstanding compliance issues that the Seller’s system has pending with the PA Department of Environmental Protection. If yes, provide the following information:
- a. Identify the compliance issue(s);
 - b. Provide an estimated date of compliance;
 - c. Explain Buyer’s anticipated or actual plan for remediation;
 - d. Provide Buyer’s estimated costs for remediation; and,
 - e. Indicate whether the cost of remediation was or is anticipated to be factored into either or both fair market valuation appraisals offered in this proceeding.

Response: a. The Seller’s system has no compliance issues pending with the PA Department of Environmental Protection.

b. N/A

c. N/A

d. N/A

e. **Gannett Fleming Valuation and Rate Consultants, Inc. (“Gannett”)**

Gannett Fleming’s appraisal did not factor in specific projected remediation cost. However, the income approach does factor in (deduct) estimated capital expenditures when calculating future net cash flows. Historical remediation cost is reflected in the cost approach to the extent they are included in the Engineer’s Assessment’s inventory.

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ScottMadden, Inc. (“Madden”)

Please see the direct testimony of Dylan W. D’Ascendis, included as **Appendix A-13-b** to the Application (Towamencin Township Statement No. 2) at p. 19 for an explanation of the capital improvements included in Mr. D’Ascendis valuation appraisal (see also Application **Appendix A-5.2** (ScottMadden Appraisal), Appendix D).

- Provided by: (a-d) Michael J. Guntrum, PE, PMP, Senior Project Engineer
Pennsylvania-American Water Company**
- (e) Harold Walker, III, Manager, Financial Studies - Gannett Fleming
Valuation and Rate Consultants, Inc.**
 - (e) Dylan W. D’Ascendis, Partner, ScottMadden, Inc.**

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Miscellaneous

21. Are there any outstanding compliance issues that the Seller’s system has pending with the US Environmental Protection Agency? If yes, provide the following information:
- a. Identify the compliance issue(s);
 - b. Provide an estimated date of compliance;
 - c. Explain Buyer’s anticipated or actual plan for remediation;
 - d. Provide Buyer’s estimated costs for remediation; and
 - e. Indicate whether the cost of remediation was or is anticipated to be factored into either or both fair market valuation appraisals offered in this proceeding.

- Response:**
- a. The Seller’s system has no compliance issues pending with the US Environmental Protection Agency.
 - b. N/A
 - c. N/A
 - d. N/A
 - e. **Gannett Fleming Valuation and Rate Consultants, Inc. (“Gannett”)**

Gannet Fleming’s appraisal did not factor in specific projected remediation cost. However, the income approach does factor in (deduct) estimated capital expenditures when calculating future net cash flows. Historical remediation cost is reflected in the cost approach to the extent they are included in the Engineer’s Assessment’s inventory.

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ScottMadden, Inc. (“Madden”)

Please see the direct testimony of Dylan W. D’Ascendis, included as **Appendix A-13-b** to the Application (Towamencin Township Statement No. 2) at p. 19 for an explanation of the capital improvements included in Mr. D’Ascendis valuation appraisal (see also Application **Appendix A-5.2** (Madden Appraisal), Appendix D).

- Provided by: (a-d) Michael J. Guntrum, PE, PMP, Senior Project Engineer
Pennsylvania-American Water Company**
- (e) Harold Walker, III, Manager, Financial Studies - Gannett Fleming
Valuation and Rate Consultants, Inc.**
 - (e) Dylan W. D’Ascendis, Partner, ScottMadden, Inc.**

Invoice approval summary

Appendix A-4.1
Standard Data Requests
Attachment 10
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Invoice Information

Firm/Vendor: Cozen O'Connor
Office: Philadelphia
Invoice Number: 25105129
Date of Invoice: 05/01/2023
Billing Period: 02/27/2023 - 03/31/2023
Date Posted: 05/01/2023
Invoice Description/Comment: Active

Amount Approved

Approved Total \$135,952.40
Invoice Currency: USD
Date Approved: 05/09/2023
Final Approver: Andrew Swope
Approved Fees \$135,241.40
Approved Expenses \$711.00
Approved Total (excl. Tax) \$135,952.40
Comments to AP:

Accounting Code Allocations

<u>Company Code</u>	<u>Cost Center</u>	<u>General Ledger</u>	<u>WBS</u>	<u>Internal Order</u>	<u>Profit Center</u>	<u>AWE Account String</u>	<u>Amount</u>	<u>Percentage</u>	<u>Comment</u>
1024	53155000		B24-01-0096				\$135,952.40	100%	

Vendor Address & Tax Information in Legal Tracker

Cozen O'Connor
One Liberty Place
Suite 2800 - 1650 Market Street
Philadelphia, Pennsylvania 19103

Tel: (215) 665-2728
Fax: 215 665 2013

Remittance Address

Cozen O'Connor
7885 Lock box
P.O. Box 7247
Philadelphia, Pennsylvania 19170-7885

Vendor Tax ID: 23-1732832

VAT ID: --
GST ID: --
HST ID: --
PST ID: --

Sales Tax ID: --
QST ID: --
Withholding Tax ID: --

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Amount Billed

Billed Total **\$135,952.40**
Invoice Currency: USD
Billed Fees \$135,241.40
Billed Expenses \$711.00
Billed Total (excl. Tax) \$135,952.40

Approval History

<u>User</u>	<u>Action</u>	<u>Date</u>	<u>Amount</u>	<u>Comment</u>
Kristina Bhatt	Uploaded (on hold)	05/01/2023	\$135,952.40	
	Posted	05/02/2023	\$135,952.40	
Andrew Swope	TK Rates Reviewed	05/09/2023		
Andrew Swope	Approved	05/09/2023	\$135,952.40	
Serengeti Administrator	AP Batch Run	05/10/2023	\$135,952.40	Batch ID: 007000175 (Sent to AP: 05/10/2023 3:17:48 AM)

