

**Application of Pennsylvania-American Water Company for Acquisition of
the Wastewater Assets of East Coventry Township (“East Coventry”)
66 Pa. C.S. §1329**

Application Filing Checklist – Water/Wastewater

Docket No. A-2025-3053487

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: 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 provided for in the Final Supplemental Implementation Order at Docket No. M-2016-2543193, entered on July 2, 2024.

**Provided by: Dr. Christina E. Chard, Senior Director of Rates and Regulatory
Pennsylvania-American Water Company**

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Rates/Ratemaking

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 consolidating the acquired system’s rates with PAWC’s Zone 1 rates in a future rate proceeding.

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Rates/Ratemaking

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 \$167,255. 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: \$7,000,000
Annual depreciation expense: \$167,255
Composition depreciation rate: 2.39%

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-2023-3043189. PAWC will utilize depreciation rates that are approved and in effect at the time of the closing of the acquisition.

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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 \$1,671,000. Please refer to the Direct Testimony of Dr. Chard at **Appendix A-14-a**, PAWC Statement No. 3, PAWC Exhibit CEC-1, for the assumptions for the annual revenue requirement shown above.

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Rates/Ratemaking

5. Provide an estimate of the annual revenues of the municipal system under the Buyer’s ownership. Provide the assumptions for the annual revenues, including both operating revenues and non-operating revenues.

Response: Please refer to **Appendix A-14-a**, PAWC Statement No. 3, PAWC Exhibit CEC-1, page 6 for annual revenue assumptions, including operating revenues. The Buyer is not aware of any non-operating revenue assumptions.

**Provided by: Dr. Christina E. Chard, Senior Director of Rates and Regulatory
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Rates/Ratemaking

6. Provide an estimate of the overall dollar and percentage rate impacts implicated from stand-alone rates that recover the Buyer’s estimated annual gross revenue requirement for the acquired system from the Seller’s customers.

Response: Please refer to **Appendix A-18-d**, page 1 of the Application for estimated monthly rate impacts. Refer to Exhibit CEC-1, page 6 for the annual revenue assumptions.

**Provided by: Dr. Christina E. Chard, Senior Director of Rates and Regulatory
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Rates/Ratemaking

7. Provide an estimate of the overall dollar and percentage rate impacts implicated from the following rates:
- a. For water applications, rates that recover the Buyer’s estimated annual net revenue requirement for the acquired system from the Buyer’s existing water customers.
 - b. For wastewater applications, both water and wastewater rates that recover the Buyer’s estimated annual net revenue requirement for the acquired system from the Buyer’s existing water and wastewater customers, respectively.

- Response:**
- a. Not applicable.
 - b. Please refer to **Appendix A-18-d**, page 1 of the Application for the annual rate impacts.

**Provided by: Dr. Christina E. Chard, Senior Director of Rates and Regulatory
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Rates/Ratemaking

8. 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 LTIIP.

**Provided by: Dr. Christina E. Chard, Senior Director of Rates and Regulatory
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Rates/Ratemaking

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

Response: No entities receive free service from the Seller.

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Rates/Ratemaking

10. 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: Dr. Christina E. Chard, Senior Director of Rates and Regulatory
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Rates/Ratemaking

11. 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 did not increase rates in the last year.

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Rates/Ratemaking

12. 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 Sections 4.09 and 6.05 of the APA attached to the Application at **Appendix A-24-a**, for further details in identifying all easements and obtaining any missing easements.

**Provided by: Marcus Kohl, Director – Business Development
Pennsylvania-American Water Company**

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Costs/Benefits

13. 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: Refer to **Appendix A-10** to the Application for a breakdown of the estimated transaction and closing costs. Refer to **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.

**Provided by: Dr. Christina E. Chard, Senior Director of Rates and Regulatory
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Costs/Benefits

14. 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 Marcus Kohl, PAWC Statement No. 1, pp. 23-24.

**Provided by: Marcus Kohl, Director – Business Development
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Costs/Benefits

15. 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 **SDR 15_Attachment**.

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Costs/Benefits

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

Response: Please see **SDR 16_Attachment**.

**Provided by: Marcus Kohl, Director – Business Development
Pennsylvania-American Water Company**

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Costs/Benefits

17. 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 **SDR 16_Attachment** and **SDR 17_Attachment**.

**Provided by: Marcus Kohl, Director – Business Development
Pennsylvania-American Water Company**

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Appraisals

18. 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: Jerome C. Weinert – Weinert Appraisal and Depreciation Services LLC. (WADS Consultants)

- a. Please see Mr. Weinert’s Curriculum Vitae attached to **Appendix A-14-b** of the Application, Direct Testimony of Jerome C. Weinert (PAWC Statement No. 4).
- b. Please see Mr. Weinert’s response to a. above.
- c. Please see below the list of dockets in which Mr. Weinert submitted testimony to a public utility commission related to the appraisal of utility property:

- A-2016-2580061 – New Garden
- A-2017-2606103 – McKeesport
- A-2018-3001582 – East Bradford
- A-2018-3002437 – Sadsbury
- A-2018-3004933 – Exeter
- A-2019-3006880 – Steelton
- A-2019-3008491 – Cheltenham
- A-2019-3009052 – East Norriton
- A-2019-3014248 – Borough of Kane
- A-2020-3019634 – Borough of Royersford

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A-2020-3019859 - Valley Township
A-2020-3020178 - Valley Township
A-2020-3021460 – Upper Pottsgrove Township
A-2021-3024267 – Lower Makefield Township
A-2021-3024681 – York City Sewer Authority
A-2021-3026132 - East Whiteland Township
A-2021-3024058 – Borough of Brentwood
A-2021-3027268 – Willistown Township
A-2022-3037047 – Butler Area Sewer Authority
A-2023-3038717 – Elizabeth Borough Municipal Authority

- d. In the past two years, Mr. Weinert submitted testimony in the below dockets. Links to the dockets where Mr. Weinert testified are below:
- i. Upper Pottsgrove Township - A-2020-3021460
<https://www.puc.pa.gov/docket/A-2020-3021460>
 - ii. York City Sewer Authority - A-2021-3024681
<https://www.puc.pa.gov/docket/A-2021-3024681>
 - iii. East Whiteland Township - A-2021-3026132
<https://www.puc.pa.gov/docket/A-2021-3026132>
 - iv. Borough of Brentwood - A-2021-3024058
<https://www.puc.pa.gov/docket/A-2021-3024058>
 - v. Willistown Township - A-2021-3027268
<https://www.puc.pa.gov/docket/A-2021-3027268>
 - vi. Butler Township Municipal Authority - A-2022-3037047
<https://www.puc.pa.gov/docket/A-2022-3037047>
 - vii. Elizabeth Borough Municipal Authority – A-2023-3038717
<https://www.puc.pa.gov/docket/A-2023-3038717>

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 HW-1 to Mr. Walker’s direct testimony, included as Appendix A-13-b to the Application (ECT Statement No. x). Starred items represent dockets where Mr. Walker presented testimony related to the appraisal of utility property.

