

Morgan Lewis

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September 10, 2018

VIA FEDERAL EXPRESS

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

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SEP 10 2018

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

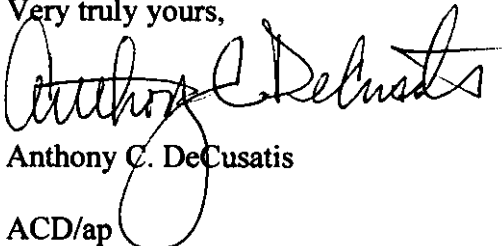
**Re: Pennsylvania Public Utility Commission v.
Aqua Pennsylvania, Inc. and Aqua Pennsylvania Wastewater, Inc.
Docket Nos. R-2018-3003558 and R-2018-3003561**

Dear Secretary Chiavetta:

Enclosed for filing in the above-captioned proceedings, please find **Aqua Pennsylvania, Inc. and Aqua Pennsylvania Wastewater, Inc.'s Responses to the Bureau of Technical Utility Services Data Request, Set I, Nos. TUS-R-1 through TUS-R-15.**

If you have any questions, please do not hesitate to contact me.

Very truly yours,



Anthony C. DeCusatis

ACD/ap
Enclosures

c: Per the Certificate of Service (w/encl.)

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Witness: William C. Packer
Date: 09/10/2018

AQUA PENNSYLVANIA, INC.

BUREAU OF TECHNICAL UTILITY SERVICES

DATA REQUEST SET 1

DOCKET NO. R-2018-3003558

- TUS-R-1.** Please explain why Aqua's press release does not contain the following information required pursuant to 52 Pa. Code § 53.45(b)(3) and state if Aqua will correct these apparent deficiencies:
- a. The percentage increase to the company's annual revenues;
 - b. The dollar increase to a typical commercial and industrial customer's total bill; and
 - c. A statement that customers may contact the company at a toll free telephone number to get further information or to find out what actions they may take.

RESPONSE:

The Company's press release substantially complied with all necessary regulatory requirements. The Company has provided a similar, if not the same, press release over the past several rate cases, of which the Commission has not stated that such press release was deficient. Moreover, the largest water and wastewater public utility, filing just one year ago at Docket No. R-2017-2595853, provided a substantially similar press release and no deficiency was claimed by the Commission in its final order.

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Witness: William C. Packer

Date: 09/10/2018

AQUA PENNSYLVANIA, INC.

BUREAU OF TECHNICAL UTILITY SERVICES

DATA REQUEST SET 1

DOCKET NO. R-2018-3003558

- TUS-R-2.** Please explain why Aqua's customer notices do not contain the following information required pursuant to 52 Pa. Code § 53.45(b)(1)(i) and state if Aqua will correct these apparent deficiencies:
- a. The percentage increase applicable to each customer class;
 - b. A statement that explains the Public Utility Commission can prevent existing rates from changing until it investigates and/or holds hearings on the request;
 - c. A statement that explains the Public Utility Commission may change the amount of the rate increase or decrease requested by the utility for each customer class; and
 - d. The three paragraphs identifying the actions a customer can take are significantly altered from the specified sequence and language and are not clear.

RESPONSE:

The Company's customer notice substantially complied with all necessary regulatory requirements. The Company has provided a similar, if not the same, customer notice over the past several rate cases, of which the Commission has not stated that such customer notice was deficient. Moreover, the largest water and wastewater public utility, filing just one year ago at Docket No. R-2017-2595853, provided a substantially similar customer notice and no deficiency was claimed by the Commission in its final order.

Witness: Renee T. Marquis

Date: 09/10/2018

AQUA PENNSYLVANIA, INC.

BUREAU OF TECHNICAL UTILITY SERVICES

DATA REQUEST SET 1

DOCKET NO. R-2018-3003558

TUS-R-3. Several customer notices, including the Bristol customer notice, contain mathematical errors in the calculations for the increase for a typical customer. For example, the Bristol customer notice indicates, "Residential customers with a 5/8" meter using 4,080 gallons a month would increase from \$55.80 to \$69.07 per month." However, the proposed tariff indicates that a Bristol customer with these metrics would pay \$38.90 per month. The commercial and industrial examples shown also appear to be miscalculated according to the proposed tariff. Please state if Aqua will correct these apparent errors in the customer notices.

RESPONSE:

The Bristol and Bensalem customer notice pages were inadvertently switched in the filing to the Commission. Please see the attached customer notices as provided to the customers of Bristol Township and Bensalem.