Additional Financial Information

SAP Vendor ID: 107632
Name of Invoice File in .Zip: Cozen O'Connor - 25105129.html
Comments to Firm:
AP Route: PA - SAP

Matter Information

Matter Name (Short): Towamencin Wastewater System Acquisition
Matter ID: 202100195
Lead Company Person: Swope, Andrew
Organizational unit: Pennsylvania-American Water Company
Practice group: Business Development
Law Firm Matter No.: 00565825
Country (in Matter): United States



February 11, 2022

PFM Financial Advisors LLC c/o
Garrett Moore
100 Market Street
Harrisburg, PA 17101

Re: Towamencin Sewer System Request for Bids

Dear Towamencin:

NextEra Towamencin Wastewater, LLC (the "Proposer") is including this side letter ("Letter") with its final, binding proposal ("Bid") to purchase the sanitary sewer collection, conveyance and treatment system operated by Towamencin to provide additional context regarding Proposer's Bid.

Refundable Additional Deposit

If selected as the successful bidder, Proposer is also willing to offer Towamencin a refundable deposit in the amount of Ten Million Dollars (\$10,000,000) ("Additional Deposit"). The Additional Deposit would be payable to Towamencin upon the third (3rd) business day following the execution of the Asset Purchase Agreement ("APA") and would be applied against the purchase price at Closing. In the event that the APA is terminated for any reason, the Additional Deposit would be refundable to Proposer within thirty (30) days following the termination of the APA. This Additional Deposit is separate and distinct from the Deposit identified in the Asset Purchase Agreement.

Rate Mitigation Alternatives

As shown in Proposal Form 6A, Proposer is offering a two-year rate freeze and following that rate freeze period Proposer intends to phase-in over two years the rate increase resulting from Proposer's first rate case. Recognizing that customer rates are an important consideration for Towamencin, Proposer is willing to engage in discussions with Towamencin to evaluate other potential rate mitigation alternatives.

Purchase Price and Fair Market Value

Proposer intends to utilize fair market value for the ratemaking rate base of the sewer system, commonly referred to as Section 1329. However, Proposer does not expect to recover the full amount of the proposed purchase price under the Section 1329 process. Proposer anticipates that the fair market value appraisals will be lower than our proposed purchase price, and therefore, future rates would not reflect a return on or of the full Purchase Price.

We are available to discuss the content of this Letter in greater detail with you and appreciate the opportunity to participate in this process.

Best Regards,

A handwritten signature in black ink, appearing to read "Eric S. Gleason", written over a horizontal line.

Eric S. Gleason
Vice President
NextEra Towamencin Wastewater, LLC



**SUBMISSION TO THE TOWNSHIP OF TOWAMENCIN
SEWER SYSTEM REQUEST FOR BIDS**



Contact:

Ross Comeaux

Senior Director, Corporate Development

NextEra Energy, Inc.

Phone: (561) 691-7376

ross.comeaux@nexteraenergy.com

Section 1
Executive Summary

ORIGINAL

Proposal Form 1 – Towamencin Township Sewer System RFB
Transmittal Letter



February 11, 2022

PFM Financial Advisors LLC
c/o Garrett Moore
100 Market Street
Harrisburg, PA 17101

Re: Towamencin Sewer System Request for Bids

Dear Towamencin:

NextEra Towamencin Wastewater, LLC (the "Proposer") hereby submits the attached Proposal in response to Towamencin Township's Sewer System Request for Bids (the "RFB") issued by Towamencin Township ("**Towamencin**") on December 23, 2021, as amended.

The undersigned Proposer hereby unconditionally and irrevocably offers to enter into the Bidding Documents for identified sewer facilities owned and operated by Towamencin. Capitalized terms not otherwise defined in this Proposal have the meanings set forth in the Bidding Documents.

The Proposer, by its undersigned duly authorized representative, hereby covenants, certifies, represents, and warrants, as follows in connection with this Proposal:

1. ***RFB and Addendum Acknowledgement.*** The Proposer acknowledges receipt of the RFB and the following addenda to the RFB:

<u>Addendum No.</u>	<u>Date</u>
NONE	

2. ***Due Authorization.*** The submittal of the Proposal has been duly authorized by, and in all respects is binding upon, the Proposer.

ORIGINAL

3. **Completeness; Warranty as to Proposal Information.** The Proposer has submitted all Proposal Forms and such Proposal Forms are a part of this Proposal. All information and statements contained in the Proposal are current, correct, and complete, and are made with full knowledge that will rely on such information and statements in determining which Proposals are responsive and responsible, and in ultimately selecting the Proposal deemed most advantageous to Towamencin and executing the respective Bidding Documents.
4. **Identity of Buyer.** The Buyer will be the Proposer, provided that the Proposer may, prior to the execution of the Bidding Documents pursuant to paragraph 8 below, create a subsidiary to be the Buyer (the "Subsidiary"), in which event the Subsidiary shall carry out all of the obligations of the Buyer under the Bidding Documents from and after such execution.
5. **Final Agreements.** The Proposer agrees to enter into the Bidding Documents in each case in the form identified as "Binding Proposal, Execution Copy" as posted in the Virtual Data Room for this Transaction (except for filling in indicated blanks and completion of Schedules as provided therein).
6. **Purchase Price/Consideration.** The amount of the Purchase Price/Consideration that Proposer will pay (inclusive of the escrow funds as described in Section 6.05(e) of the Bidding Documents) pursuant to Section 3.01 of the Bidding Documents will be the total set forth in either Proposal Form 6A or 6B.
7. **Proposal Effective Period.** This Proposal and offer shall remain in effect and irrevocable until 5:00 p.m. Eastern Time on June 1, 2022, unless extended to 5:00 p.m. Eastern Time on July 1, 2022, by Towamencin or unless further extended by mutual consent of both Towamencin and the Proposer (the "Termination Time"). In the event that the Proposal submission date is delayed, the Termination Time will be extended for the same such period. If Towamencin does not give written notice to the Proposer that Towamencin is prepared to enter into the Bidding Documents on or prior to the Termination Time, this offer, and the terms of this Proposal shall terminate at the Termination Time.
8. **Agreement Execution.** If at any time prior to the Termination Time, Towamencin gives written notice to the Proposer, at the address specified below, that they are prepared to enter into the Bidding Documents with the Proposer, the Proposer will, within two Business Days of its receipt of such notice, execute and deliver the Bidding Documents to Towamencin.
9. **Debarment.** Neither the Proposer, the Operator, nor any other member of Proposer's project team is currently suspended or debarred from doing business with any governmental entity.
10. **Contract Disclosures.** Except as disclosed in Proposal Form 5, neither Proposer nor any member of Proposer's team has entered into any arrangement with any person or entity involving a finder's fee, fee splitting, firm affiliation, or relationship with any broker-dealer, payments to consultants, lobbyists, or commissioned representatives or other contractual arrangements that could present a real or perceived conflict of interest.
11. **No Litigation.** There is no action, suit or proceeding, at law or in equity, before any