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- 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_vie.w.aspx?Docket=A-2020-3019634
 - ii. Valley Township – A-2020-3019859
http://www.puc.state.pa.us/about_puc/consolidated_case_vie.w.aspx?Docket=A-2020-3019859
 - iii. Valley Township – A-2020-3020178
<https://www.puc.pa.gov/docket/A-2020-3020178>
 - 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

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<https://www.puc.pa.gov/docket/A-2022-3037047>

- xi. Borough of Brentwood – A-2021-3024058
<https://www.puc.pa.gov/docket/A-2021-3024058>
- xii. Greenville Sanitary Authority – A-2023-3041695
<https://www.puc.pa.gov/docket/A-2023-3041695>

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Appraisals

19. 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: Jerome C. Weinert, Principal & Director – Weinert Appraisal & Depreciation Services LLC.

Please see the Direct Testimony of Jerome C. Weinert, Application **Appendix A-14-b** (PAWC Statement No. 4) at p. 15-16. Information on the discount rate can also be found in Application **Appendix A-5.1** (WADS Appraisal), the section entitled “Cost of Capital/Required Return” and at **CONFIDENTIAL Appendix A-4.2** to the Application (WADS Consultants electronic workpapers).

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

Please see the direct testimony of Harold Walker III, included as **Appendix A-13-b** to the Application (ECT Statement No. 3) at p. 20-22, **Appendix A-5.2** to the Application (Gannett Appraisal), and **CONFIDENTIAL Appendix A-4.3** to the Application (Gannett electronic workpapers).

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Appraisals

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

Response: Jerome C. Weinert, Principal & Director – Weinert Appraisal & Depreciation Services LLC.

WADS Consultants used replacement cost. Please see direct testimony of Jerome C. Weinert, Application **Appendix A-14-b** (PAWC Statement No. 4) at p. 6 for an explanation of why the replacement cost was chosen.

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

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-13-b** to the Application (ECT Statement No. x) at pp. 17-18 for an explanation of why this method was chosen.

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Appraisals

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

Response: Jerome C. Weinert, Principal & Director – Weinert Appraisal & Depreciation Services LLC.

The source of the purchase prices used in the comparable sales approach to the Market Approach was the Asset Purchase Agreements in those transactions. Please see WADS Appraisal report Market Approach section pages 4-5, 7-8, 10-11 and 12-13 of 15 for excerpts from those agreements. Mr. Weinert compared purchase price to original cost less depreciation and to replacement cost new less depreciation, Customers, and EBITDA (periods 1-5 & periods 1-13) in the comparable sales approach.

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

Please see pages 11 to 88 of Exhibit 23 (workpapers) from **Appendix A-5.2** 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.

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Appraisals

22. 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: Jerome C. Weinert, Principal & Director – Weinert Appraisal & Depreciation Services LLC.

No.

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

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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Miscellaneous

23. 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 outstanding compliance issue is the construction of the Parker Ford extension identified in the Township’s Act 537 Plan Update.
 - b. PAWC plans to have the Parker Ford extension completed within five years of closing.
 - c. PAWC will file an updated Act 537 Plan that will be approved by DEP in advance of closing. The update will reflect the change in ownership of the sewer system, confirm PAWC will construct the Parker Ford extension, and update the project timeline to five years.
 - d. The estimated cost of the Parker Ford extension is included in the CAPEX plan in Exhibit MJG-2.
 - e. **WAD:** Not applicable.

Gannett Fleming: 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

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future net cash flows. Historical remediation cost is reflected in the cost approach to the extent they are included in the Engineers Assessment’s inventory.

**Provided by: Michael J. Guntrum, P.E. – Senior Project Engineer
Pennsylvania-American Water Company**

**Jerome C. Weinert, Principal & Director
Weinert Appraisal & Depreciation Services LLC.**

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

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Miscellaneous

24. 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. No.
 - b. Not applicable.
 - c. Not applicable.
 - d. Not applicable.
 - e. Not applicable.

**Provided by: Michael J. Guntrum P.E., Engineering Manager
Pennsylvania-American Water Company**

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SDR 15_ATTACHMENT

EAST COVENTRY REQUEST FOR BIDS

EAST COVENTRY TOWNSHIP REQUEST FOR BIDS

Released: February 16, 2023 – Amended: February 17, 2023 –

Further Amended: February 24, 2023 (Only Change is to Bids Due Date and the Date of Questions and Requests for Clarifications)

Bids Due: March 31, 2023

1. GENERAL INFORMATION FOR THE PROPOSER:

This Request for Bids (“RFB”) is being provided to your team by East Coventry Township, Chester County (together “Township” or the “Seller”) to solicit a final, binding proposal (the “Proposal”) for the Township Board of Supervisors to consider entering into the Asset Purchase Agreement (the “APA” or the “Agreement”) for the sanitary sewer collection and conveyance system (the “Sewer System”). The Township has engaged PFM Financial Advisors LLC. (“PFM” or the “Advisor”) as an advisor in conjunction with the proposed transaction (the “Transaction”).

The assets included in the Transaction are described in more detail in the APA. The final version of the Agreement will be posted in the data room and labeled “Binding Proposal, Execution Copy” for clarity. Except for removing relevant bracketed information and filling in blanks, and except as otherwise provided herein, no changes will be permitted to the APA prior to signing unless agreed on by both parties.

All recipients of this RFB submitted responses to the Request for Qualifications for Sewer System Sale Exploration dated July 12, 2022 (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 Agreement (the “System”), including (i) access to an online data room, (ii) meetings with the Township representatives and advisors, and (iii) tours of the Township’s assets being sold. In addition, the Township solicited feedback on drafts of the Agreement.