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PA PUBLIC UTILITY COMMISSION
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TUS-R-3 Attachment 1

NOTICE OF PROPOSED WATER RATE CHANGES

Dear Customer:

Aqua Pennsylvania, Inc. ("Aqua" or "Company") filed a request with the Pennsylvania Public Utility Commission ("PUC") on Aug. 17, 2018 to increase your water rates as of Oct. 16, 2018. A full investigation of this request could delay the change until May 2019. This notice describes our request, the PUC's role, and what actions you can take.

AQUA PENNSYLVANIA'S RATE REQUEST

Aqua is requesting an overall rate increase of \$71.8 million per year in total for all of its water and wastewater operations. This covers investments in system repairs and improvements that Aqua has already made since June 2012 and projected through March 2020. It also covers the cost of operation and maintenance, essential providing reliable utility service. Since the last rate case, Aqua has invested approximately \$2.2 billion in infrastructure and other service improvements — that's an average capital investment of approximately \$4,855 per customer.

THE RATES YOU PAY DIRECTLY BENEFIT YOUR COMMUNITY

The investments Aqua has made in its water and wastewater systems have increased reliability and capacity, and helped prevent service interruptions. Specifically, in Bristol Township, the rates you pay have gone toward repairs and improvements including approximately \$14 million to replace aging water mains.

Aqua's commitment to ongoing system investments helps ensure water quality and uninterrupted service. It also helps protect our customers from critical systems failures that many U.S. communities are now facing due to aging water and wastewater infrastructure.

If the Company's entire request is approved, the typical water bill for:

- Residential customers with a 5/8" meter using 4,080 gallons a month would increase from \$24.24 to \$38.90 per month.
- Commercial customers with a 5/8" meter using 14,800 gallons a month would increase from \$116.15 to \$147.26 per month.

Aqua's filing with the PUC also requests a combined revenue requirement for the Company's water and wastewater operations.

To find out how the request may change your water bill, or to address any other questions you might have, contact Aqua at 877.987.2782. You can find the rates we asked for in Original Tariff Water – PA P.U.C. No. 2 and Original Tariff Sewer – PA P.U.C. No. 2, filed with the PUC or on our website at AquaAmerica.com. You may review the material we filed with the PUC at our office in Bryn Mawr, Pennsylvania. You can also ask us to send you a copy of our Statement of Reasons, which is a plain language summary of why we need to raise our rates.

PUC ROLE

The state agency that approves rates for public utilities is the PUC. The PUC will review and investigate the requested rate increase. The Company must prove that the requested rates are reasonable. After examining the evidence, the PUC may grant all, some, or none of the request or may reduce existing rates. As a result, the final effect on your bill may be different than the Company's request.

ACTIONS YOU CAN TAKE

You may challenge the Company's request by:

1. Sending a letter to the PUC. You can tell the PUC why you object to the requested rate increase in your letter. You can also tell the PUC about any other concerns you have about the Company. This information can be helpful when the PUC investigates the rate request. Send your letter to the Pennsylvania Public Utility Commission, Post Office Box 3265, Harrisburg, PA 17105-3265.
2. Attending or presenting testimony at PUC Public Input Hearings. You can attend or be a witness at a PUC public hearing. The PUC holds public input hearings if it opens an investigation of the Company's rate increase request and if there is enough interest in the case. At these hearings you may present your views in person to the PUC judge and to Company representatives. Testimony under oath becomes part of the rate case record. The PUC holds these hearings in the service area of the Company. For more information, call the PUC at 800.692.7380.

3. **Becoming a party by filing a formal complaint.** If you want to be a party to the case, you must file a formal complaint. You then have an opportunity to take part in all hearings about the rate increase request. You can receive copies of all materials distributed by the other parties. Formal complaints should be filed with the PUC before Oct. 16, 2018. If no one files a formal complaint, the PUC may grant all, some or none of the request without holding a hearing before a PUC judge. You can request a formal complaint form by writing to the Pennsylvania Public Utility Commission, Post Office Box 3265, Harrisburg, PA 17105-3265, or by going to its website: www.puc.state.pa.us.

BRISTOL

BRISTOL

762 W. Lancaster Ave.
Bryn Mawr, PA 19010

AQUA

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

TUS-R-3 Attachment 2

NOTICE OF PROPOSED WATER RATE CHANGES

Dear Customer:

Aqua Pennsylvania, Inc. ("Aqua" or "Company") filed a request with the Pennsylvania Public Utility Commission ("PUC") on Aug. 17, 2018 to increase your water rates as of Oct. 16, 2018. A full investigation of this request could delay the change until May 2019. This notice describes our request, the PUC's role, and what actions you can take.

