



THOMAS, NIESEN & THOMAS, LLC

Attorneys and Counsellors at Law

RECEIVED

2017 MAY 30 PM 3:05

May 30, 2017

PA PUC
SECRETARY'S BUREAU
FRONT DESK

THOMAS T. NIESEN
Direct Dial: 717.255.7641
tniesen@tntlawfirm.com

Via Hand Delivery

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

In re: Docket No. A-2017-2605434

Application of Aqua Pennsylvania Wastewater, Inc. pursuant to Sections 1102 and 1329 of the Public Utility Code for Approval of its Acquisition of the Wastewater System Assets of Limerick Township

Dear Secretary Chiavetta:

We are counsel to Aqua Pennsylvania Wastewater, Inc. (“Aqua” or “Company”) in connection with its above referenced Application, filed with the Public Utility Commission on May 19, 2017, pursuant to Sections 1102 and 1329 of the Public Utility Code, for approval of the acquisition of the wastewater system assets of Limerick Township. The Bureau of Technical Utility Services is reviewing the Application and has asked that we provide additional information as follows:

INFORMATION REQUEST:

Checklist Item No. 4 - The Application included electronic copies of the confidential Microsoft Excel files from the two valuation engineering firms. In the electronic file folder label “CONFIDENTIAL GANNETT FILES”, a number of the Excel files include missing links and error messages such as (#reff!) in cells. Examples of files with these issues include EX 4, EX 6, EX 7, EX 7-10, EX 8, EX 9 and the file labeled “Table market value”. Please provide copies of the Excel spreadsheets with all reference files.

RESPONSE:

A Confidential and Proprietary CD with Confidential and Proprietary Work Paper Files of Gannett Fleming Valuation and Rate Consultants, LLC, in Excel format, with all reference files is included with this letter.

Concerning files that Gannett Fleming has updated, please note as follows:

In file EX 4, in the worksheet “Schedule,” the cells with “error” (i.e., #DIV/0!) were not used on Exhibit 4 or in the FMV report. Accordingly, these cells have been removed in the updated file. In the worksheet “group metric,” the cells with “error” (i.e., #DIV/0!) at rows 5-15 link to a licensed external S&P database (“Research Insight”). This data was pasted to rows 27-37. The rows (5-15) with links to the licensed external S&P database have been

removed in the updated file. In the worksheet "data group coverage," the cells with "error" (i.e., #DIV/0!) at rows 3-14 link to a licensed external S&P database ("Research Insight"). This data was pasted to rows 20-31. The rows (3-14) with links to the licensed external S&P database have been removed in the updated file.

In file EX 6, the worksheet "growth and margin," the cells with "error" (i.e., #DIV/0!) at rows 2-11 link to a licensed external S&P database ("Research Insight"). This data was pasted to rows 23-32. The rows (2-11) with links to the licensed external S&P database have been removed in the updated file. In worksheet "capx to plant," the cells with "error" (i.e., #DIV/0!) at rows 2-11 link to a licensed external S&P database ("Research Insight"). This data was pasted to rows 20-29. The rows (2-11) with links to the licensed external S&P database have been removed in the updated file.

In file EX 7, the cells with "error" (i.e., #REF!) are not used on Exhibit 7 or in the FMV report. These calculation are used when the required data is meaningful. Since Exhibit 7 covers the period 2012-2017, data post-2017 is not used. Accordingly, data and formulas for the post-2017 years have been removed in the updated file.

In file EX 7-10 support, the worksheet "get non-cash working capital," the cells with "error" (i.e., #DIV/0!) link to a licensed external S&P database ("Research Insight"). This data was pasted to the worksheet "paste data." The cells in worksheet "get non-cash working capital" with links to the licensed external S&P database have been removed in the updated file.

In file EX 8, the cells with "error" (i.e., #REF!) should have the heading "Multiples (13)" which is now inserted in the updated file.

In file EX 9, the cells with "error" (i.e., #REF!) should have the heading "Multiples (13)" which is now inserted in the updated file.

In file "Table market value," the worksheet "SP data 72 months," the cells with "error" (i.e., #DIV/0!) link to a licensed external S&P database ("Research Insight"). This data was pasted to the worksheet "pasted analysis 72 months." The cells in worksheet "SP data 72 months" with links to the licensed external S&P database have been removed in the updated file.

INFORMATION REQUEST:

Checklist Item No. 4 - In the electronic file folder labeled "Confidential Gannett Files", Exhibit 7-10 support 2, the accrued depreciation is manually entered. Please provide complete Excel files which include calculations for accrued depreciation.

RESPONSE:

Complete Confidential and Proprietary Gannett Fleming Excel files with calculations for accrued depreciation are included on the Confidential and Proprietary CD of Gannett

Fleming Work Papers included with this letter. In regard to this Information Request and the Confidential and Proprietary Work Paper files, please note that the file "Exhibit 7-10 support 2" is a workpaper file. The purpose of this particular workpaper was to calculate the depreciation rate (column P) and depreciation expense (column O) that is used in Exhibits 7, 8, 9 and 10. These aforementioned calculations, with formula intact, are shown in columns M through R. The rest of the data, in columns A through I, was manually entered. This manually entered data includes the accrued depreciation in column I.

INFORMATION REQUEST:

Checklist Item No. 8 - Please provide a copy of the invoice(s) supporting the Herbert, Rowland & Grubic, Inc.'s fair market valuation charges from February 26, 2017 through April 1, 2017.

RESPONSE:

A copy of the invoice of Herbert, Rowland & Grubic, Inc. for the period February 26, 2017 through April 1, 2017 is included with this letter.

INFORMATION REQUEST:

Checklist Item No. 8 - Please provide copies of the valuation service agreements for both the seller's and the buyer's utility valuation experts.

RESPONSE:

The valuation service agreement between Gannett Fleming Valuation and Rate Consultants, LLC and Aqua was provided as Exhibit A to Application Exhibit U. A copy of Aqua's agreement with Gannett Fleming is also included with this letter. A copy of the valuation service agreement between Herbert, Rowland & Grubic, Inc. and Limerick Township is also included with this letter.