2. SYSTEM DESCRIPTION:

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

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 on the amount of Purchase Price included as part of Proposal Form 6 and other factors discussed herein. In determining whether a Proposer remains qualified, responsible and responsive, the Township may consider events which have occurred after a bidder’s pre-qualification and prior to or after the RFB is issued that warrants reassessment of the bidder’s qualifications such as environmental non-compliance, financial difficulties, PUC regulatory issues and other materially significant circumstances.

In accordance with 62 Pa.C.S. §513(d), the contents of Proposals will not be publically 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 – 2 Year Rate Freeze (as shown in the APA)
- Proposal Form 6B: Business Proposal – No 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 and must contain the original signature forms and other original documents. ***All packages shall be sealed and clearly marked with the legend: “RESPONSE TO THE EAST COVENTRY 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 Scott Shearer
100 Market Street
Harrisburg, PA 17101

THE SEALED PROPOSAL MUST BE RECEIVED NO LATER THAN 2:00 P.M. EASTERN TIME ON MARCH 31, 2023.

To the extent there are any questions regarding delivery of the Proposal, please contact Scott Shearer at shearers@pfm.com/717-231-6262.

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 the Township.
- 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 Section 8 of this RFB.
- The selection of a Proposal by the Township shall not waive or limit any assumptions of risk,

provision of indemnity, or other obligations of the Proposer under the APA as may be executed between the Proposer and the Township.

- 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.
- Only one Proposal from each Proposer shall be considered.
- Proposals shall comply with all content requirements of Section 3 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 the Township 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 in the Business Form Proposals match. Should this not be the case, the binding Purchase Price will be assumed to be the lower of the two Purchase Price numbers.**
- **The Township reserves the right to reject any and all bids and to determine not to proceed with a sale of the Sewer System.**
- **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 APA, including purchase price, as it deems in its best interests and as are acceptable to the winning bidder, provided however that any adjustment to purchase price shall not result in a price that would have resulted in a Best and Final Offer bid process (“BAFO”) had such adjusted purchase price been the original bid price of Buyer or, if a BAFO has taken place pursuant to this RFB, such adjusted purchase price is higher than the next highest bid received by Seller in the BAFO.**

5. QUESTIONS AND REQUESTS FOR CLARIFICATION:

All questions and requests for clarification concerning this RFB shall be directed in writing (e-mail) to Scott Shearer, whose contact information is provided below, by **NO LATER THAN 2:00 PM EASTERN TIME ON MARCH 24, 2023**. No questions, written or oral, shall be accepted after this time.

Scott Shearer
PFM Financial Advisors LLC
100 Market Street
Harrisburg, PA 17101
shearers@pfm.com

All questions and clarification requests should be submitted in writing, and Pre-Qualified Proposers are encouraged to submit such questions and clarification requests in advance of the above deadline. Answers to such questions provided by the Township will be in writing and will be made available to all Proposers.

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 two year rate freeze (as shown in the APA). 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.

The Township reserves the right to select whichever option it desires.

6. POTENTIAL BID INCREASE DUE TO BEST-AND-FINAL OFFER (“BAFO”):

Your Proposal Form should represent your best offer. However, if the Purchase Prices set forth in Proposal Forms 6A and 6B of one or more of the offers received by such deadline (other than the offer setting forth the highest amount of Purchase Price) is within 10% of the amount of the Purchase Price in such highest offer, the Township will allow the Proposer whose offer sets forth the highest amount of Purchase Price and any Proposer(s) whose offer is within 10% of such highest amount of Purchase Price (the “Applicable Proposers”) to increase the amount of proposed Purchase Price by submitting an increased proposal form to be provided by the Township at that time. The BAFO will be applicable within each option, either 6A or 6B. For example, if two bids that are submitted under option 6A are within 10% of each other, a BAFO will occur between those two. Also, if two bids that are submitted under option 6B are within 10% of each other, a BAFO will occur between those two. A BAFO will not occur, however, if a bid from 6A and 6B are within 10% of each other.

If necessary, the Township will provide further instructions to all Applicable Proposers for submitting such increased proposal forms; however, the timing for submission of such increased proposal forms will be at the complete discretion of the Township. All other terms of the offer will remain the same. **You should not assume that you will be given the opportunity to increase the amount of your Purchase Price under any other circumstances.**

7. APPROVAL AND SIGNING:

The Township intends to select the Proposer that offers the best overall proposal as described herein, 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 Agreement by the Township will be subject to final approval and authorization by the Seller’s Board (the “Board”). A recommendation will be submitted to the Board, shortly after the conclusion of the proposal process. After selection of a Proposal and approval by the Board, the selected Proposer and the Township shall be required to execute the APA.

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 the Township 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. The Township 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 the Township’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 Feedback Proposals 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 the Township, 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 SALE; MODIFICATION OF PRICE:

The Township reserves the right to reject any and all bids and to determine not to proceed with a sale 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 APA, including purchase price, as it deems in its best interests and as are acceptable to the winning bidder, provided however that any adjustment to purchase price shall not result in a price that would have resulted in a Best and Final Offer bid process (“BAFO”) had such adjusted purchase price been the original bid price of Buyer based on the form of APA accompanying this RFB or, if a BAFO has taken place pursuant to this RFB, such adjusted purchase price is higher than the next highest bid received by Seller in the BAFO.

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 shall be subject to consideration of other material information as set forth in section 3 above.

PROPOSAL FORMS

**Proposal Form 1 - East Coventry Township Sewer System RFB
Transmittal Letter**

{to be prepared on Proposer's Letterhead}

[Date], 2023

PFM Financial Advisors LLC
c/o Scott Shearer
100 Market Street
Harrisburg, PA 17101

Re: East Coventry Township Sewer System Request for Bids

Dear East Coventry:

_____ (the "Proposer") hereby submits the attached Proposal in response to East Coventry Sewer System Request for Bids (the "RFB") issued by East Coventry ("**Township**").

The undersigned Proposer hereby unconditionally and irrevocably offers to enter into the Asset Purchase Agreement (the "**APA**") for identified sewer facilities owned and operated by the Township. Capitalized terms not otherwise defined in this Proposal have the meanings set forth in the APA.