AQUA PENNSYLVANIA'S RATE REQUEST

Aqua is requesting an overall rate increase of \$71.8 million per year in total for all of its water and wastewater operations. This covers investments in system repairs and improvements that Aqua has already made since June 2012 and projected through March 2020. It also covers the cost of operation and maintenance, essential to providing reliable utility service. Since the last rate case, Aqua has invested approximately \$2.2 billion in infrastructure and other service improvements — that's an average capital investment of approximately \$4,855 per customer.

THE RATES YOU PAY DIRECTLY BENEFIT YOUR COMMUNITY

The investments Aqua has made in its water and wastewater systems have increased reliability and capacity, and helped prevent service interruptions. Specifically, in your community, the rates you pay have supported approximately \$6 million in repairs and improvements to replace aging water main.

Aqua's commitment to ongoing system investments helps ensure water quality and uninterrupted service. It also helps protect our customers from critical systems failures that many U.S. communities are now facing due to aging water and wastewater infrastructure.

If the Company's entire request is approved, the typical water bill for:

- Residential customers with a 5/8" meter using 4,080 gallons a month would increase from \$55.80 to \$69.07 per month.
- Commercial customers with a 5/8" meter using 50,700 gallons a month would increase from \$468.54 to \$557.48 per month.
- Industrial customers with a 1" meter using 53,500 gallons a month would increase from \$523.48 to \$618.47 per month.

Aqua's filing with the PUC also requests a combined revenue requirement for the Company's water and wastewater operations.

To find out how the request may change your water bill, or to address any other questions you might have, contact Aqua at 877.987.2782. You can find the rates we asked for in Original Tariff Water – PA P.U.C. No. 2 and Original Tariff Sewer – PA P.U.C. No. 2, filed with the PUC or on our website at AquaAmerica.com. You may review the material we filed with the PUC at our office in Bryn Mawr, Pennsylvania. You can also ask us to send you a copy of our Statement of Reasons, which is a plain language summary of why we need to raise our rates.

PUC ROLE

The state agency that approves rates for public utilities is the PUC. The PUC will review and investigate the requested rate increase. The Company must prove that the requested rates are reasonable. After examining the evidence, the PUC may grant all, some, or none of the request or may reduce existing rates. As a result, the final effect on your bill may be different than the Company's request.

ACTIONS YOU CAN TAKE

You may challenge the Company's request by:

1. Sending a letter to the PUC. You can tell the PUC why you object to the requested rate increase in your letter. You can also tell the PUC about any other concerns you have about the Company. This information can be helpful when the PUC investigates the rate request. Send your letter to the Pennsylvania Public Utility Commission, Post Office Box 3265, Harrisburg, PA 17105-3265.
2. Attending or presenting testimony at PUC Public Input Hearings. You can attend or be a witness at a PUC public hearing. The PUC holds public input hearings if it opens an investigation of the Company's rate increase request and if there is enough interest in the case. At these hearings you may present your views in person to the PUC judge and to Company representatives. Testimony under oath becomes part of the rate case record. The PUC holds these hearings in the service area of the Company. For more information, call the PUC at 800.692.7380.

3. **Becoming a party by filing a formal complaint.** If you want to be a party to the case, you must file a formal complaint. You then have an opportunity to take part in all hearings about the rate increase request. You can receive copies of all materials distributed by the other parties. Formal complaints should be filed with the PUC before Oct. 16, 2018. If no one files a formal complaint, the PUC may grant all, some or none of the request without holding a hearing before a PUC judge. You can request a formal complaint form by writing to the Pennsylvania Public Utility Commission, Post Office Box 3265, Harrisburg, PA 17105-3265, or by going to its website: www.puc.state.pa.us.

BENSALEM

Bensalem

762 W. Lancaster Ave.
Bryn Mawr, PA 19010



Witness: Renee T. Marquis

Date: 09/10/2018

AQUA PENNSYLVANIA, INC.