court or similar governmental body, against the Proposer, wherein an unfavorable decision, ruling or finding would have a materially adverse effect on the ability of the Proposer to perform its obligations under the Bidding Documents contemplated hereby, or which, in any way, would have a materially adverse effect on the validity or enforceability of the obligations proposed to be undertaken by the Proposer, or any Bidding Documents or instrument entered into by the Proposer in connection with the Transaction contemplated hereby.

12. ***Certain Representations.*** The Proposer represents and warrants that (1) Proposer has full power and authority to make this offer and submit this Proposal; (2) Proposer, or the Subsidiary, will have full power and authority to execute and deliver the Bidding Documents pursuant to the terms hereof; (3) such actions do not and will not violate the terms of any of the Proposer's or the Subsidiary's organizational documents or any agreement binding upon it or the terms of any Applicable Law; (4) no further consent to this offer or Proposal or to the execution of the Bidding Documents pursuant to the terms hereof is required to be obtained from any other Person or Governmental Authority; and (5) this offer and Proposal constitute, and the Bidding Documents, if executed pursuant to the terms hereof, will constitute duly authorized, valid and legally binding obligations of the Proposer, or the Subsidiary, enforceable in accordance with their respective terms, except as may be limited by bankruptcy, reorganization, insolvency, moratorium, fraudulent conveyance or transfers, or other laws affecting creditor's rights generally, and subject to general principles of equity (regardless of whether in law or in equity).
13. ***Material Changes.*** The Proposer has disclosed as an attachment to this Proposal all material changes from the information provided in the Proposer's RFQ Response.
14. ***Principal Contact.*** The principal contact person who will serve as the interface between the Governmental Party and the Proposer for all communications is:

ORIGINAL

Appendix A-4.1
Standard Data Requests
Attachment 13
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NAME: _____ Ross Comeaux _____
TITLE: _____ Senior Director _____
ADDRESS: _____ 700 Universe Boulevard _____
_____ Juno Beach, FL 33408 _____
PHONE: _____ 561-691-7376 _____
FAX: _____ 561-691-2988 _____
EMAIL: _____ ross.comeaux@nexteraenergy.com _____

Submitted by:

Name of Proposer: _____ NextEra Towamencin Wastewater, LLC _____

Name of Designated Signatory: _____ Eric S. Gleason _____

Signature: _____  _____

Title: _____ Vice President _____

ORIGINAL

**Proposal Form 2- Towamencin Township Sewer System RFB
Non-Collusion Affidavit**

STATE OF FLORIDA

COUNTY OF PALM BEACH

I, Eric S. Gleason, a resident of Palm Beach County, in the State of Florida, of full age, being duly sworn according to law, on my oath depose and say that:

(1) I am the Vice President of NextEra Towamencin Wastewater, LLC, organized under the laws of the State of Delaware, the Proposer making the Proposal in response to the Towamencin Township Sewer System Request for Bids issued by Towamencin Township ("Towamencin") on December 23, 2021, as amended, and that I executed said Proposal with full authority to do so;

(2) The pricing and other information set forth in this Proposal have been arrived at independently without collusion, fraud, consultation, communication, or agreement, for the purpose of restricting competition, as to any matter relating to such pricing information with any other Proposer or anyone employed by or representing Towamencin;

(3) Unless otherwise required by law, the pricing information which has been quoted in this Proposal has not been knowingly disclosed by the Proposer and will not knowingly be disclosed by the Proposer, directly or indirectly, to any other Proposer or to any competitor prior to execution of the Bidding Documents; and

(4) No attempt has been made or will be made by the Proposer to induce any other person or entity to submit or not to submit a Proposal for the purpose of restricting competition.


I, hereby affirm under the penalties of perjury that the foregoing statements are true.

NextEra Towamencin Wastewater, LLC

Name of Proposer

Eric S. Gleason

Name of Designated Signatory



Signature

Vice President

Title

ORIGINAL

ORIGINAL

(Notary Public)

State of Florida

County of Palm Beach

On this 11th day of February, 2022, before me appeared Eric S. Gleason, who is Vice President of NextEra Towamencin Wastewater, LLC, a Delaware limited liability company, personally known to me to be the person described in and who executed this Non-Collusion Statement and acknowledged that she/he signed the same freely and voluntarily for the uses and purposes therein described.

In witness thereof, I have hereunto set my hand and affixed my official seal the day and year last written above.