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.

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 the Township and executing the Agreement.
4. ***Identity of Buyer.*** The Buyer will be the Proposer, provided that the Proposer may, prior to the execution of the Agreement 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 Agreement from and after such execution.
5. ***Final Agreements.*** The Proposer agrees to enter into the Agreement 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.*** The amount of the Purchase Price that Proposer will pay pursuant to Section 3.01 of the Agreement will be the total set forth in 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 Daylight Savings Time on June 30, 2023, unless further extended by mutual consent of both the Township 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 the Township does not give written notice to the Proposer that the Township is prepared to enter into the Agreement 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, the Township gives written notice to the Proposer, at the address specified below, that they are prepared to enter into the Agreement with the Proposer, the Proposer will, within two Business Days of its receipt of such notice, execute and deliver the Agreement to the Township.
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 Agreement 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 agreement 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 Agreement 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 Agreement 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 Agreement, 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:

NAME:

TITLE:

ADDRESS:

PHONE:

FAX:

EMAIL:

Submitted by:

Name of Proposer

Name of Designated Signatory

Signature

Title

**Proposal Form 2- East Coventry 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 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 of [INSERT STATE NAME], the Proposer making the Proposal in response to the East Coventry Sewer System Request for Bids issued by the Township, as amended, and that I executed said Proposal with full authority to do so;

(2) The pricing 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 the Township;

(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 Agreement; 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

(Notary Public)

State/Commonwealth of _____

County of _____

On this _____ day of _____, 2023, 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- East Coventry 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 Owners exceeding the ten percent ownership criteria of each entity listed has been identified. Additional pages may be attached.

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

Proposal Form 4- East Coventry 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 APA. 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 averse 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- East Coventry 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

AMENDED

**Proposal Form 6A – Two Year Rate Freeze Option (as Shown in APA)
East Coventry Township Sewer System RFB
Business Proposal**

For the purposes of Proposal Form 6A, please provide your Purchase Price assuming that the two year rate freeze, outlined in the APA, **were to be imposed** by the Township.

The amount of the Purchase Price that Proposer offers to pay pursuant to Section 3.01 of the Agreement is:

US\$ _____ [*in numbers*],

_____ [*in words*] United States Dollars.

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

Name of Proposer

Name of Designated Signatory

Signature

Please provide Indicative Monthly Bill projections assuming full cost of service (what will be sent to customers in the customer letter). If you believe your company will be permitted to subsidize rates with either current wastewater or water customers, please provide Subsidized Indicative Monthly Bills as well as the amount of subsidy assumed.

Full Cost of Service Indicative Monthly Bills assuming 4,000 gallons/month.

2024 _____ 2025 _____ 2026 _____ 2027 _____ 2028 _____
2029 _____ 2030 _____ 2031 _____ 2032 _____ 2033 _____

Subsidized Indicative Monthly Bills assuming 4,000 gallons/month.

2024 _____ 2025 _____ 2026 _____ 2027 _____ 2028 _____
2029 _____ 2030 _____ 2031 _____ 2032 _____ 2033 _____

AMENDED

**Proposal Form 6B – No Rate Freeze Option
East Coventry Township Sewer System RFB
Business Proposal**

The Township is considering the elimination of the two year rate freeze outlined in the APA. For the purposes of Proposal Form 6B, please provide your Purchase Price assuming that the two year rate freeze, outlined in the APA, **was NOT to be imposed** by the Township.

The amount of the Purchase Price that Proposer offers to pay pursuant to Section 3.01 of the Agreement is:

US\$ _____ [*in numbers*],

_____ [*in words*] United States
Dollars.

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

Name of Proposer

Name of Designated Signatory

Signature

Please provide Indicative Monthly Bill projections assuming full cost of service (what will be sent to customers in the customer letter). If you believe your company will be permitted to subsidize rates with either current wastewater or water customers, please provide Subsidized Indicative Monthly Bills as well as the amount of subsidy assumed.

Full Cost of Service Indicative Monthly Bills assuming 4,000 gallons/month.

2024 _____	2025 _____	2026 _____	2027 _____	2028 _____
2029 _____	2030 _____	2031 _____	2032 _____	2033 _____

Subsidized Indicative Monthly Bills assuming 4,000 gallons/month.

2024 _____	2025 _____	2026 _____	2027 _____	2028 _____
2029 _____	2030 _____	2031 _____	2032 _____	2033 _____

**Application of Pennsylvania-American Water Company for Acquisition of
the Wastewater Assets of East Coventry Township (“East Coventry”)
66 Pa. C.S. § 1329**

**Application Filing Checklist – Water/Wastewater
Docket No. A-2025-3053487**

SDR 16_ATTACHMENT

**PENNSYLVANIA-AMERICAN WATER COMPANY’S RESPONSE TO
EAST COVENTRY TOWNSHIP SEWER SYSTEM RFB**



**RESPONSE TO EAST
COVENTRY
TOWNSHIP SEWER
SYSTEM RFB**



WE KEEP LIFE FLOWING®

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April 19, 2023

PFM Financial Advisors LLC
 c/o Scott Shearer
 100 Market Street
 Harrisburg, PA 17101

Re: East Coventry Township Sewer System Request for Bids

Dear East Coventry:

Pennsylvania-American Water Company (the “Proposer”) hereby submits the attached Proposal in response to East Coventry Sewer System Request for Bids (the “RFB”) issued by East Coventry (“Township”).

The undersigned Proposer hereby unconditionally and irrevocably offers to enter into the Asset Purchase Agreement (the “APA”) for identified sewer facilities owned and operated by the Township. Capitalized terms not otherwise defined in this Proposal have the meanings set forth in the APA.

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:

Addendum No.	Date
Amendment	February 17, 2023
Second Amendment	February 24, 2023
Bid Deadline Extension	March 24, 2023

2. *Due Authorization.* The submittal of the Proposal has been duly authorized by, and in all respects is binding upon, the Proposer.
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 the Township and executing the Agreement.
4. *Identity of Buyer.* The Buyer will be the Proposer, provided that the Proposer may, prior to the execution of the Agreement 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 Agreement from and after such execution.