INFORMATION REQUEST:

Checklist Item No. 18d - Please provide a draft of the customer notification that will be sent after closing.

RESPONSE:

A draft of the customer notification that will be sent after closing is included with this letter.

INFORMATION REQUEST:

Checklist Item No. 19e - Please state whether the seller has any outstanding loans on the utility plant and identify the nature, terms, and payment history.

RESPONSE:

Limerick Township has no outstanding loans on utility plant. We have included with this letter a letter of Limerick Township confirming that there are no Pennvest loans on the Limerick Township sewer utility and that the sewer system assets are not used as collateral to secure any outstanding debt obligations of the Township.

INFORMATION REQUEST:

Checklist Item No. 22a - The Application does not demonstrate that the requested wastewater service territory is in compliance with DEP's approved Act 537 Official Sewage Facilities Plans (Act 537 Plans) for the affected municipalities. Please provide evidence demonstrating compliance with the subject Act 537 Plans.

RESPONSE:

Aqua has reviewed the Limerick Township Act 537 Plans. To the best of Aqua's knowledge, information and belief, the requested wastewater service territory is in compliance with DEP's approved Act 537 Plans for the Township.

INFORMATION REQUEST:

Checklist Item No. 22e - The Application includes web addresses for the comprehensive plans of Limerick Township and Montgomery County but does not provide evidence that the Application is consistent with both plans. Please provide evidence that the Application is consistent with both comprehensive plans.


RESPONSE:

Aqua has reviewed the Limerick Township and Montgomery County Comprehensive Plans. To the best of Aqua's knowledge, information and belief, the proposed acquisition complies with the Plans. Acknowledgments of Limerick Township and Montgomery County that Aqua's Application is consistent with their Comprehensive Plans are included with this letter.

Aqua believes that, with this letter and enclosures, it has complied with the Bureau of Technical Utility Services requests for supplemental information and asks that the Public Utility Commission acknowledge that the Application has been perfected. Please contact me with any questions about this matter.

Very truly yours,

THOMAS, NIESEN & THOMAS, LLC

By 

Thomas T. Niesen

cc: Certificate of Service (w/encl.)
Alexander Stahl, Esquire (w/encl.)

RECEIVED
2017 MAY 30 PM 3:05
PA PUC
SECRETARY'S BUREAU
FRONT DESK

**INVOICE OF HERBERT, ROWLAND &
GRUBIC, INC.**

RECEIVED
2017 MAY 30 PM 3:05
PA PUC
SECRETARY'S BUREAU
FRONT DESK



Herbert, Rowland & Grubic, Inc.
Engineering & Related Services

AN EMPLOYEE-OWNED COMPANY

369 East Park Drive
 Harrisburg PA 17111
 Phone: (717) 564-1121
 Fax: (717) 564-1158

Email Invoices to:

Limerick Township, Montgomery County
 646 West Ridge Pike
 Limerick, PA 19468

April 7, 2017
 Project No: R006471.0426
 Invoice No: 118200

Project Manager Russell McIntosh
 Client Manager Russell McIntosh
 Project R006471.0426 Utility Valuation Expert Services

Professional Services from February 27, 2017 to April 2, 2017

Professional Personnel

	Hours	Rate	Amount	
Project Professional				
Brockman, Ryan	54.60	185.00	10,101.00	
Senior Professional				
Ambrose, Robert	31.50	215.00	6,772.50	
Vicari, Adrienne	2.00	215.00	430.00	
Principal				
McIntosh, Russell	22.00	225.00	4,950.00	
Totals	110.10		22,253.50	
Total Labor				\$22,253.50

Reimbursable Expenses

Travel/Subsistence	12.54	
Total Reimbursables	12.54	\$12.54

TOTAL THIS INVOICE \$22,266.04

Unpaid Invoices Included in Total Now Due (please check your records to make sure you haven't issued payment)

Number	Date	Balance
117594	3/3/2017	10,108.99
Overdue invoices as of current invoice date.		\$10,108.99

Total Now Due **\$32,375.03**

Payment Terms are Upon Receipt. Interest of 1.5% per month is charged on any invoice outstanding over 30 days old.

REMITTANCE ADDRESS:

Herbert, Rowland & Grubic, Inc.
 P.O. Box 4012
 Harrisburg, PA 17111

**VALUATION SERVICE AGREEMENT
GANNETT FLEMING VALUATION AND
RATE CONSULTANTS, LLC**



Gannett Fleming

Excellence Delivered As Promised

January 20, 2017

VIA EMAIL

Mr. William C. Packer
Regional Controller
Aqua Pennsylvania, Inc.
762 W. Lancaster Ave
Bryn Mawr, PA 19010

Re: Fair Market Value Appraisal

Dear Mr. Packer:

In response to your request, Gannett Fleming Valuation and Rate Consultants, LLC is pleased to submit this cost proposal to provide Aqua Pennsylvania Wastewater, Inc. ("Aqua") a fair market value appraisal of Limerick Township's sewage collection and treatment system assets ("Wastewater System") as of December 31, 2016.

SCOPE OF SERVICES

Gannett Fleming Valuation and Rate Consultants, LLC ("Gannett") proposes to conduct a fair market value appraisal of the Wastewater System in compliance with the Uniform Standards of Professional Appraisal Practices, employing the cost, market and income approaches. It should be noted that Gannett will utilize asset cost information provided by Pennoni Associates Inc.'s engineering assessment of the Wastewater System's assets.

Fair market value is defined as "the price, expressed in terms of cash equivalents, at which property would change hands between a hypothetical willing and able buyer and a hypothetical willing and able seller, acting at arm's length in an open and unrestricted market, when neither is under compulsion to buy or sell and when both have reasonable knowledge of the relevant facts."

As stated, the standard of value for this engagement is fair market value. The premise of value is going concern. The going concern premise of business value assumes that the business will continue running normally using all of its assets to produce income and will continue operating beyond the valuation date.