BUREAU OF TECHNICAL UTILITY SERVICES

DATA REQUEST SET 1

DOCKET NO. R-2018-3003558

- TUS-R-4** Provide statements pursuant to 52 Pa. Code § 53.52(a), *et seq*, for each change in the terms and conditions of service rendered or to be rendered that will result from the proposed tariff. This response should include, but not be limited to, statements addressing the following apparent changes reflected in Tariff Water-PA P.U.C. No. 2:
- a. Original Page 26 adds a DSIC exemption for future customers with negotiated contracts for which a reduction or exemption is shown to be reasonably necessary.
 - b. Original Page 27 adds “rates or” to the last sentence of the “New Base Rates” section.
 - c. Original Page 32 adds an additional sentence concerning hydrant location to the “Qualified Private Fire Protection Service” section.
 - d. Original Page 38 adds “no gross-up” language to Rule 8 and a new “Creditworthiness” rule.
 - e. Original Page 39 adds new language in the final sentence of rule 16 after “credit card”.
 - f. Original Page 40 adds new language in the final sentence of Rule 17.
 - g. Original Page 42 changes the minimum depth for service lines, adds a bedding requirement, and provides for using other industry-approved materials. The first sentence also contains an apparent error.
 - h. Original Page 45 raises a pressure requirement from 80 to 100 psi.
 - i. Original Page 47 adds two new sentences to the end of Rules 39 and 40.
 - j. Original Page 50 adds three new sentences to the end of Rule 48 and modifies flow testing requirements in Rule 50.

- k. Original Page 52 raises a \$5 fee to \$10.50 in Rule 55.
- l. Original Page 53 adds one new sentence to the end of Rule 56.
- m. Original Page 54 adds Rule 59, which appears to conflict, and is partially duplicative of, Rule 17 on Original Page No. 40.
- n. Original Page 58 contains several apparent errors in Rule 62.1, making it unclear whether a change is proposed.
- o. Original Page 65 contains three new rules.

RESPONSE: Changes made to the tariff were based on a comprehensive review conducted to ensure consistency with existing best practices and provide clarity where needed. Specific reasons for each change are listed below. The effect of the changes on the utility's customers and the service rendered by the utility is implicit in these explanations. The total number of customers served by the utility can be found in Mr. Packer's testimony (AP Statement 1). These revisions generally apply to all customers and will be implemented when all changes go into effect.

- a. Negotiated contract customers by virtue of their ability to provide service to themselves and/or special circumstances that occasioned the addition of a new customer at contract rates are excluded from the DSIC surcharges as per the terms of the contract.
- b. This addition is in accordance with the Commission's supplemental implementation order addressing standard language concerning DSIC, which can be found at Docket # M-2012-2293611.
- c. The additional sentence to hydrant location was added to clarify requirements for Qualified Private Fire Protection Service per industry best practices. There are Qualified Private Hydrants only in the Main Division and Oakland Beach/Lakeside Acres. The number of customers affected is minimal and there is no change on the existing service rendered by the utility, existing customers, or the utility's revenue or expenses.
- d. The "gross up" language was added due to a change pursuant to the TCJA which allows the company to pay taxes up front, instead of charging them to developers. The new creditworthiness rule was added to ensure that customers are not connecting to a new service with an existing balance, or switching their service address and leaving a balance.

- e. The additional language was added to include the specific ramifications of not complying with the requirements listed. This is in accordance with Commission regulations, is not a change to actual service/procedures, and is intended to increase disclosure.
- f. The additional statement was added to clarify that the \$50 turn-on charge only applies when an employee has to go to a location to physically turn on the water service.
- g. The minimum depth for service lines was changed from “at least four feet below the surface of the ground” to “at a minimum depth of cover specified by the company” because the minimum requirements for frost line protection vary within the state. The previously specified four feet minimum is not deep enough in some areas that experience very cold weather, but is adequate for warmer areas of the state.

The requirement that service lines must be “bedded in at least 6 inches of sand” is an existing company practice to protect the service line from rocks and other debris. It was added to maintain tariff consistency with current practice.

The allowance of service lines made of additional industry-approved materials was inserted to avoid conflict with local municipality and plumbing code.

A change to the first sentence will be made in the final compliance tariff.

- h. This change was unintentional and will be made in the final compliance tariff.
- i. The additional language was added to obligate the builder to protect the meter from damage during construction. If the builder does not own the meter and is not responsible for the cost of repair, then there is little incentive for the builder to take precautions to avoid damaging the meter during construction.
- j. Additional language was added to Rule 48 to provide clarification on fire hydrant use and include the requirement of a backflow device on hydrants that are approved for use other than extinguishing fires.

The language that was added to Rule 50 allows flow testing to be conducted, at the request of municipalities, only after significant changes have been made to the system, consistent with existing practice. Adding

the language memorializes the practice, and communicates to municipalities when such testing is appropriate.

- k. The \$5.00 yearly administrative fee per return certificate of the required backflow and cross-connections testing was increased to \$10.50 to match the cost of such testing.
- l. Please refer to the response to R-13 for a copy of Attachment A which will be added to the final compliance tariff to conform with the Water Services Act 53 P.S. §3102.501 et seq.
- m. Rule 59 was added to clarify the terms of restoration of service, which include the \$50 turn-on charge that applies when an employee goes to a location to physically turn on the water service (in line with Rule 17).
- n. The first sentence of Rule 62.1 is duplicative and will be removed in the final compliance tariff. No revisions are being proposed to Rule 62.1 in this tariff revision.
- o. The addition of Rules 68 and 69 are based on the Commission's example tariff located on the PUC website (http://www.puc.state.pa.us/consumer_info/water/wastewater/rates_tariffs.aspx).