Julie N Krauss
Notary Public in and for the State of



(seal)

Julie N. Krauss
(Name printed)

Residing at 8529 Sunset Dr. PB Gardens Fl 33410

Commission Number HH 101810

Section 2
Project Team and Technical Capability Information

ORIGINAL

Proposal Form 4- Towamencin Township Sewer System RFB
Operator Information

If the Proposer is not the Operator, the Proposer must clearly identify the entity or entities that will serve as the Operator under the Bidding Documents. For the proposed Operator, please provide the following information.

1. **Name & Address of Proposed Operator:**

U.S. Water Services Corporation
4939 Cross Bayou Boulevard
New Port Richey, FL 34652

NextSpring Water Investments, LLC
700 Universe Boulevard
Juno Beach, FL 33408

2. **Operator's Primary Representative:**

Chris Saliba
Vice President
Phone: (813) 416-3992
Email: csaliba@uswatercorp.net

Michael Flynn
Senior Director
Phone: (561) 304-5415
Email: Michael.flynn@nee.com

3. **Operator Experience (if not previously provided in response to the RFQ):**

Previously provided in response to the RFQ.

4. **Operator's References (if not previously provided in response to the RFQ):**

Previously provided in response to the RFQ.

5. **Material Change:** Any change in condition (financial or otherwise), development, occurrence or circumstance that could be materially adverse to the Operator that has arisen after the date of the RFQ, and which would have been responsive to the RFQ if such change, development, occurrence or circumstance had arisen prior to the Proposer's response to the RFQ.

None

Proposal Form 5 – Towamencin Township Sewer System RFB
Contract and Lobbyist Disclosure

Proposer hereby certifies that except as listed below, neither Proposer nor any member of Proposer’s team has entered into any arrangement with any person or entity involving a finder’s fee, fee splitting, firm affiliation or relationship with any broker-dealer, payments to consultants, lobbyists, or commissioned representatives or other contractual arrangements that could present a real or perceived conflict of interest. (If there are no such arrangements, please write NONE)


<i>Name of Person or Entity</i>	<i>Disclosure and Description of Arrangement</i>
NONE	

NextEra Towamencin Wastewater, LLC

 Name of Proposer

Eric S. Gleason

 Name of Designated Signatory



 Signature

Vice President

 Title

Business Proposal

ORIGINAL

Proposal Form 6A (2-Year Rate Freeze) – Towamencin Township Sewer System
RFB

Business Proposal

On this Proposal Form 6A, please provide your Purchase Price/Consideration assuming a two (2) year rate freeze were to be imposed by Towamencin (Section 7.04(a) of the Bidding Documents).

The amount of the Purchase Price/Consideration that Proposer offers to pay pursuant to Section 3.01 of the Bidding Documents is:

US\$115,300,000, One Hundred Fifteen Million Three Hundred Thousand United States Dollars.

Proposers should ensure that the written and numerical Purchase Price/Consideration in this Proposal exactly match. Should this not be the case, the binding Purchase Price/Consideration will be assumed to be the lower of the two Purchase Price/Consideration numbers.

Please provide nonbinding indicative rates that relate to the Purchase Price/Consideration above. For the purposes of transparency, and to aid in comparing bids, please feel free to add any clarifying remarks in the area provided below.

Please note, completion of the indicative rate section below is required for your bid to be deemed as “compliant”.

Indicative residential monthly bills for the next 10 years assuming 4,000 gallons of usage per month:

Year 1: * Year 2: * Year 3: \$54.47 Year 4: \$77.42 Year 5: \$86.37
Year 6: \$86.11 Year 7: \$87.68 Year 8: \$87.42 Year 9: \$88.68 Year 10: \$88.40

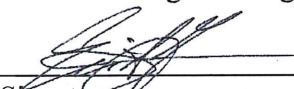
*See Township rate ordinance/adopted 2022 Budget

Description of rates outlined above:

The indicative residential monthly bills provided above are based on an assumed usage of 4,000 gallons per month and assume the transaction closes on December 31, 2022. The indicative bills do not assume any subsidization under Act 11 and do not include any DSIC surcharges from 2023 through the end of 2024. Furthermore, the indicative bills assume a two-year phase-in of a rate increase stemming from a first rate case that is filed in 2024 for rates effective January 1, 2025.

NextEra Towamencin Wastewater, LLC
Name of Proposer

Eric S. Gleason
Name of Designated Signatory


Signature

ORIGINAL

APPENDIX A-4
STANDARD DATA REQUESTS
ATTACHMENT 14 CONFIDENTIAL

TOWAMENCIN TOWNSHIP

SEWER SYSTEM TRANSACTION - REQUEST FOR BIDS (“RFB”)

PRE-QUALIFIED BIDDERS ONLY

RFB Distributed: December 23, 2021

Proposals Due: February 11, 2022

1. GENERAL INFORMATION FOR THE PROPOSER:

This Request for Bids (“RFB”) is being provided to your team by the Township of Towamencin, Montgomery County (together “Towamencin” or the “Seller”) to solicit a final, binding proposal (the “Proposal”) to enter into either the Asset Purchase Agreement (the “APA”), or Asset Lease Agreement (the “ALA”) (collectively referred to as the “Bidding Documents”) for the sanitary sewer collection, conveyance, and treatment system (the “Sewer System”).

The sewer assets are currently owned by the Towamencin Municipal Authority which leases the assets to the Township. The Authority operates and maintains the System and the Township collects fees and sewer rents. The Township will dissolve the Authority prior to closing of the transaction, and in doing so, the Authority’s assets will transfer to the Township.

The assets included in the Transaction are described in more detail in the Bidding Documents. Except for removing relevant bracketed information and filling in blanks, and except as otherwise provided herein, no changes will be permitted to the Bidding Documents prior to signing, without written consent from Towamencin.