Gannett Fleming Valuation and Rate Consultants, LLC

P.O. Box 80794 • Valley Forge, PA 19484-0794 | 1010 Adams Avenue • Audubon, PA 19403-2402

t: 610.650.8101 • f: 610.650.8190

www.gannettfleming.com

Mr. William C. Packer
Bryn Mawr, PA 19010

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January 20, 2017

Gannett will value the Wastewater System's assets as a group under the premise that they collectively comprise an ongoing operating business enterprise. In accordance with 66 Pa. C.S. Section 1329 the original source of funding for any part of the assets of the selling utility will not be relevant to determination of the value of said assets.

We will accept all information and data provided by the Wastewater System and Aqua as it pertains to this assignment "as is" after a limited review. That is, we will neither audit nor verify any data, original cost study, financial records or operating data provided for this assignment.

SITE INSPECTION

We will visit or inspect the Wastewater System's facilities and rely on the information provided by Pennoni Associates Inc.'s engineering assessment of the Wastewater System's assets provided by the Wastewater System and Aqua.

REPORT

We will prepare a written document to substantiate our opinion. Our appraisal will be developed consistent with the Uniform Standards of Professional Appraisal Practices. Our valuation will include a detailed analysis and will be presented in a narrative comprehensive, "stand-alone" document for your use. The estimate of value that results from a valuation engagement will be expressed as a conclusion of value to be used for the purposes stated above.

Although our valuation is intended to estimate fair market value, we assume no responsibility for the inability of a seller or buyer to obtain a sale or purchase contract at that price.

QUALIFICATIONS

Since 1915, Gannett and its predecessors have been helping clients in public pricing policy and related financial matters for managerial purposes, before regulatory commissions and in courts of law. Our staff has considerable experience in providing an array of specialized financial services to support the core needs and objectives of our clients.

Our specialized financial services encompass utility valuations, economic valuation studies, cost of capital studies, depreciation studies, rate studies, lead lag studies, analyses of public utility accounting systems, debt financing reports, economic and demographic studies, financial decision studies, optimum capital structure, debt service levels, dividend policy, private placement of debt, financial benchmarking, and conducting property inventories.

Mr. William C. Packer
Bryn Mawr, PA 19010

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January 20, 2017

We design each study and its related report to meet the specific requirements of our clients. These studies require objective analyses of basic data, informed professional judgment, and clear presentation of the results. Our staff includes professionals specialized in public utility accounting and ratemaking, valuation, cost of capital, lead lag, depreciation, associated technical services, and financial analysis. We are experienced utility valuation experts who determine fair market value using the cost, market and income approaches in accordance with 66 Pa. C.S. Section 1329. We are a registered Municipal Advisor with the Securities & Exchange Commission (SEC); and are a subsidiary of Gannett Fleming, Inc.

Gannett is approved as a "utility valuation expert" by the PUC within the context of 66 Pa. C.S. Section 1329, Valuation of Acquired Water and Wastewater Systems.

FIDUCIARY DUTY

Gannett has a fiduciary duty to, and will, provide a thorough, objective, and fair market valuation using the cost, market and income approaches in accordance with 66 Pa. C.S. Section 1329 and Pennsylvania laws.

Gannett attests that it does not derive any material financial benefit from the sale of, or purchase of, a selling utility other than fees for services rendered. Gannett also verifies it does not have any immediate family members that are directors, officers or employees of either an acquiring public utility, entity or selling utility within a 12-month period of the date of hire to perform an appraisal. We further affirm that Gannett is not directly or indirectly owned, partnered or in any way affiliated with a water/wastewater distribution company.

BASIS FOR COMPENSATION

Gannett will perform the above services, and other related services that you may authorize, based on hourly billing rates for our personnel in effect when we perform the work, plus the reimbursement of direct expenses. Direct expenses include transportation, meals, lodging and incidental expenses incurred while traveling and any other expenses required as a result of the assignment that are not incidental to the normal conduct of business. Attached are our billing rates for this project. We will render invoices monthly for services performed during the preceding month.

Based on our experience, we estimate the cost for a complete study will range from \$35,000 to \$45,000. The actual charges for the study will, of course, depend on the time required to complete the assignment and the extent to which data is provided. The availability and quality of the required data sources of information will affect the final cost.

Gannett Fleming

Mr. William C. Packer
Bryn Mawr, PA 19010

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January 20, 2017

SCHEDULE

The fair market value appraisal will be completed within ninety (90) days of our receipt of our signed proposal and the receipt of requested data.

PROPOSAL

Based on the understanding outlined in this letter, we propose that Aqua Pennsylvania Wastewater, Inc. retain Gannett Fleming Valuation and Rate Consultants, LLC to perform the services as outlined in this letter. If this proposal is satisfactory to you, please so indicate by signing the original proposal and returning it to me.

We thank Aqua for this opportunity to provide valuation services in connection with the fair market value appraisal of Wastewater System's assets. We look forward to acceptance of our proposal and to a successful project.

Respectfully Submitted,

GANNETT FLEMING VALUATION
AND RATE CONSULTANTS, LLC



HAROLD WALKER, III
Manager, Financial Studies

HW:amp

Accepted and agreed on behalf of:

Aqua Pennsylvania Wastewater, Inc.