5. *Final Agreements.* The Proposer agrees to enter into the Agreement 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.* The Proposer agrees to enter into the Agreement 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).
7. *Proposal Effective Period.* This Proposal and offer shall remain in effect and irrevocable until 5:00 p.m. Eastern Daylight Savings Time on June 30, 2023, unless further extended by mutual consent of both the Township 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 the Township does not give written notice to the Proposer that the Township is prepared to enter into the Agreement 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, the Township gives written notice to the Proposer, at the address specified below, that they are prepared to enter into the Agreement with the Proposer, the Proposer will, within two Business Days of its receipt of such notice, execute and deliver the Agreement to the Township.
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 Agreement 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 agreement 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 Agreement 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 Agreement 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 Agreement, 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:

NAME: E. Christopher Abruzzo, Esquire

TITLE: Senior Director, Business Development

ADDRESS: 852 Wesley Drive, Mechanicsburg, PA 17055

PHONE: +1 (717) 550-1542

FAX: N/A

EMAIL: Chris.Abruzzo@amwater.com

Submitted by:

Name of Proposer: Pennsylvania-American Water Company

Name of Designated Signatory: Justin Ladner

Signature: _____

Title: President

COMMONWEALTH OF PENNSYLVANIA
COUNTY OF CUMBERLAND

I, Justin Ladner, a resident of the Borough of Carlisle, in the Commonwealth of Pennsylvania, of full age, being duly sworn according to law, on my oath depose and say that:

- (1) I am the President of Pennsylvania-American Water Company, organized under the laws of the Commonwealth of Pennsylvania, the Proposer making the Proposal in response to the East Coventry Sewer System Request for Bids issued by the Township, as amended, and that I executed said Proposal with full authority to do so;
- (2) The pricing 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 the Township;
- (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 Agreement; 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.

Pennsylvania-American Water Company

Name of Proposer

Justin Ladner

Name of Designated Signatory

Signature

President

Title

(Notary Public)

Commonwealth of Pennsylvania
County of Cumberland

On this day of April 19, 2023, before me appeared Justin Ladner, who is President of Pennsylvania-American Water Company, a Pennsylvania Corporation, 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 Commonwealth of Pennsylvania

Seal

Trudy Hefflefinger

Name Printed

852 Wesley Drive, Mechanicsburg, PA 17055

Employed At

1211574

Commission Number

Name of Proposer: Pennsylvania-American Water Company

Business Address: 852 Wesley Drive, Mechanicsburg, PA 17055

Legal Form of Proposer: Pennsylvania corporation

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

Officers:

- Justin Ladner (President)
- Bruce Aiton (VP, Engineering)
- Thomas Chiomento (VP, Business Development and Government Affairs)
- James Runzer (VP, Operations)
- Andrew Swope (VP, General Counsel & Secretary)
- Brian Holbert (Treasurer)
- Ashley E. Everette (Assistant Treasurer)
- David Bowler (Assistant Comptroller)
- Melissa Ciullo (Assistant Comptroller)
- Ann Weaver (Assistant Comptroller)
- Emily Hicks (Assistant Secretary)
- Elizabeth Triscari (Assistant Secretary)

Directors:

- Bruce Aiton
- Barbara Cross
- Ashley E. Everette
- Brian Holbert
- Justin Ladner
- Sabrina Saunders Mosby
- Robert M. Ross
- James Runzer
- Ronald W. Simms

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.

Name	Address	% Interest
American Water Works Company, Inc.	1 Water Street Camden, NJ 08102	99.88%

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:

Pennsylvania-American Water Company
852 Wesley Drive
Mechanicsburg, PA 17055

2. Operator's Primary Representative:

Justin Ladner, President

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

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	NONE

Pennsylvania-American Water Company

Name of Proposer

Justin Ladner

Name of Designated Signatory

Signature

President

Title

For the purposes of Proposal Form 6A, please provide your Purchase Price assuming that the two year rate freeze, outlined in the APA, were to be imposed by the Township.

The amount of the Purchase Price that Proposer offers to pay pursuant to Section 3.01 of the Agreement is:

US\$ **[no bid]** *[in numbers]*,
[no bid] *[in words]* United States Dollars.

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

Pennsylvania-American Water Company

Name of Proposer

Justin Ladner

Name of Designated Signatory

Signature

President

Title

[Continued on Following Page]

**East Coventry Township Sewer System RFB
Business Proposal**

Please provide Indicative Monthly Bill projections assuming full cost of service (what will be sent to customers in the customer letter). If you believe your company will be permitted to subsidize rates with either current wastewater or water customers, please provide Subsidized Indicative Monthly Bills as well as the amount of subsidy assumed.

Full Cost of Service Indicative Monthly Bills assuming 4,000 gallons/month.

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

Subsidized Indicative Monthly Bills assuming 4,000 gallons/month.

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

The Township is considering the elimination of the two year rate freeze outlined in the APA. For the purposes of Proposal Form 6B, please provide your Purchase Price assuming that the two year rate freeze, outlined in the APA, was NOT to be imposed by the Township.

The amount of the Purchase Price that Proposer offers to pay pursuant to Section 3.01 of the Agreement is:

US\$ **7,000,000.00** [*in numbers*],
seven million [*in words*] United States Dollars.

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

Pennsylvania-American Water Company

Name of Proposer

Justin Ladner

Name of Designated Signatory

Signature

President

Title

[Continued on Following Page]

Full Cost of Service Indicative Monthly Bills assuming 4,000 gallons/month.

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

Subsidized Indicative Monthly Bills assuming 4,000 gallons/month.

Year 1: <u>\$61.67</u>	Year 2: <u>\$74.00</u>	Year 3: <u>\$74.00</u>	Year 4: <u>\$85.08</u>	Year 5: <u>\$85.08</u>
Year 6: <u>\$97.82</u>	Year 7: <u>\$97.82</u>	Year 8: <u>\$112.46</u>	Year 9: <u>\$112.46</u>	Year 10: <u>\$129.30</u>

Description of Indicative Monthly Bills Provided Above

Pennsylvania-American Water Company ("PAWC") would adopt East Coventry Township’s wastewater base rates for its customers upon closing of a transaction. Subsequent rate adjustments would be subject to review and authorization by the Pennsylvania Public Utility Commission ("PAPUC"). PAWC is unable to predict the outcome of future rate cases; therefore, the indicative and non-binding residential monthly bills projection assumes no change to PAWC’s 2023 “Zone 1” residential wastewater rate of \$129.30, assuming 4,000 gallons of usage per month. With this understanding, PAWC’s indicative and non-binding residential monthly bills projection shows illustratively how East Coventry Township’s current rate could equalize with PAWC’s 2023 “Zone 1” residential wastewater rate over the course of the ten-year period.