All recipients of this RFB submitted responses to the Request for Qualifications for Sewer System Transaction Exploration dated February 12, 2021 (the “RFQ”) and were determined to be eligible for consideration in moving forward with the proposed transaction process (“Pre-Qualified Proposers”). The Pre-Qualified Proposers were subsequently provided with the opportunity to conduct additional due diligence on the sewer system assets included in the Bidding Documents (the “System”), including (i) access to an online data room, a tour of the wastewater treatment plant, and (ii) meetings and/or telephone or video conferences with Towamencin representatives and advisors. In addition, Towamencin solicited feedback on drafts of the Bidding Documents.

2. SYSTEM DESCRIPTION:

All assets owned by the Seller comprising the System are set forth in Section 2.01 of the Bidding Documents.

3. INFORMATION REQUIRED FROM PROPOSERS AND SELECTION CRITERIA:

All Pre-Qualified Proposers eligible to respond to this RFB were deemed eligible to move forward based on their demonstrated technical and financial qualifications detailed

in their response to the RFQ. All Pre-Qualified Proposers who submit a response to this RFB (“Proposers”) must comply with the requirements set forth in this document for submitting a Proposal. Provided that the Proposal requirements are met, and the Proposer is found to remain qualified, responsible, and responsive, the award of the Agreement will be based what Towamencin deems to be the best overall bid considering the criteria set forth herein. In accordance with 62 Pa.C.S. §513(d), the contents of Proposals will not be publicly disclosed at the time of opening of the Proposals.

Each Proposal shall be in writing and formatted in accordance with the following outline:

Section 1.0 Executive Summary

- Proposal Form 1: Transmittal Letter
- Proposal Form 2: Non-Collusion Affidavit

Section 2.0 Project Team and Technical Capability Information

- Proposal Form 3: Statement of Ownership - Proposer
- Proposal Form 4: Operator Information
- Proposal Form 5: Contract and Lobbyist Disclosure

Section 3.0 Business Proposal

- Proposal Form 6A: Business Proposal – No Rate Freeze
- Proposal Form 6B: Business Proposal – 2 Year Rate Freeze

4. SUBMISSION INSTRUCTIONS AND REQUIREMENTS:

One (1) original and two (2) hard copies of the Proposal shall be submitted, with the original copy of the Proposal clearly marked as the original. The set marked as original must contain the original signature forms and other original documents. ***All packages shall be sealed and clearly marked with the legend: “RESPONSE TO TOWAMENCIN TOWNSHIP SEWER SYSTEM RFB.”*** In accordance with Section 8 of this RFB, the contents of the Proposal will not be made public until after the award of a contract. The Proposal shall be submitted in a sealed envelope or package addressed to:

PFM Financial Advisors LLC
c/o Garrett Moore
100 Market Street
Harrisburg, PA 17101

THE SEALED PROPOSAL MUST BE RECEIVED NO LATER THAN 2:00 P.M. EASTERN TIME ON FEBRUARY 11, 2022.

Appendix A-4.1
Standard Data Requests
Attachment 18
Page 3 of 17

To the extent there are any questions regarding delivery of the Proposal, please contact Garrett Moore at mooreg@pfm.com or 717-606-3278.

By submitting a Proposal, Proposers acknowledge and agree to the following conditions:

- All Proposals submitted in response to this RFB shall become the property of Towamencin. As such, after the award of a contract, or after the opening and rejection of all Proposals, Proposals submitted will become public records subject to public review under applicable law, subject to certain exceptions as described in this RFB.
- The selection of a Proposal by Towamencin shall not waive or limit any assumptions of risk, provision of indemnity, or other obligations of the Proposer under the Bidding Documents as may be executed between the Proposer and Towamencin.
- Proposers and their representatives shall comply with the communications protocol set forth in Section 5 of this RFB with respect to all communications concerning this RFB.
- Proposals shall comply with all content requirements of this RFB. Failure to comply with such requirements may result in a Proposer being deemed non-responsive.
- The pre-qualification of Proposers to receive this RFB and provide a Proposal does not waive or abridge the right of Towamencin to find that any Proposer is not qualified or that the Proposal is non-responsive to the requirements of this RFB.
- **Proposers should ensure that the written and numerical Purchase Price/Consideration in Business Proposal 6A and/or 6B (options explained later) match. Should this not be the case, the binding Purchase Price/Consideration will be assumed to be the lower of the two Purchase Price/Consideration numbers.**
- **Bids must be submitted in the form and on the date required by this RFB. No further proposals, modifications or alternative offers will be considered pursuant to this RFB.**
- **Towamencin reserves the right to reject any and all bids and to determine not to proceed with a transaction of the Sewer System at its sole discretion.**
- **Based on the outcome of regulatory determinations (if applicable) subsequent to the award of the winning bid hereunder, the Seller reserves the right to renegotiate certain terms of the Bidding Documents, including Purchase Price/Consideration, as it deems in its best interests and as are acceptable to the winning bidder.**

5. QUESTIONS AND REQUESTS FOR CLARIFICATION:

All questions and requests for clarification concerning this RFB shall be directed in writing (e-mail) to Garrett Moore, whose contact information is provided below, by 12:00 p.m. (noon) prevailing time, on January 28, 2022.

Garrett Moore
PFM Financial Advisors LLC
mooreg@pfm.com

6. BIDDING OPTIONS

There are two bidding options, one on Proposal Form 6A and one on Proposal Form 6B. The first option, 6A, is to bid on the Sewer System assuming a 2-year rate freeze. The second option, 6B, is to bid on the Sewer System assuming no rate freeze. Bidders are welcome to bid on one or both options. Towamencin reserves the right to select whichever option it determines is in its best interests.