By: William C. Packer

Print Name: William C. Packer

Print Title: Regional Controller

Date: 1/20/17

GANNETT FLEMING VALUATION AND RATE CONSULTANTS, LLC

BILLING RATES

EFFECTIVE DECEMBER 31, 2016

<u>Personnel</u>	<u>Hourly Rate</u>
SUPERVISORY STAFF	
P. R. Herbert, Chairman and President	\$255.00
J. J. Spanos, Senior Vice President and Treasurer	250.00
C. R. Clarke, Director, Western U.S. Services	250.00
H. Walker, III, Manager, Financial Studies	230.00
J. F. Wiedmayer, Jr., Project Manager, Depreciation	200.00
C. E. Heppenstall, Project Manager, Rate Studies	175.00
N. W. Allis, Supervisor, Depreciation Studies	175.00
STAFF	
Analysts and Engineers	170.00
Associate Analysts and Engineers	160.00
Assistant Analysts and Engineers	140.00
Senior Technicians	105.00
Support Staff	105.00

**VALUATION SERVICE AGREEMENT
HERBERT, ROWLAND & GRUBIC, INC.**



369 East Park Drive
Harrisburg, PA 17111
717.564.1121
(FAX) 717.564.1158
www.hrg-inc.com

November 23, 2016

Mr. Daniel K. Kerr
Township Manager
Limerick Township
646 West Ridge Pike
Limerick, Pennsylvania 19468

Re: Proposal for Utility Valuation Expert Services
Wastewater Treatment Facility

Dear Mr. Kerr:

We have been requested by Public Financial Management (PFM) to prepare this proposal for Utility Valuation Expert (UVE) service with respect to the possible sale of the Limerick Township Sanitary Sewer System (LTSSS). On behalf of Herbert, Rowland & Grubic, Inc. (HRG), I thank you for this opportunity.

UNDERSTANDING OF THE PROJECT

Based on our discussions with PFM, we understand that the Township has received a purchase proposal from a PUC regulated utility. Accordingly, it is the desire of both parties to complete this transaction in accordance with the recent amendments to the public utility code commonly referred to as Act 12 of 2016 (Act 12). This is an option that must be elected by both buyer and seller and, if elected, each party must retain its own UVE. In addition, a single licensed engineer must also be retained to conduct an assessment of the condition of the tangible assets of the LTSSS and provide an inventory and their original cost to each UVE.

SCOPE OF SERVICES

UVE Services and Calculation of Fair Market Value

HRG will calculate the Fair Market Value (FMV) of the LTSSS in compliance with the Uniform Standards of Professional Appraisal Practice employing the three valuation approaches specified in Act 12: Cost, Market and Income.

In particular,

1. **Cost Approach:** HRG will review the inventory of tangible assets and their original cost provided by the licensed engineer specified in Act 12. This will be used as the basis to calculate Depreciated Original Cost (DOE) and Depreciated Replacement Cost (DRC). Non-depreciable assets such as land and land rights will be included and identified as either integral to the operation of the LTSSS or not essential to its operation or maintenance at this time. In addition, the analysis of tangible assets may influence the values determined under the Market or Income approach.
2. **Market Approach:** HRG will calculate the FMV using the Market approach. This method is generally based on the sales of comparable facilities; however, the number of transactions, the completeness of the financial information related to those transactions, and the uniqueness of the LTSSS will likely require the use of alternative methods based on industry ratios and other market related financial metrics.
3. **Income Approach:** HRG will calculate the FMV using the Income approach. This method requires pro-forma projection of income and expenses, assuming operations by the purchaser based on operating data including:
 - a. Inter-municipal agreements governing the operation and use of the LTSSS including flow records contained in Chapter 94 Annual Reports and available supporting and supplemental information, such as engineering reports and billing records, in order to quantify the amount of capacity currently being used and the capacity available for new users. Growth is an important element in establishing the value of the system.
 - b. Operating and capital budgets, maintenance records, and other operational and financial documents as necessary in order to estimate future costs.
 - c. Permits and regulatory compliance documentation, site control, including documentation of land held in fee simple and rights of way agreements.

HRG will provide a draft report for review by the Township and will prepare a final written report in a format acceptable to the PUC.

Our Scope is general in nature and was developed on the basis of our discussions with PFM and our understanding of the work required. However, we are unable to determine in advance the completeness of the engineer's analysis of tangible assets that is to be provided by others, and the availability and completeness of other operating and financial reports and records necessary for us to calculate the FMV under each required approach.

ADDITIONAL SERVICES: GENERAL CONSULTING AND POST UVE CONSULTING

HRG will provide a separate proposal, if requested, to the Township for general consulting services prior to initiating the UVE services and FMV calculation.

HRG will provide a separate proposal, if requested, to the Township for ongoing consultation in response to questions relating to user rate impacts, wholesale charges, PUC rate making procedures, and such other aspects of the transaction that are within our expertise.

STATEMENT OF INDEPENDENCE / CONFLICT OF INTERESTS

In accordance with the requirements of Act 12:

1. HRG will not derive any material financial benefit from the sale of the selling utility other than fees for services rendered.
2. HRG has no financial interest and no employee is known to be a family member of a director, officer or employee of either the acquiring public utility or entity, or selling utility within a twelve month period of the date of hire to perform this appraisal.

COMPENSATION

Our services and compensation will be provided on the basis of our General Provisions for Consulting and Design, Attachment No. 1. Compensation will be at our Financial Services Division hourly rates in effect at the time that the work is performed. A copy of our 2017 Hourly Rate Schedule is included as Attachment No. 2. Our work will be performed on an hourly basis. Our estimated total charges for this assignment are expected to be twenty-five thousand dollars (\$25,000) plus direct out of pocket expenses.

SCHEDULE

HRG will work in the most time efficient manner possible, but in no event will the delivery of our final report containing the FMV exceed ninety days (90 days) from the date we receive written notice that the service contract has been executed.

At the time of preparation, the PUC has not yet published the list of UVEs as required by Act 12. HRG has submitted the required application in order to be placed on this list and is expected to be identified as a UVE. However, the PUC has not announced a schedule for the release of this list.

Mr. Daniel K. Kerr
Limerick Township
November 23, 2016
Page 4

AUTHORIZATION

We have developed the above Scope of Services specifically with your project needs in mind. To indicate your acceptance of these terms, and authorize the work to begin, please sign the authorization statement below, return one copy to our office, and keep the others for your files.

Should you have any questions concerning our proposal, including the scope of work, the schedule, the cost or the attached provisions, please feel free to contact me to discuss it in greater detail.

We appreciate this opportunity to offer you our professional services in this capacity.

Sincerely,

Herbert, Rowland & Grubic, Inc.