PAWC historically has filed rate cases every two to three years, and a two-year rate case cadence is assumed in the projection. For PAWC’s first rate case post-closing in Year 2 (assumed to be 2025), PAWC has utilized the rate-adjustment formula required for the “Customer Notice” filing that would accompany PAWC’s PAPUC application for approval of the East Coventry Township acquisition. This “Customer Notice” filing formula is anticipated to produce an estimated increase for East Coventry Township customers of approximately \$12 or 20% in the first post-close rate case. Subsequent to this first post-close rate increase, PAWC anticipates that the PAPUC would apply the principle of gradualism to further rate adjustments impacting East Coventry Township customers. Therefore, PAWC assumes that East Coventry Township’s rate would continue to equalize with PAWC’s 2023 “Zone 1” residential wastewater rate in four approximately 15% increases occurring every other year starting in Year 4 (assumed to be 2027). East Coventry Township’s rate is seen to equalize with PAWC’s 2023 “Zone 1” residential wastewater rate in Year 10 (assumed to be 2033).

PAWC’s indicative and non-binding residential monthly bills projection incorporates the effect of allocating a portion of the cost of service for East Coventry Township customers across PAWC’s entire wastewater and water customer base, subject to proposed utilization of 66 Pa. C.S. Section 1311(c), as amended by Act 11 of 2012. As the largest PAPUC-regulated water and wastewater utility operating in the Commonwealth, PAWC believes that it can offer a significant rate stabilization advantage to East Coventry’s customers. In the “Joint Petition for Settlement of Rate Investigation” document for PAWC’s 2022 rate case (PAPUC Docket Nos. R-2022-3031672 and R-2022-3031673), approximately \$27.0 million (33%) of the revenue requirement of PAWC’s recently acquired wastewater systems is being allocated to PAWC’s water customers.

A distribution system improvement charge (“DSIC”) surcharge is not included within the ten-year indicative and non-binding residential monthly bills projection. However, PAWC’s rates do include reasonable and necessary capital improvements over time and movement towards PAWC’s statewide rates.

For more than 25 years, PAWC has been assisting low-income customers through its H2O Help to Others Program™. Specific to our wastewater customers, PAWC offers a 30% discount on the total wastewater charges, grants of up to \$500 per year, and payment plans, when needed, to prevent an interruption in service and help customers pay their balance-due over time. Eligibility for discounts is limited to those customers with a gross household income less than or equal to 150% of U.S. Federal Poverty Guidelines. Eligibility for grants is limited to those customers with a gross household income less than or equal to 200% of U.S. Federal Poverty Guidelines.

**Application of Pennsylvania-American Water Company for Acquisition of
the Wastewater Assets of East Coventry Township (“East Coventry”)
66 Pa. C.S. § 1329**

**Application Filing Checklist – Water/Wastewater
Docket No. A-2025-3053487**

SDR 17_ATTACHMENT

EAST COVENTRY TOWNSHIP BOARD OF SUPERVISORS

RESOLUTION 2023 - 15

RESOLUTION 2023 - 15

BOARD OF SUPERVISORS OF EAST COVENTRY TOWNSHIP

CHESTER COUNTY, PENNSYLVANIA

**A RESOLUTION AUTHORIZING THE SELECTION OF PENNSYLVANIA AMERICAN
WATER AS PREFERRED BIDDER AND NEGOTIATION OF THE ASSET PURCHASE
AGREEMENT FOR THE SALE OF THE WASTEWATER SYSTEM**

WHEREAS, East Coventry Township (the “Township”) currently owns and operates a sanitary wastewater collection and conveyance system (the “System”) that provides sanitary wastewater service to various customers in the Township (the “Service Area”); and

WHEREAS, the Township previously decided to pursue the potential sale of all of the assets, properties and rights of the Township (whether tangible, real, personal or mixed) which are exclusively held and used by it in connection with the System, through a competitive bidding process (the “Assets Sale”); and

WHEREAS, the Township has heretofore issued a Request for Qualifications (the “RFQ”) and a Request for Bids (the “RFB”) to solicit bids from interested and qualified companies and entities to purchase the System; and

WHEREAS, the Township received responses to the RFQ and, after the opportunity for due diligence and negotiation and preparation of a draft Asset Purchase Agreement (the “Purchase Agreement”), received bids from two interested entities; and

WHEREAS, the Township, by enactment of the within Resolution, selects Pennsylvania-American Water (“PAWC”) as the preferred bidder, determining that, in the event the Township decides to sell the System, such selection will be in the best interests of the Township, as determined by the Board of Supervisors based on the advice of the Township Financial Advisor; and

WHEREAS, if the Board determines that the Assets Sale is in the best interests of the Township and to enter into the Purchase Agreement with PAWC, such determination is to be evidenced through the execution by the Township of the Purchase Agreement which Township officials shall finalize and execute pursuant to an Ordinance of the Township; and

NOW THEREFORE, the Board of Supervisors of East Coventry Township HEREBY RESOLVES as follows in order to effectuate the award of the bid for the above stated purposes:

1. The Township approves PAWC as the preferred bidder for the possible acquisition of the System from the Township in accordance with the bid attached hereto as Exhibit A.
2. The Township authorizes its agents and employees to prepare the final Asset Purchase Agreement with PAWC and present this Board with such Purchase Agreement to be considered for approval, such approval, if given, to be by way of an Ordinance authorizing execution of the Purchase Agreement and such other actions as are necessary to effectuate the sale of the System to PAWC.

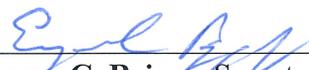
3. All actions taken by individuals acting on behalf of the Township prior to the date of this Resolution in furtherance of the sale of the System and in furtherance of the Township business in this regard are hereby ratified and confirmed.

4. This Resolution shall be effective immediately.

Resolved by the Board of Supervisors of East Coventry Township this 14th day of August 2023.