Rule number 70 was previously included only in the wastewater tariff, however it applies to both water and wastewater services. It was added to the water tariff for consistency purposes.

Witness: Renee T. Marquis
Date: 09/10/2018

AQUA PENNSYLVANIA, INC.

BUREAU OF TECHNICAL UTILITY SERVICES

DATA REQUEST SET 1

DOCKET NO. R-2018-3003558

TUS-R-5 Attachment 3 to AP Statement No. 2 identifies several acquisitions for which Aqua is requesting an acquisition adjustment. However, although each acquisition states 66 Pa. C.S. § 1327(a)(3) and (4) have been satisfied, no additional information is provided as to how each acquisition satisfies the requirements. Please supplement Attachment 3 to AP Statement No. 2 to include explanations as to how each acquisition satisfies 66 Pa. C.S. § 1327(a)(3) and (4).

RESPONSE:

Please see the attached.

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TUS-R-5 Attachment 1

**SATISFACTION OF THE CRITERIA ESTABLISHED BY §1327(A)
FOR INCLUDING IN RATE BASE A POSITIVE ACQUISITION ADJUSTMENT**

Sand Springs Water Company, Inc.

Section 1327(a) Criteria	Satisfied (Y/N)	Explanation
(1) the property is used and useful in providing water or sewer service;	Yes	On November 1, 2011, Aqua Pennsylvania, Inc. ("Aqua") acquired the Water System Assets ("Assets") of the Sand Springs Water Company, Inc. ("Seller"). The Seller's Assets were used and useful in providing water service and an original cost study was prepared and submitted to the Commission. Reference: Original Cost Study
(2) the public utility acquired the property from another public utility, a municipal corporation or a person which had 3,300 or fewer customer connections or which was nonviable in the absence of the acquisition;	Yes	Prior to Aqua's acquisition of Seller's Assets, Sand Springs Water Company, Inc. was providing water service to 330 residential customers in portions of Butler Township, Luzerne County, Pennsylvania. Reference: Commission Order Docket Nos. A-2011-2250344 and A-2011-2250345
(3) the public utility, municipal corporation or person from which the property was acquired was not, at the time of acquisition, furnishing and maintaining adequate, efficient, safe and reasonable service and facilities, evidence of which shall include, but not be limited to, any one or more of the following: (i)	Yes	Sand Springs Water Company, Inc. was established by the developer of the Sand Springs development in Luzerne County, Pennsylvania. The owners of the company made a firm decision to divest their ownership of the company and to cease having any role in its ownership or management. As a consequence, there was uncertainty surrounding the availability of sources of capital needed to sustain the water system and to make necessary improvements as well as the continued availability of technical, managerial and supervisory expertise and operating experience

<p>violation of statutory or regulatory requirements of the Department of Environmental Resources or the commission concerning the safety, adequacy, efficiency or reasonableness of service and facilities;</p> <p>(ii) a finding by the commission of inadequate financial, managerial or technical ability of the small water or sewer utility;</p> <p>(iii) a finding by the commission that there is a present deficiency concerning the availability of water, the palatability of water or the provision of water at adequate volume and pressure;</p> <p>(iv) a finding by the commission that the small water or sewer utility, because of necessary improvements to its plant or distribution system, cannot reasonably be expected to furnish and maintain adequate service to its customers in the future at rates equal to or less than those of the acquiring public utility; or</p> <p>(v) any other facts, as the commission may determine, that evidence the inability of the small water or sewer utility to furnish or maintain adequate, efficient, safe and reasonable service and facilities;</p>		<p>necessary to continue to operate the company and provide safe, reasonable and reliable service. Without the acquisition of the company by Aqua, the company would have faced a number of obstacles that, over the near and intermediate term, would have threatened its ability to continue to furnish and maintain adequate, efficient, safe and reasonable service and facilities. During due diligence, the Company noted that both Sand Springs wells (1 & 2) had pH issues (low hardness and alkalinity) and high iron & manganese.</p>
<p>(4) reasonable and prudent investments will be made to assure that the customers served by the property will receive adequate, efficient, safe and</p>	<p>Yes</p>	<p>Aqua has invested \$483,723 into the Sand Springs water system since 2011. Aqua installed water meters for each customer, made electrical and mechanical improvements at a booster pumping station and at the well treatment station, installed a pH control</p>