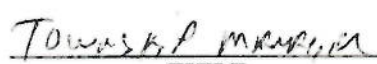
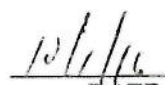


Russell F. McIntosh
Vice President - Financial Services

RFM/kl/pk
p:\0064\006471_0426\admin\control\proposal\2016.11.23 uve proposal.docx

Enclosures

ACCEPTED BY:

 _____	 _____	 _____
LIMERICK TOWNSHIP	TOWNSHIP MANAGER TITLE	DATE

Proprietary Notice

This proposal contains proprietary information regarding Herbert, Rowland & Grubic, Inc. and is a work product containing business sensitive materials. This proposal was prepared in response to your request for your specific project and no portion of this proposal may be shared with any other party.

**GENERAL PROVISIONS
FOR CONSULTING AND DESIGN**

ENGINEER:
HERBERT, ROWLAND & GRUBIC, INC.
ENGINEERING & RELATED SERVICES

CLIENT: Limerick Township

PROPOSAL/AGREEMENT DATED: November 23, 2016

PROJECT: Utility Valuation Expert Services

These General Provisions set forth herein are included by reference in the Agreement for the performance of engineering services which are described in the Agreement. The Agreement shall take precedence over these General Provisions to the extent that there are any inconsistencies or contradictory statement.

1. **GENERAL:** Herbert, Rowland & Grubic, Inc. (herein after referred to as HRG) shall provide for CLIENT professional engineering services in any or all phases of the Project to which the Agreement applies. These services will include serving as Client's Professional Engineering Representative for the Project, providing professional engineering consultation and advice and furnishing customary civil, environmental, transportation and related engineering and surveying services as required. HRG's professional services will be performed in accordance with generally accepted principles of engineering practice. It is understood that HRG shall not be held liable for work performed by other parties, for the accuracy of data supplied by other parties upon which HRG may rely, or for testing or inspection work performed by other parties.

2. **TIMING OF PROPOSAL:** HRG agrees that the Proposal/Agreement shall remain open and may be accepted by the CLIENT for thirty (30) days from the above date. Acceptance of the Agreement after the end of the 30-day period shall be valid only if HRG elects, in writing, to reaffirm the Proposal/Agreement and waive its right to reevaluate and resubmit the Proposal/Agreement.

3. **CONDUCT OF THE WORK:** All concept, preliminary and final plans will be submitted to CLIENT or its authorized representative for approval concurrent with proceeding to attempt to secure approvals by local, county, state and all other governmental authorities having jurisdiction over the Project. In the event CLIENT does not respond to such submission within five (5) days, it shall be considered to have been given its approval.

Survey work is weather dependent, and HRG cannot always guarantee the time or date a survey crew will be available. HRG recognizes the importance of survey scheduling and will make a good faith effort to meeting clients' needs.

4. **RIGHT OF ENTRY:** CLIENT agrees to provide rights of entry and all permits and permissions necessary for the completion of HRG's service under the Agreement at no cost to HRG.

5. **USE OF DOCUMENTS:** All documents are instruments of service with respect to this Project, and HRG shall retain an ownership (including exclusive copyright) and property interest therein (including the right of reuse at the discretion of HRG) whether or not the Project is completed. CLIENT may make and retain copies of Documents for information and reference in connection with use on the Project by CLIENT. Such Documents are not intended or represented to be suitable for reuse by CLIENT or others on extensions of the Project or on any other project. Any such reuse or modification without written verification or adaptation by HRG, as appropriate for the specific purpose intended, will be at CLIENT's sole risk and without liability or legal exposure to HRG or to HRG's Consultants. CLIENT shall indemnify and hold harmless HRG and HRG's Consultants from all claims, damages, losses, and expenses, including attorneys' fees arising out of or resulting therefrom. Any verification of adaptation of the Documents for extensions of the Project or for any other project will entitle HRG to further compensation at rates to be agreed upon by CLIENT and HRG.

Copies of Documents that may be relied upon by CLIENT are limited to the printed copies (also known as hard copies) that are signed or sealed by HRG. Files in electronic media format of text, data, graphics, or of other types that are furnished by HRG to CLIENT are only for convenience of CLIENT. Any conclusion or information obtained or derived from such electronic files will be at the user's sole risk. If there is a discrepancy between the electronic files and the hard copies, the hard copies govern.

Because data stored in electronic media format can deteriorate or be modified inadvertently or otherwise without authorization of the data's creator, the party receiving electronic files agrees that it will perform acceptance tests or procedures within 30 days, after which the receiving party shall be deemed to have accepted the data thus transferred. Any errors detected within the 30-day acceptance period will be corrected by the party delivering the electronic files. HRG shall not be responsible to maintain documents stored in electronic media format after acceptance by CLIENT.

When transferring documents in electronic media format, HRG makes no representations as to long term compatibility, usability, or readability of documents resulting from the use of software application packages, operating systems, or computer hardware differing from those used by HRG at the beginning of this Project, nor does HRG confer or transfer any software license or right to use with

the conveyance of data files.

6. **COPYRIGHT:** HRG is the exclusive owner and has the exclusive copyright to documents prepared for this Project and will grant a license to use said documents for the Project to the CLIENT upon the CLIENT's payment in full of all invoices rendered by HRG. CLIENT may not in turn transfer said license except as provided in Paragraph 9 of these General Provisions. The failure of HRG to obtain copyright registration shall not affect or impair HRG's ownership of these documents.

7. **INDEMNIFICATION:** CLIENT will indemnify and hold harmless HRG, its officers, directors, shareholders, or agents, employees, consultants and subcontractors from and against any and all liabilities, damages, or expenses in connection with any personal injury or property damage arising out of or in any way connected with the negligence, reckless, or intentional acts or omissions by CLIENT, its officers, directors, agents, contractors and employees. CLIENT further agrees to indemnify and hold harmless HRG for any and all fees and expenses incurred in enforcing or defending HRG's right under this Agreement or the performance of its duties under this Agreement.