EAST COVENTRY TOWNSHIP

By: 
Ray Kolb, Chairman

Attest: 
Eugene C. Briggs, Secretary

ORIGINAL



**RESPONSE TO EAST
COVENTRY
TOWNSHIP SEWER
SYSTEM RFB**



**PENNSYLVANIA
AMERICAN WATER**

WE KEEP LIFE FLOWING®

East Coventry Township Sewer System RFB
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ORIGINAL

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Proposal Form 1 – East Coventry Township Sewer System RFB
Transmittal Letter

ORIGINAL

April 19, 2023

PFM Financial Advisors LLC
c/o Scott Shearer
100 Market Street
Harrisburg, PA 17101

Re: East Coventry Township Sewer System Request for Bids

Dear East Coventry:

Pennsylvania-American Water Company (the "Proposer") hereby submits the attached Proposal in response to East Coventry Sewer System Request for Bids (the "RFB") issued by East Coventry ("Township").

The undersigned Proposer hereby unconditionally and irrevocably offers to enter into the Asset Purchase Agreement (the "APA") for identified sewer facilities owned and operated by the Township. Capitalized terms not otherwise defined in this Proposal have the meanings set forth in the APA.

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:

Addendum No.	Date
Amendment	February 17, 2023
Second Amendment	February 24, 2023
Bid Deadline Extension	March 24, 2023

2. *Due Authorization.* The submittal of the Proposal has been duly authorized by, and in all respects is binding upon, the Proposer.
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 the Township and executing the Agreement.
4. *Identity of Buyer.* The Buyer will be the Proposer, provided that the Proposer may, prior to the execution of the Agreement 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 Agreement from and after such execution.

Proposal Form 1 – East Coventry Township Sewer System RFB
Transmittal Letter**ORIGINAL**

5. *Final Agreements.* The Proposer agrees to enter into the Agreement 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.* The Proposer agrees to enter into the Agreement 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).
7. *Proposal Effective Period.* This Proposal and offer shall remain in effect and irrevocable until 5:00 p.m. Eastern Daylight Savings Time on June 30, 2023, unless further extended by mutual consent of both the Township 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 the Township does not give written notice to the Proposer that the Township is prepared to enter into the Agreement 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, the Township gives written notice to the Proposer, at the address specified below, that they are prepared to enter into the Agreement with the Proposer, the Proposer will, within two Business Days of its receipt of such notice, execute and deliver the Agreement to the Township.
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 Agreement 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 agreement 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 Agreement pursuant to the terms hereof;

Proposal Form 1 – East Coventry Township Sewer System RFB
Transmittal Letter

ORIGINAL

(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 Agreement 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 Agreement, 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:

NAME: E. Christopher Abruzzo, Esquire

TITLE: Senior Director, Business Development

ADDRESS: 852 Wesley Drive, Mechanicsburg, PA 17055

PHONE: +1 (717) 550-1542

FAX: N/A

EMAIL: Chris.Abruzzo@amwater.com

Submitted by:

Name of Proposer: Pennsylvania-American Water Company

Name of Designated Signatory: Justin Ladner

Signature: 

Title: President

Proposal Form 2 – East Coventry Township Sewer System RFB
Non-Collusion Affidavit

ORIGINAL

COMMONWEALTH OF PENNSYLVANIA
COUNTY OF CUMBERLAND

I, Justin Ladner, a resident of the Borough of Carlisle, in the Commonwealth of Pennsylvania, of full age, being duly sworn according to law, on my oath depose and say that:

(1) I am the President of Pennsylvania-American Water Company, organized under the laws of the Commonwealth of Pennsylvania, the Proposer making the Proposal in response to the East Coventry Sewer System Request for Bids issued by the Township, as amended, and that I executed said Proposal with full authority to do so;

(2) The pricing 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 the Township;

(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 Agreement; 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.

Pennsylvania-American Water Company

Name of Proposer

Justin Ladner

Name of Designated Signatory



Signature

President

Title

Proposal Form 2 – East Coventry Township Sewer System RFB
Non-Collusion Affidavit

ORIGINAL

(Notary Public)

Commonwealth of Pennsylvania
County of Cumberland

On this day of April 19, 2023, before me appeared Justin Ladner, who is President of Pennsylvania-American Water Company, a Pennsylvania Corporation, 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 Commonwealth of Pennsylvania

Commonwealth of Pennsylvania - Notary Seal
Trudy Hefflefinger, Notary Public
Cumberland County
My commission expires March 25, 2025
Commission number 1211574
Member, Pennsylvania Association of Notaries

Seal

Trudy Hefflefinger
Name Printed

852 Wesley Drive, Mechanicsburg, PA 17055
Employed At

1211574
Commission Number

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

ORIGINAL

Name of Proposer: Pennsylvania-American Water Company

Business Address: 852 Wesley Drive, Mechanicsburg, PA 17055

Legal Form of Proposer: Pennsylvania corporation

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

Officers: Justin Ladner (President)
Bruce Aiton (VP, Engineering)
Thomas Chiomento (VP, Business Development and Government Affairs)
James Runzer (VP, Operations)
Andrew Swope (VP, General Counsel & Secretary)
Brian Holbert (Treasurer)
Ashley E. Everette (Assistant Treasurer)
David Bowler (Assistant Comptroller)
Melissa Ciullo (Assistant Comptroller)
Ann Weaver (Assistant Comptroller)
Emily Hicks (Assistant Secretary)
Elizabeth Triscari (Assistant Secretary)

Directors: Bruce Aiton
Barbara Cross
Ashley E. Everette
Brian Holbert
Justin Ladner
Sabrina Saunders Mosby
Robert M. Ross
James Runzer
Ronald W. Simms

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

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

ORIGINAL

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.

Name	Address	% Interest
American Water Works Company, Inc.	1 Water Street Camden, NJ 08102	99.88%

Proposal Form 4 – East Coventry Township Sewer System RFB
Operator Information

ORIGINAL

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:

Pennsylvania-American Water Company
852 Wesley Drive
Mechanicsburg, PA 17055

2. Operator's Primary Representative:

Justin Ladner, President

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 – East Coventry Township Sewer System RFB
Contract and Lobbyist Disclosure

ORIGINAL

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)

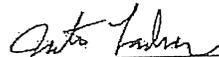
<i>Name of Person or Entity</i>	<i>Disclosure and Description of Arrangement</i>
NONE	NONE

Pennsylvania-American Water Company

Name of Proposer

Justin Ladner

Name of Designated Signatory


Signature

President

Title

Proposal Form 6A – Two Year Rate Freeze Option (as Shown in APA)
East Coventry Township Sewer System RFB
Business Proposal

ORIGINAL

For the purposes of Proposal Form 6A, please provide your Purchase Price assuming that the two year rate freeze, outlined in the APA, were to be imposed by the Township.