reasonable service;		chemical addition system, replaced the media in an iron removal filtration system, painted the well house, and added SCADA & security systems in Sand Springs.
(5) the public utility, municipal corporation or person whose property is being acquired is in agreement with the acquisition and the negotiations which led to the acquisition were conducted at arm's length;	Yes	Aqua and the Seller entered into an <i>Asset Purchase Agreement</i> , which was negotiated at arm's length. On June 28, 2011, the parties filed a <i>Joint Application</i> with the PUC requesting the approvals necessary for the proposed transfer. By <i>Order</i> entered August 25, 2011, at Docket Nos. A-2011-2250344 and A-2011-2250345, the PUC granted the approvals requested in the <i>Joint Application</i> .
(6) the actual purchase price is reasonable;	Yes	The total purchase price for Seller's Assets was \$1,550,000 and was negotiated at arm's length. The Commission approved the company's application to acquire Sand Springs Water Company, Inc. and an original cost study was prepared to support the utility plant purchase. Reference: Commission Order Docket Nos. A-2011-2250344 and A-2011-2250345
(7) neither the acquiring nor the selling public utility, municipal corporation or person is an affiliated interest of the other;	Yes	The Seller is not an affiliated interest of Aqua.
(8) the rates charged by the acquiring public utility to its pre-acquisition customers will not increase unreasonably because of the acquisition; and	Yes	The <i>Asset Purchase Agreement</i> and the PUC <i>Order</i> stipulated that Aqua adopt the Seller's existing rate structure.
(9) the excess of the acquisition cost over the depreciated original cost will be added to the rate base to be amortized as an addition to expense	Yes	The excess of the acquisition cost over depreciated original cost has been included in Aqua's rate base claim in this case and will be amortized over 20 years commencing on the date new base

over a reasonable period of time with
corresponding reductions in the rate base.

rates become effective.

**SATISFACTION OF THE CRITERIA ESTABLISHED BY §1327(A)
FOR INCLUDING IN RATE BASE A POSITIVE ACQUISITION ADJUSTMENT**

Mifflin Township Water Authority

Section 1327(a) Criteria	Satisfied (Y/N)	Explanation
<p align="center">(1)</p> <p>the property is used and useful in providing water or sewer service;</p>	<p align="center">Yes</p>	<p>On April 2, 2012, Aqua Pennsylvania, Inc. ("Aqua") acquired the Water System Assets ("Assets") of the Mifflin Township Water Authority ("Seller"). The Seller's Assets were used and useful in providing water service and an original cost study was prepared and submitted to the Commission.</p> <p>Reference: Original Cost Study</p>
<p align="center">(2)</p> <p>the public utility acquired the property from another public utility, a municipal corporation or a person which had 3,300 or fewer customer connections or which was nonviable in the absence of the acquisition;</p>	<p align="center">Yes</p>	<p>Prior to Aqua's acquisition of Seller's Assets, Mifflin Township Water Authority, Inc. was providing water service to 483 residential customers and 5 commercial customers in portions of Mifflin Township, Columbia County, Pennsylvania.</p> <p>Reference: Commission Order Docket No. A-2011-2272163</p>
<p align="center">(3)</p> <p>the public utility, municipal corporation or person from which the property was acquired was not, at the time of acquisition, furnishing and maintaining adequate, efficient, safe and reasonable service and facilities, evidence of which shall include, but not be limited to, any one or more of the following:</p> <p align="center">(i)</p> <p>violation of statutory or regulatory requirements</p>	<p align="center">Yes</p>	<p>On October 28, 2008 the Pennsylvania Department of Environmental Protection and Mifflin Township Water Authority entered into a Consent Order and Agreement to address the system water losses which were estimated to be 85.5%.</p>

<p>of the Department of Environmental Resources or the commission concerning the safety, adequacy, efficiency or reasonableness of service and facilities;</p> <p>(ii) a finding by the commission of inadequate financial, managerial or technical ability of the small water or sewer utility;</p> <p>(iii) a finding by the commission that there is a present deficiency concerning the availability of water, the palatability of water or the provision of water at adequate volume and pressure;</p> <p>(iv) a finding by the commission that the small water or sewer utility, because of necessary improvements to its plant or distribution system, cannot reasonably be expected to furnish and maintain adequate service to its customers in the future at rates equal to or less than those of the acquiring public utility; or</p> <p>(v) any other facts, as the commission may determine, that evidence the inability of the small water or sewer utility to furnish or maintain adequate, efficient, safe and reasonable service and facilities;</p>		
<p>(4) reasonable and prudent investments will be made to assure that the customers served by the property will receive adequate, efficient, safe and reasonable service;</p>	<p>Yes</p>	<p>The estimated water loss as of April 30, 2018 was 31%. By the end of 2018, 55% of the existing main will be replaced with a total spend of approximately \$3.9 million since Aqua's acquisition of the system.</p>