HRG may settle any claim for which it has a right of indemnification against CLIENT without CLIENT's consent. Notwithstanding that settlement documents shall state that HRG does not admit liability and that it is a disputed claim, HRG shall not be required to prove its liability or the reasonableness of the settlement to obtain indemnification from CLIENT.

8. **INSURANCE:** HRG and its agents, employees and consultants are covered by Worker's Compensation insurance and have limited coverage under public liability and property damage insurance policies. Certificates of insurance will be provided upon request. HRG shall not be responsible for any loss, damage, or liability beyond the amounts, limits and conditions of such insurance. Additional coverage may be obtained at the CLIENT's expense. Failure to exercise this option waives any claims of liability beyond such limits. If the CLIENT obtains a builder's risk policy for the construction phase of this Project, HRG shall be a named insured.

9. **ASSIGNS:** CLIENT and HRG each binds itself and its partners, successors, executors, administrators, assigns, and legal representatives to the other party of this Agreement and to the partners, successors, executors, administrators, assigns, and legal representatives of such other party in respect to all covenants, agreements and obligations of this Agreement. Neither CLIENT nor HRG shall assign or transfer any rights under or interest in this Agreement without the prior written consent of the other, except to the extent that the effect of this limitation may be restricted by law.

10. **SUBCONSULTANTS:** HRG has the right to employ or retain such independent consultants, associates and subcontractors as it may deem appropriate to assist it in the performance of the services required.

11. **SAFETY RESPONSIBILITY:** HRG is not responsible for any safety precautions or programs of the CLIENT or any contractors working on the Project except for the safety of HRG's own employees.

12. **CONTROLLING LAW:** The Letter Agreement is to be governed by the laws of the Commonwealth of Pennsylvania which is the principal place of business of HRG.

13. **HAZARDOUS SUBSTANCES:** CLIENT represents and warrants to HRG that it has and will comply with all obligations imposed by applicable law upon the generation, storage or disposal of hazardous substances and/or waste and that it will promptly notify HRG of any notices concerning such matters. CLIENT agrees to hold harmless, identify and defend HRG from and against any and all damages and liabilities and expenses arising out of or in any way connected with the presence, discharge, exposure, release, or escape of hazardous substances, or wastes of any kind, excepting only such liability as may arise out of the sole negligence of HRG in the performance of services under this Agreement.

14. **PAYMENTS:** Invoices will be submitted by HRG on a monthly basis as the work proceeds. Payments will be due and payable in full on receipt of an invoice by CLIENT without retainage, and will not be contingent upon receipt of funds from third parties. If fees are not paid in full within 30 days of the date of the invoice, HRG reserves the right to pursue all remedies, including withdrawing certifications, stopping work on three (3) days' prior written notice, and retaining all documents without recourse. If at any time an invoice remains unpaid for a period in excess of 30 days, interest of the rate of 1-1/2% per month will be charged on past-due accounts. CLIENT agrees to indemnify and hold harmless HRG from and against any and all reasonable fees, expenses and costs incurred by HRG including, but not limited to, court costs, arbitrators and attorneys' fees and other claim related expenses incurred in the collection process.

All invoicing will be substantiated by HRG cost record sheets and work order system, all of which shall be made available to CLIENT upon request and during regular working hours for inspection and audit. Time spent in additional detailing of invoices is considered extra effort on the Project and will be invoiced as additional work along with any related cost of making copies and reproductions. Any increase in HRG's cost after the effective date of the Agreement resulting from state or federal legislation shall be reimbursed by the CLIENT.

Timely payment of invoices is a condition of this Agreement. Failure to make payments in full within the time limits stated above will be considered substantial noncompliance with the terms of this Agreement and will be cause for termination of the Agreement if HRG so chooses.

Unless otherwise agreed in writing, all fees and costs payable to HRG pursuant to this Agreement are payable at HRG's principal place of business in Dauphin County, Pennsylvania. It is hereby agreed that all suits will be litigated in Federal or State Court in Dauphin County, Pennsylvania or any other location at the sole discretion of HRG. Acceptance of payment by HRG elsewhere shall not constitute a waiver of this requirement.

In addition to its other remedies, HRG reserves the right to withhold submission (to CLIENT or any third party municipality or agency) of any plans or other documents and withhold performance of any other term of this Agreement upon default by CLIENT of any of CLIENT's obligation under this Agreement.

15. **TERMINATION:** The obligation to provide further services under this Agreement may be terminated by either party upon three (3) days' written notice in the event of a substantial failure by the other party to perform in accordance with the terms hereof through no fault of the terminating party. CLIENT agrees to be liable and pay HRG for all labor done, work performed, materials furnished, and all expenses incurred for all work and additional work up to and including the day work is terminated, in accordance with the notice required under this section. A substantial failure to perform shall also include, but not be limited to, the CLIENT'S inability to provide credit references and/or a credit history acceptable to HRG prior to following the execution of this Agreement. Notwithstanding the above, failure of HRG to request said credit references shall not relieve client of its obligation to perform under the terms of this Agreement.

16. **THIRD PARTY BENEFICIARIES:** Nothing under this Agreement shall be construed to give any rights or benefits in this Agreement to anyone other than the CLIENT and HRG, and all duties and responsibilities undertaken pursuant to this Agreement will be for the sole and exclusive benefit of CLIENT and HRG and not for the benefit of any other party.

17. **LIMITATION OF LIABILITY:** HRG shall endeavor to perform the services under this Agreement with the care and skill ordinarily used by members of HRG's profession practicing under similar conditions at the same time and in the same locality. There are no other warranties, express or implied, including, without limitations, no warranties of merchantability or fitness for particular purpose, made by HRG in this Agreement or in any reports, opinions, drawings, specifications or other documents furnished by HRG under this Agreement, or otherwise. HRG shall not be liable for the results of services performed with professional care and skill. To the fullest extent permitted by law, HRG's total liability to CLIENT for any and all injuries, claims, losses, expenses or damages whatsoever arising out of or in any way related to the Project or this Agreement from any cause or causes including, but not limited to, HRG's negligence, errors, omissions, strict liability, intentional acts, breach of contract or breach of warranty shall not exceed the total compensation received by HRG under this Agreement, or the amount paid on behalf of HRG by their insurers in settlement or satisfaction of CLIENT's claims under the terms and conditions of HRG's professional insurance policy or policies applicable thereto, whichever is greater.