7. APPROVAL AND SIGNING:

Towamencin intends to select the Proposer that offers the best overall transaction, provided that the Proposer complies with all requirements set forth in this RFB for submitting a final Proposal and is found to remain qualified, responsible, and responsive. Execution of the Bidding Documents by Towamencin will be subject to final approval and authorization by the Seller's Board (the "Board"). After selection of a Proposal and approval by the Board, the selected Proposer and Towamencin shall be required to execute the Bidding Documents.

8. CONFIDENTIALITY AND DISCLOSURE TO THIRD PARTIES:

The existence and contents of this letter are subject to the confidentiality agreement that you previously executed. We ask you to remind all members of your team of your obligations under such confidentiality agreement and the indemnity obligation for any violation thereof.

Proposers should be aware that records of Towamencin are subject to the provisions of the Pennsylvania Right-to-Know Law, 65 P.S. §67.101 et seq. ("RTK Law"), and that with certain exceptions, such records are subject to public disclosure. Towamencin understands that in responding to this RFB, Proposers will be submitting information, including financial data that the parties desire to be kept confidential. It is Towamencin's position that this RFB is part of a competitive proposal transaction process, and that prior to the award of a contract or prior to the opening and rejection of all proposals, all such submissions are confidential and exempt from disclosure under the Section 708(b)(26) of the RTK Law, 65 P.S. §67.708(b)(26).

Proposers are advised, however, that following award of a contract or the opening and rejection of all Proposals, such submissions may be subject to public disclosure unless they are otherwise exempt from disclosure under another provision of the RTK Law. Records and information submitted by Prospective Proposers that constitute "trade secrets" or "confidential proprietary information" as defined in the RTK Law are exempt from disclosure under Section 708(b)(11), 65 P.S. §67.708(b)(11). "Confidential proprietary information" includes commercial and financial information which is privileged or

confidential to the submitting party and the disclosure of which would cause substantial harm to the competitive position of the person who submitted the information. Proposers are advised that if they believe any information being submitted in response to this Request for Bids constitutes or references trade secret or confidential proprietary information, they should clearly so label any such information with a prominent label of either: "TRADE SECRET" or "CONFIDENTIAL PROPRIETARY INFORMATION." Any such claims may be subject to review pursuant to the procedures set forth in the RTK Law. If Towamencin, the Pennsylvania Office of Open Records or a court determines that such information does not qualify as a trade secret or confidential proprietary information, such information may be subject to public disclosure.

9. RIGHT TO REJECT BIDS AND TRANSACTION; MODIFICATION OF PRICE:

Towamencin reserves the right to reject any and all bids and to determine not to proceed with a transaction of the Sewer System. In addition, based on the outcome of regulatory determinations (if applicable) subsequent to the award of the winning bid hereunder, the Seller reserves the right to renegotiate certain terms of the Bidding Documents, including Purchase Price/Consideration, as it deems in its best interests and as are acceptable to the winning bidder.

10. BID CRITERIA

All bids shall be evaluated based on the following criteria: (1) Purchase Price; (2) Rate Freeze/Expected Rates (Indicative Bills); and (3) the ability to consummate the transaction and to comply with ongoing regulatory requirements.

PROPOSAL FORMS

**Proposal Form 1 – Towamencin Township Sewer System RFB
Transmittal Letter**

{to be prepared on Proposer’s Letterhead}

[Date], 2022

PFM Financial Advisors LLC
c/o Garrett Moore
100 Market Street
Harrisburg, PA 17101

Re: Towamencin Sewer System Request for Bids

Dear Towamencin:

_____ (the “Proposer”) hereby submits the attached Proposal in response to Towamencin Township’s Sewer System Request for Bids (the “RFB”) issued by Towamencin Township (“**Towamencin**”) on December 23, 2021, as amended.

The undersigned Proposer hereby unconditionally and irrevocably offers to enter into the Bidding Documents for identified sewer facilities owned and operated by Towamencin. Capitalized terms not otherwise defined in this Proposal have the meanings set forth in the Bidding Documents.

The Proposer, by its undersigned duly authorized representative, hereby covenants, certifies, represents, and warrants, as follows in connection with this Proposal:

1. ***RFB and Addendum Acknowledgement.*** The Proposer acknowledges receipt of the RFB and the following addenda to the RFB:

<u>Addendum No.</u>	<u>Date</u>
_____	_____
_____	_____
_____	_____

2. ***Due Authorization.*** The submittal of the Proposal has been duly authorized by, and in all respects is binding upon, the Proposer.