<p>(5) the public utility, municipal corporation or person whose property is being acquired is in agreement with the acquisition and the negotiations which led to the acquisition were conducted at arm's length;</p>	<p>Yes</p>	<p>Aqua and the Seller entered into an <i>Asset Purchase Agreement</i>, which was negotiated at arm's length. On November 8, 2011, Aqua filed an <i>Application</i> with the PUC requesting the approvals necessary for the proposed transfer. By <i>Order</i> entered February 17, 2012, at Docket No. A-2011-2272163, the PUC granted the approvals requested in the <i>Application</i>.</p>
<p>(6) the actual purchase price is reasonable;</p>	<p>Yes</p>	<p>The total purchase price for Seller's Assets was \$1,114,000 and was negotiated at arm's length. The Commission approved the company's application to acquire Mifflin Township Water Authority and an original cost study was prepared to support the utility plant purchase.</p> <p>Reference: Commission Order Docket No. A-2011-2272163</p>
<p>(7) neither the acquiring nor the selling public utility, municipal corporation or person is an affiliated interest of the other;</p>	<p>Yes</p>	<p>The Seller is not an affiliated interest of Aqua.</p>
<p>(8) the rates charged by the acquiring public utility to its pre-acquisition customers will not increase unreasonably because of the acquisition; and</p>	<p>Yes</p>	<p>The <i>Asset Purchase Agreement</i> and the PUC <i>Order</i> stipulated that Aqua adopt the Seller's existing rate structure.</p>
<p>(9) the excess of the acquisition cost over the depreciated original cost will be added to the rate base to be amortized as an addition to expense over a reasonable period of time with corresponding reductions in the rate base.</p>	<p>Yes</p>	<p>The excess of the acquisition cost over depreciated original cost has been included in Aqua's rate base claim in this case and will be amortized over 20 years commencing on the date new base rates become effective.</p>

**SATISFACTION OF THE CRITERIA ESTABLISHED BY §1327(A)
FOR INCLUDING IN RATE BASE A POSITIVE ACQUISITION ADJUSTMENT**

Total Environmental Solutions, Inc. (TESI) - Beech Mountain Lakes Resort Community Water System

Section 1327(a) Criteria	Satisfied (Y/N)	Explanation
(1) the property is used and useful in providing water or sewer service;	Yes	On May 4, 2012, Aqua Pennsylvania, Inc. ("Aqua") acquired the Water System Assets ("Assets") of the Total Environmental Solutions, Inc. ("Seller"). The Seller's Assets were used and useful in providing water service and an original cost study was prepared and submitted to the Commission. Reference: Original Cost Study
(2) the public utility acquired the property from another public utility, a municipal corporation or a person which had 3,300 or fewer customer connections or which was nonviable in the absence of the acquisition;	Yes	Prior to Aqua's acquisition of Seller's Assets, Total Environmental Solutions, Inc. was providing water service to 962 customers in the Beech Mountain Lakes Resort Community in portions of Butler and Dennison Township, Luzerne County, Pennsylvania. Reference: Commission Order Docket Nos. A-2011-2276845, A-2011-2276847, A-2011-2276856, and A-2011-2276857
(3) the public utility, municipal corporation or person from which the property was acquired was not, at the time of acquisition, furnishing and maintaining adequate, efficient, safe and reasonable service and facilities, evidence of which shall include, but not be limited to, any one or more of the following:	Yes	Prior to acquisition by Aqua, the following deficiencies were identified: <ul style="list-style-type: none"> • Water storage and distribution systems were inadequate to supply fire flow • Water supply sources were deemed "marginal" by Pa DEP • The water Distribution system was plagued with numerous breaks/leaks that resulted in numerous Boil Water