18. **DESIGN WITHOUT CONSTRUCTION PHASE SERVICES:** It is understood and agreed that HRG's Basic Services under this Agreement do not include project observation or review of the Contractor's performance or any other construction phase services, and that such services will be provided by the CLIENT. The CLIENT assumes all responsibility for interpretation of the Contract Documents and for construction observation and administration and waives any claims against HRG that may be in any way connected thereto.

In addition, the CLIENT agrees, to the fullest extent permitted by law, to indemnify and hold HRG harmless from any loss, claim or cost, including reasonable attorneys' fees and costs of defense, arising or resulting from the performance of such services by other persons or entities and from any and all claims arising from modifications, clarifications, interpretations, adjustments or changes made to the Contract Documents to reflect changed field or other conditions, except for claims arising from the sole negligence or willful misconduct of HRG.

If the CLIENT requests in writing that HRG provide any specific construction phase services, HRG will submit additional General Provisions for Construction Services and HRG shall be compensated for these Additional Services.

19. **RECORD DRAWINGS:** Record Drawings will not be prepared for this project unless the CLIENT specifically requests and agrees to compensate HRG for the extra work.

HRG will then prepare a set of reproducible record prints of Drawings showing those changes made during the construction process based upon the marked-up prints, drawings, and other data furnished by the Contractor(s) to HRG and which HRG considers significant. It is noted that HRG was not present nor involved in the construction project and has no information pertaining to the validity or completeness of the marked-up prints provided by the Contractor(s). Because these Record Drawings are based on unverified information provided by other parties which will be assumed reliable, HRG cannot and does not warrant the accuracy.

20. **CONTRACTOR/MANUFACTURER SUPPLIED DESIGNS:** The Work may require the furnishing and supplying of design services for such products as pre-manufactured buildings, tanks, special structures and systems, etc. CLIENT shall not hold HRG responsible for any such design which is furnished by others.

21. **OTHER WORK:** If the CLIENT requests HRG to provide engineering services on other Projects before a written Agreement is consummated for the other Project, the terms and conditions of this Agreement shall apply in full.

22. **AUTHORITY TO SIGN:** The individual signing this Agreement warrants that he has authority to sign as, or on behalf of, CLIENT for whom or for whose benefit HRG's services are rendered. If such individual does not have such authority, he understands and agrees that he is personally responsible for this Agreement to HRG in addition to any liability which CLIENT may have.

23. **MARKETING/ADVERTISING:** CLIENT hereby authorizes and grants to HRG the right to display a company sign at the project site during the construction phase of the project. CLIENT also grants HRG the right to use project related photographs, renderings, artist's depictions, project related articles and the like for marketing and advertisement purposes of the firm without further authorization from or compensation to the CLIENT. HRG will be responsible for securing any applicable permits and/or approvals associated with the installation of said project signs and for all direct costs associated with internal marketing and advertising activities.

24. **ENTIRE AGREEMENT:** These General Provisions, any drawings, plans, plats, and/or exhibits attached hereto, and the Proposal or Agreement to which these items are attached, set forth the entire understanding and agreement between the parties with respect to the subject matter contained therein and shall be binding upon and inure (except as otherwise provided herein) to the benefit of the parties and their respective successors and assigns. This Agreement supersedes all prior documents, agreements, and understandings between the parties with respect to the transactions contemplated hereby.



Herbert, Rowland & Grubic, Inc.
Engineering & Related Services

AN EMPLOYEE-OWNED COMPANY

2017 FEE SCHEDULE

Classification	Hourly Billing Rates
Junior Technician	\$75.00
Administrative Staff	\$85.00
Technician I	\$125.00
Technician II	\$130.00
Senior Technician	\$135.00
Staff Professional I	\$135.00
Staff Professional II	\$150.00
Project Professional	\$185.00
Senior Professional	\$215.00
Principal	\$225.00

Professionals include Engineers, Land Surveyors, Landscape Architects, Planners, Geologists, Scientists and similar professionals.

Technicians include Designers, CADD Operators, Inspectors, Survey Technicians and similar technical staff.

All non-exempt employees have overtime rates of 1.5 times their normal billing rate.

Reimbursable expenses are billed at cost plus 10%, including, but not limited to Travel, Printing, Postage, Photography, Videos, Laboratory Work, Equipment Rental, and special outside Consultants.

PLEASE NOTE: HRG adjusts the fee schedule annually to reflect the cost of doing business for the coming year. This fee schedule is effective January 1, 2017 through December 31, 2017.

DRAFT OF CUSTOMER NOTIFICATION



DRAFT

DATE

Dear New Aqua Wastewater Customer,

I am pleased to let you know that on INSERT DATE, Aqua Pennsylvania Wastewater (Aqua) became the owner of the assets of the Limerick Township wastewater system. I would like to formally welcome you as customers and provide you with information about Aqua, our operations and customer service.

Aqua is a regional water and wastewater company that provides water and wastewater service to approximately 1.4 million people throughout 32 counties in Pennsylvania. We have been providing service to customers in southeastern Pennsylvania for more than 130 years and look forward to providing you with excellent service.

You will receive a formal welcome packet in the mail with more detailed information. If you need to speak with an Aqua representative or have questions about service, our customer service representatives are available weekdays between 8 a.m. and 5 p.m. at 877.987.2782. Emergencies after hours, on weekends and holidays should be reported to the same number.

In addition to mailing your payment, Aqua customers have several bill payment options including WaterSmart e-billing, which allows you to pay your bill online as well as receive an electronic bill. To learn more about these options, please visit our website at AquaAmerica.com and look for the icons below to choose your WaterSmart options.



Your wastewater rates will remain the same and any future change will be subject to approval of the Pennsylvania Public Utility Commission.