Appendix A-4.1
Standard Data Requests
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3. ***Completeness; Warranty as to Proposal Information.*** The Proposer has submitted all Proposal Forms and such Proposal Forms are a part of this Proposal. All information and statements contained in the Proposal are current, correct, and complete, and are made with full knowledge that will rely on such information and statements in determining which Proposals are responsive and responsible, and in ultimately selecting the Proposal deemed most advantageous to Towamencin and executing the respective Bidding Documents.
4. ***Identity of Buyer.*** The Buyer will be the Proposer, provided that the Proposer may, prior to the execution of the Bidding Documents pursuant to paragraph 8 below, create a subsidiary to be the Buyer (the “Subsidiary”), in which event the Subsidiary shall carry out all of the obligations of the Buyer under the Bidding Documents from and after such execution.
5. ***Final Agreements.*** The Proposer agrees to enter into the Bidding Documents in each case in the form identified as “Binding Proposal, Execution Copy” as posted in the Virtual Data Room for this Transaction (except for filling in indicated blanks and completion of Schedules as provided therein).
6. ***Purchase Price/Consideration.*** The amount of the Purchase Price/Consideration that Proposer will pay (inclusive of the escrow funds as described in Section 6.05(e) of the Bidding Documents) pursuant to Section 3.01 of the Bidding Documents will be the total set forth in either Proposal Form 6A or 6B.
7. ***Proposal Effective Period.*** This Proposal and offer shall remain in effect and irrevocable until 5:00 p.m. Eastern Time on June 1, 2022, unless extended to 5:00 p.m. Eastern Time on July 1, 2022, by Towamencin or unless further extended by mutual consent of both Towamencin and the Proposer (the “Termination Time”). In the event that the Proposal submission date is delayed, the Termination Time will be extended for the same such period. If Towamencin does not give written notice to the Proposer that Towamencin is prepared to enter into the Bidding Documents on or prior to the Termination Time, this offer, and the terms of this Proposal shall terminate at the Termination Time.
8. ***Agreement Execution.*** If at any time prior to the Termination Time, Towamencin gives written notice to the Proposer, at the address specified below, that they are prepared to enter into the Bidding Documents with the Proposer, the Proposer will, within two Business Days of its receipt of such notice, execute and deliver the Bidding Documents to Towamencin.
9. ***Debarment.*** Neither the Proposer, the Operator, nor any other member of Proposer’s project team is currently suspended or debarred from doing business with any governmental entity.
10. ***Contract Disclosures.*** Except as disclosed in Proposal Form 5, neither Proposer nor any member of Proposer’s team has entered into any arrangement with any person or entity involving a finder’s fee, fee splitting, firm affiliation, or relationship with any broker-dealer, payments to consultants, lobbyists, or commissioned representatives or other contractual arrangements that could present a real or perceived conflict of interest.
11. ***No Litigation.*** There is no action, suit or proceeding, at law or in equity, before any

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court or similar governmental body, against the Proposer, wherein an unfavorable decision, ruling or finding would have a materially adverse effect on the ability of the Proposer to perform its obligations under the Bidding Documents contemplated hereby, or which, in any way, would have a materially adverse effect on the validity or enforceability of the obligations proposed to be undertaken by the Proposer, or any Bidding Documents or instrument entered into by the Proposer in connection with the Transaction contemplated hereby.

12. ***Certain Representations.*** The Proposer represents and warrants that (1) Proposer has full power and authority to make this offer and submit this Proposal; (2) Proposer, or the Subsidiary, will have full power and authority to execute and deliver the Bidding Documents pursuant to the terms hereof; (3) such actions do not and will not violate the terms of any of the Proposer's or the Subsidiary's organizational documents or any agreement binding upon it or the terms of any Applicable Law; (4) no further consent to this offer or Proposal or to the execution of the Bidding Documents pursuant to the terms hereof is required to be obtained from any other Person or Governmental Authority; and (5) this offer and Proposal constitute, and the Bidding Documents, if executed pursuant to the terms hereof, will constitute duly authorized, valid and legally binding obligations of the Proposer, or the Subsidiary, enforceable in accordance with their respective terms, except as may be limited by bankruptcy, reorganization, insolvency, moratorium, fraudulent conveyance or transfers, or other laws affecting creditor's rights generally, and subject to general principles of equity (regardless of whether in law or in equity).
13. ***Material Changes.*** The Proposer has disclosed as an attachment to this Proposal all material changes from the information provided in the Proposer's RFQ Response.
14. ***Principal Contact.*** The principal contact person who will serve as the interface between the Governmental Party and the Proposer for all communications is:

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NAME: _____

TITLE: _____

ADDRESS: _____

PHONE: _____

FAX: _____

EMAIL: _____

Submitted by:

Name of Proposer: _____

Name of Designated Signatory _____

Signature _____

Title: _____

**Proposal Form 2- Towamencin Township Sewer System RFB
Non-Collusion Affidavit**

STATE OF _____)

COUNTY OF _____)

I, [INSERT DESIGNATED SIGNATORY NAME], a resident of _____ MUNICIPALITY OR OTHER JURISDICTION], in the State/Commonwealth of [INSERT STATE], of full age, being duly sworn according to law, on my oath depose and say that:

(1) I am the [INSERT TITLE] of [INSERT PROPOSER NAME], organized under the laws of the State/Commonwealth of [INSERT STATE NAME], the Proposer making the Proposal in response to the Towamencin Township Sewer System Request for Bids issued by Towamencin Township (“Towamencin”) on December 23, 2021, as amended, and that I executed said Proposal with full authority to do so;

(2) The pricing and other information set forth in this Proposal have been arrived at independently without collusion, fraud, consultation, communication, or agreement, for the purpose of restricting competition, as to any matter relating to such pricing information with any other Proposer or anyone employed by or representing Towamencin;

(3) Unless otherwise required by law, the pricing information which has been quoted in this Proposal has not been knowingly disclosed by the Proposer and will not knowingly be disclosed by the Proposer, directly or indirectly, to any other Proposer or to any competitor prior to execution of the Bidding Documents; and

(4) No attempt has been made or will be made by the Proposer to induce any other person or entity to submit or not to submit a Proposal for the purpose of restricting competition.

I, hereby affirm under the penalties of perjury that the foregoing statements are true.

Name of Proposer

Name of Designated Signatory

Signature

Title

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(Notary Public)

State/Commonwealth of _____

County of _____

On this _____ day of _____, 2021, before me appeared [DESIGNATED SIGNATORY], who is [INSERT TITLE] of [INSERT PROPOSER], a [INSERT STATE AND ENTITY TYPE], personally known to me to be the person described in and who executed this Non-Collusion Statement and acknowledged that she/he signed the same freely and voluntarily for the uses and purposes therein described.

In witness thereof, I have hereunto set my hand and affixed my official seal the day and year last written above.