The amount of the Purchase Price that Proposer offers to pay pursuant to Section 3.01 of the Agreement is:

US\$ [no bid] [in numbers],
[no bid] [in words] United States Dollars.

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

Pennsylvania-American Water Company
Name of Proposer

Justin Ladner
Name of Designated Signatory


Signature

President
Title

[Continued on Following Page]

Proposal Form 6A – Two Year Rate Freeze Option (as Shown in APA)
East Coventry Township Sewer System RFB
Business Proposal

ORIGINAL

Please provide Indicative Monthly Bill projections assuming full cost of service (what will be sent to customers in the customer letter). If you believe your company will be permitted to subsidize rates with either current wastewater or water customers, please provide Subsidized Indicative Monthly Bills as well as the amount of subsidy assumed.

Full Cost of Service Indicative Monthly Bills assuming 4,000 gallons/month.

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

Subsidized Indicative Monthly Bills assuming 4,000 gallons/month.

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

Proposal Form 6B – No Rate Freeze Option
East Coventry Township Sewer System RFB
Business Proposal

ORIGINAL

The Township is considering the elimination of the two year rate freeze outlined in the APA. For the purposes of Proposal Form 6B, please provide your Purchase Price assuming that the two year rate freeze, outlined in the APA, was NOT to be imposed by the Township.

The amount of the Purchase Price that Proposer offers to pay pursuant to Section 3.01 of the Agreement is:

US\$ 7,000,000.00 [in numbers],
seven million [in words] United States Dollars.

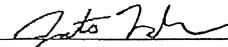
Proposers should ensure that the written and numerical Purchase Price in this Business Proposal exactly match. Should this not be the case, the binding Purchase Price will be assumed to be the lower of the two Purchase Price numbers.

Pennsylvania-American Water Company

Name of Proposer

Justin Ladner

Name of Designated Signatory


Signature

President

Title

[Continued on Following Page]

Proposal Form 6B – No Rate Freeze Option
 East Coventry Township Sewer System RFB
 Business Proposal

ORIGINAL

Full Cost of Service Indicative Monthly Bills assuming 4,000 gallons/month.

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

Subsidized Indicative Monthly Bills assuming 4,000 gallons/month.

Year 1: \$61.67 Year 2: \$74.00 Year 3: \$74.00 Year 4: \$85.08 Year 5: \$85.08
 Year 6: \$97.82 Year 7: \$97.82 Year 8: \$112.46 Year 9: \$112.46 Year 10: \$129.30

Description of Indicative Monthly Bills Provided Above

Pennsylvania-American Water Company ("PAWC") would adopt East Coventry Township's wastewater base rates for its customers upon closing of a transaction. Subsequent rate adjustments would be subject to review and authorization by the Pennsylvania Public Utility Commission ("PAPUC"). PAWC is unable to predict the outcome of future rate cases; therefore, the indicative and non-binding residential monthly bills projection assumes no change to PAWC's 2023 "Zone 1" residential wastewater rate of \$129.30, assuming 4,000 gallons of usage per month. With this understanding, PAWC's indicative and non-binding residential monthly bills projection shows illustratively how East Coventry Township's current rate could equalize with PAWC's 2023 "Zone 1" residential wastewater rate over the course of the ten-year period.

PAWC historically has filed rate cases every two to three years, and a two-year rate case cadence is assumed in the projection. For PAWC's first rate case post-closing in Year 2 (assumed to be 2025), PAWC has utilized the rate-adjustment formula required for the "Customer Notice" filing that would accompany PAWC's PAPUC application for approval of the East Coventry Township acquisition. This "Customer Notice" filing formula is anticipated to produce an estimated increase for East Coventry Township customers of approximately \$12 or 20% in the first post-close rate case. Subsequent to this first post-close rate increase, PAWC anticipates that the PAPUC would apply the principle of gradualism to further rate adjustments impacting East Coventry Township customers. Therefore, PAWC assumes that East Coventry Township's rate would continue to equalize with PAWC's 2023 "Zone 1" residential wastewater rate in four approximately 15% increases occurring every other year starting in Year 4 (assumed to be 2027). East Coventry Township's rate is seen to equalize with PAWC's 2023 "Zone 1" residential wastewater rate in Year 10 (assumed to be 2033).

PAWC's indicative and non-binding residential monthly bills projection incorporates the effect of allocating a portion of the cost of service for East Coventry Township customers across PAWC's entire wastewater and water customer base, subject to proposed utilization of 66 Pa. C.S. Section 1311(c), as amended by Act 11 of 2012. As the largest PAPUC-regulated water and wastewater utility operating in the Commonwealth, PAWC believes that it can offer a significant rate stabilization advantage to East Coventry's customers. In the "Joint Petition for Settlement of Rate Investigation" document for PAWC's 2022 rate case (PAPUC Docket Nos. R-2022-3031672 and R-2022-3031673), approximately \$27.0 million (33%) of the revenue requirement of PAWC's recently acquired wastewater systems is being allocated to PAWC's water customers.

Proposal Form 6B – No Rate Freeze Option
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A distribution system improvement charge (“DSIC”) surcharge is not included within the ten-year indicative and non-binding residential monthly bills projection. However, PAWC’s rates do include reasonable and necessary capital improvements over time and movement towards PAWC’s statewide rates.

For more than 25 years, PAWC has been assisting low-income customers through its H2O Help to Others Program™. Specific to our wastewater customers, PAWC offers a 30% discount on the total wastewater charges, grants of up to \$500 per year, and payment plans, when needed, to prevent an interruption in service and help customers pay their balance-due over time. Eligibility for discounts is limited to those customers with a gross household income less than or equal to 150% of U.S. Federal Poverty Guidelines. Eligibility for grants is limited to those customers with a gross household income less than or equal to 200% of U.S. Federal Poverty Guidelines.