We look forward to serving you.

Sincerely,

A handwritten signature in black ink, appearing to read "Marc Lucca".

Marc Lucca
President

**LETTER OF LIMERICK TOWNSHIP
RE DEBT OBLIGATIONS**



LIMERICK TOWNSHIP

646 WEST RIDGE PIKE
LIMERICK, PENNSYLVANIA 19468

ADMINISTRATION OFFICES
(610) 495-6432
FAX (610) 495-0353
FAX (610) 495-0952

POLICE DEPARTMENT
(610) 495-7909
FAX (610) 495-5702

May 26, 2017

Thomas Rafferty
Director, Corporate Development
Aqua Pennsylvania, Inc.

RE: Sewer Debt

Dear Mr. Rafferty:

This letter is to confirm that there are no Pennvest loans on the Limerick Township sewer utility system. Additionally, the sewer system assets are not used as collateral to secure any outstanding debt obligations of the Township.

Limerick Township has three outstanding debt issues:

<u>Issue</u>	<u>Balance outstanding as of 5/25/17</u>
Sewer Revenue Bonds, Series B of 2001	\$3,701,000
General Obligation Note, Series 2014	\$3,825,000
General Obligation Bond, Series 2015	\$4,365,000

The above sewer debt is also listed on the financial statements provided to Aqua and attached here.

If you have any questions or concerns, please feel free to contact me at the Limerick Office.

Sincerely,

LIMERICK TOWNSHIP

Daniel K. Kerr
Township Manager

cc: Beth F. DiPrete, Assistant Township Manager/Treasurer

**ACKNOWLEDGMENT OF LIMERICK
TOWNSHIP RE COMPRENSIVE PLAN**



Aqua America, Inc.
762 W. Lancaster Avenue
Bryn Mawr, PA 19010

www.aquaamerica.com

May 25, 2017

Mr. Michael McCloskey, Jr., Chairman
Limerick Township Planning Commission
Limerick Township Building
646 W Ridge Pike
Limerick, PA 19468

Re: Aqua Pennsylvania Wastewater, Inc. application to serve a portion of Limerick Township

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

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

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

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

If you have any questions, please call me at (610) 645-1092 or e-mail MJBubel@aquaamerica.com.

Sincerely,

Mark J. Bubel, P.E.
Senior Project Engineer

Aqua Pennsylvania Wastewater's application is consistent with the applicable comprehensive plans and zoning ordinances.

Limerick Township Planning Commission Signature [Signature]

Printed Name / Title M.J. McCloskey, Jr. Chairman Planning Com Date 5-25-17

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

**ACKNOWLEDGMENT OF MONTGOMERY
COUNTY RE COMPREHENSIVE PLAN**

A UA

APPLICANT'S COPY
TO BE RETURNED TO THE
APPLICANT

DATE RECEIVED: _____

May 25, 2017

Mr. Steven Kania, Director
Administration, County Planning Commission
One Montgomery Plaza
Suite 200
425. Brown St.
Montgomery, PA 19101

Re: Aquia Pennsylvania Waste Water, Inc. (Aquia) is submitting an application to serve the residents of Lincoln Township.


Aquia Pennsylvania Waste Water, Inc. (Aquia) is submitting an application with the Pennsylvania Public Utilities Commission (PUC) to approve the right to enter, render, install, or provide wastewater service to the public as a portion of Linrick Township, Montgomery County, Pennsylvania.

As part of the application process, the PUC requires that the applicant certify compliance with the national best management practices (BMP) required by the Pennsylvania Department of Environmental Protection (PA DEP) to comply with the Clean Water Act and applicable

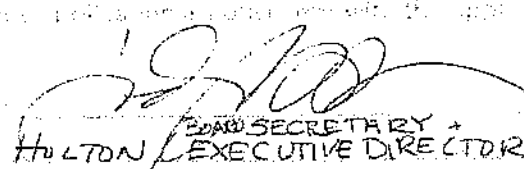
regulations. The PUC requires that the County certify the following questions:

- 1. Do they have a best management practices (BMP) plan for the treatment and management of runoff? **Yes**
- 2. Do they have a stormwater management plan? **Yes**
- 3. Do they have a high quality municipal or multi-jurisdictional comprehensive plan? **No**
- 4. Do they have a high quality municipal zoning ordinance that is comprehensive and up-to-date? **Yes**
- 5. Do they have a local public works department with trained comprehensive pipe and/or sanitary sewers? **Yes**
- 6. Do they have a policy to adopt the above questions, if not, high quality local public works department that the applicant is consistent with the applicable comprehensive plans and zoning ordinance? **Yes**
The wastewater permit application is consistent with the applicable comprehensive plans and zoning ordinance.

If you have any questions, please call me at 610-261-1000 or email hilton@hiltonhobbs.com. Thank you very much.


Mark J. Hilton, PE
Senior Project Director

Approved by the County Planning Commission on this date: _____

Approved by the County Executive on this date: _____

Mark J. Hilton, PE
Senior Project Director

5/25/17

CERTIFICATE OF SERVICE

I hereby certify that I have this 30th day of May, 2017, served a true and correct copy of the foregoing letter and additional information upon the persons and in the manner set forth below:

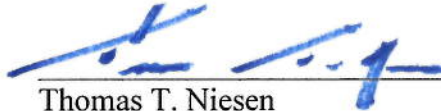
HAND DELIVERY

Office of Small Business Advocate
Suite 202, Commerce Building
300 North Second Street
Harrisburg, PA 17101

Office of Consumer Advocate
555 Walnut Street
Forum Place, 5th Floor
Harrisburg, PA 17101-1923

Bureau of Technical Utility Services
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
Harrisburg, PA 17105-3265

Bureau of Investigation and Enforcement
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
Post Office Box 3265
Harrisburg, PA 17105-3265



Thomas T. Niesen
PA Attorney ID No. 31379

RECEIVED
2017 MAY 30 PM 3:07
PA PUC BUREAU
SECRETARY'S BUREAU
FRONT DESK