Notary Public in and for the State/Commonwealth of

(seal)

(Name printed)

Residing at _____

Commission Number _____

Proposal Form 3 – Towamencin Township Sewer System RFB
Statement of Ownership – Proposer

Name of Proposer:

Business Address:

Legal Form of Proposer:

State of Incorporation or Organization:

If not organized in Pennsylvania, is Proposer Yes
authorized to do business in Pennsylvania? No

*List Names and Titles of All Principal
Officers and Directors:*

Significant Equity Owners of the Proposer:

List the names, business addresses and percentage ownership interests of all Persons (individuals or entities) who own, directly or indirectly, 10% or more of the capital stock, units, partnership or membership interests, or other equity interests or securities of the Proposer (including options, warrants and other rights to acquire such equity interests) (the "Significant Equity Owners"). If none, please state "NONE." If one or more such Significant Equity Owner(s) of Proposer is an entity, then list the names and addresses of all Significant Equity Owners of such entity; if none, please state "None." This disclosure shall be continued until names and addresses of every Significant Equity Owner exceeding the ten percent ownership criteria of each entity listed has been identified. Additional pages may be attached.

<u>Name</u>	<u>Address</u>	<u>% Interest</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Proposal Form 4- Towamencin Township Sewer System RFB
Operator Information

If the Proposer is not the Operator, the Proposer must clearly identify the entity or entities that will serve as the Operator under the Bidding Documents. For the proposed Operator, please provide the following information.

1. **Name & Address of Proposed Operator:**
2. **Operator's Primary Representative:**
3. **Operator Experience (if not previously provided in response to the RFQ):**
4. **Operator's References (if not previously provided in response to the RFQ):**
5. **Material Change:** Any change in condition (financial or otherwise), development, occurrence or circumstance that could be materially adverse to the Operator that has arisen after the date of the RFQ, and which would have been responsive to the RFQ if such change, development, occurrence or circumstance had arisen prior to the Proposer's response to the RFQ.

Proposal Form 5 – Towamencin Township Sewer System RFB
Contract and Lobbyist Disclosure

Proposer hereby certifies that except as listed below, neither Proposer nor any member of Proposer's team has entered into any arrangement with any person or entity involving a finder's fee, fee splitting, firm affiliation or relationship with any broker-dealer, payments to consultants, lobbyists, or commissioned representatives or other contractual arrangements that could present a real or perceived conflict of interest. (If there are no such arrangements, please write NONE)

<i>Name of Person or Entity</i>	<i>Disclosure and Description of Arrangement</i>

Name of Proposer

Name of Designated Signatory

Signature

Title

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Proposal Form 6A (2-Year Rate Freeze) – Towamencin Township Sewer System
Business Proposal

On this Proposal Form 6A, please provide your Purchase Price/Consideration assuming a two (2) year rate freeze were to be imposed by Towamencin (Section 7.04(a) of the Bidding Documents).

The amount of the Purchase Price/Consideration that Proposer offers to pay pursuant to Section 3.01 of the Bidding Documents is:

US\$ _____ [*in numbers*], _____ [*in words*] United States Dollars.

Proposers should ensure that the written and numerical Purchase Price/Consideration in this Proposal exactly match. Should this not be the case, the binding Purchase Price/Consideration will be assumed to be the lower of the two Purchase Price/Consideration numbers.

Please provide nonbinding indicative rates that relate to the Purchase Price/Consideration above. For the purposes of transparency, and to aid in comparing bids, please feel free to add any clarifying remarks in the area provided below.

For those submitting a bid on the APA, please specify, 1) the amount of subsidization, if any, you are assuming, via Act 11; 2) whether the rates provided below include any DSIC surcharge.

For those submitting a bid on the ALA, please complete Schedule 7.04 of the ALA and submit as part of your bid.

Please note, completion of the indicative rate section below is required for your bid to be deemed as “compliant”.

Indicative residential monthly bills for the next 10 years assuming 4,000 gallons of usage per month:

Year 1: _____* Year 2: _____* Year 3: _____ Year 4: _____ Year 5: _____
Year 6: _____ Year 7: _____ Year 8: _____ Year 9: _____ Year 10: _____

*See Township rate ordinance/adopted 2022 Budget

Description of rates outlined above:

Name of Proposer

Name of Designated Signatory

Signature

**Proposal Form 6B (Alternative Option) (No Rate Freeze) – Towamencin Township
Sewer System RFB**

Business Proposal

On this Proposal Form 6B, please provide your Purchase Price/Consideration assuming no rate freeze were to be imposed by Towamencin.

The amount of the Purchase Price/Consideration that Proposer offers to pay pursuant to Section 3.01 of the Bidding Documents is:

US\$ _____ [*in numbers*], _____ [*in words*] United States Dollars.

Proposers should ensure that the written and numerical Purchase Price/Consideration in this Proposal exactly match. Should this not be the case, the binding Purchase Price/Consideration will be assumed to be the lower of the two Purchase Price/Consideration numbers.

Please provide nonbinding indicative rates that relate to the Purchase Price/Consideration above. For the purposes of transparency, and to aid in comparing bids, please feel free to add any clarifying remarks in the area provided below.

For those submitting a bid on the APA, please specify, 1) the amount of subsidization, if any, you are assuming, via Act 11; 2) whether the rates provided below include any DSIC surcharge.

For those submitting a bid on the ALA, please complete Schedule 7.04 of the ALA and submit as part of your bid.

Please note, completion of the indicative rate section below is required for your bid to be deemed as “compliant”.

Indicative residential monthly bills for the next 10 years assuming 4,000 gallons of usage per month:

Year 1: _____ Year 2: _____ Year 3: _____ Year 4: _____ Year 5: _____
Year 6: _____ Year 7: _____ Year 8: _____ Year 9: _____ Year 10: _____

Description of rates outlined above:

Name of Proposer

Name of Designated Signatory

Signature