<p>(i) violation of statutory or regulatory requirements of the Department of Environmental Resources or the commission concerning the safety, adequacy, efficiency or reasonableness of service and facilities;</p> <p>(ii) a finding by the commission of inadequate financial, managerial or technical ability of the small water or sewer utility;</p> <p>(iii) a finding by the commission that there is a present deficiency concerning the availability of water, the palatability of water or the provision of water at adequate volume and pressure;</p> <p>(iv) a finding by the commission that the small water or sewer utility, because of necessary improvements to its plant or distribution system, cannot reasonably be expected to furnish and maintain adequate service to its customers in the future at rates equal to or less than those of the acquiring public utility; or</p> <p>(v) any other facts, as the commission may determine, that evidence the inability of the small water or sewer utility to furnish or maintain adequate, efficient, safe and reasonable service and facilities;</p>		<p>Advisories</p>
<p>(4) reasonable and prudent investments will be made to assure that the customers served by the</p>	<p>Yes</p>	<p>Aqua has invested approximately \$10,000,000 into the Beech Mountain Lakes water & wastewater systems since 2012. Aqua constructed a new water storage tank that is triple the size of the</p>

property will receive adequate, efficient, safe and reasonable service;		original water storage tank. Aqua has replaced 70% of the old non-metallic water distribution system piping (~47,520 feet) with ductile iron pipe. Along with the main replacements, Aqua has replaced company service lines for both water and wastewater connections. Aqua has also drilled a new water source (well) in Beech Mountain Lakes.
(5) the public utility, municipal corporation or person whose property is being acquired is in agreement with the acquisition and the negotiations which led to the acquisition were conducted at arm's length;	Yes	Aqua and the Seller entered into an <i>Asset Purchase Agreement</i> , which was negotiated at arm's length. On December 1, 2011, the parties filed a <i>Joint Application</i> with the PUC requesting the approvals necessary for the proposed transfer. By <i>Order</i> entered February 17, 2012, at Docket Nos. A-2011-2276845, A-2011-2276847, A-2011-2276856, and A-2011-2276857, the PUC granted the approvals requested in the <i>Joint Application</i> .
(6) the actual purchase price is reasonable;	Yes	The total purchase price for Seller's Assets was \$1,500,000 for the combined water and wastewater system and was negotiated at arm's length. The Commission approved the company's application to acquire Total Environmental Solutions, Inc. (TESI) - Beech Mountain Lakes Resort Community Water System and an original cost study was prepared to support the utility plant purchase. Reference: Commission Order Docket Nos. A-2011-2276845, A-2011-2276847, A-2011-2276856, and A-2011-2276857
(7) neither the acquiring nor the selling public utility, municipal corporation or person is an affiliated interest of the other;	Yes	The Seller is not an affiliated interest of Aqua.
(8) the rates charged by the acquiring public utility to its pre-acquisition customers will not increase unreasonably because of the acquisition; and	Yes	The <i>Asset Purchase Agreement</i> and the PUC <i>Order</i> stipulated that Aqua adopt the Seller's existing rate structure.

<p>(9) the excess of the acquisition cost over the depreciated original cost will be added to the rate base to be amortized as an addition to expense over a reasonable period of time with corresponding reductions in the rate base.</p>	<p>Yes</p>	<p>The excess of the acquisition cost over depreciated original cost has been included in Aqua's rate base claim in this case and will be amortized over 20 years commencing on the date new base rates become effective.</p>
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**SATISFACTION OF THE CRITERIA ESTABLISHED BY §1327(A)
FOR INCLUDING IN RATE BASE A POSITIVE ACQUISITION ADJUSTMENT**

Total Environmental Solutions, Inc. (TESI) - Treasure Lake Community Water System

Section 1327(a) Criteria	Satisfied (Y/N)	Explanation
(1) the property is used and useful in providing water or sewer service;	Yes	On March 1, 2013, Aqua Pennsylvania, Inc. ("Aqua") acquired the Water System Assets ("Assets") of the Total Environmental Solutions, Inc. ("Seller"). The Seller's Assets were used and useful in providing water service and an original cost study was prepared and submitted to the Commission. Reference: Original Cost Study
(2) the public utility acquired the property from another public utility, a municipal corporation or a person which had 3,300 or fewer customer connections or which was nonviable in the absence of the acquisition;	Yes	Prior to Aqua's acquisition of Seller's Assets, Total Environmental Solutions, Inc. was providing water service to 2,175 customers in the Treasure Lake Community in a portion of Sandy Township, Clearfield County, Pennsylvania. Reference: Commission Order Docket Nos. A-2012-2322416, A-2012-2322501, A-2012-2322448, and A-2012-2322509
(3) the public utility, municipal corporation or person from which the property was acquired was not, at the time of acquisition, furnishing and maintaining adequate, efficient, safe and reasonable service and facilities, evidence of which shall include, but not be limited to, any one or more of the following:	Yes	Prior to acquisition by Aqua, the following deficiencies were identified: <ul style="list-style-type: none"> • Insufficient source, storage, treatment, and metering • No fire flow capabilities in system due to source and storage limitations and insufficient sizing of distribution system

<p>(i) violation of statutory or regulatory requirements of the Department of Environmental Resources or the commission concerning the safety, adequacy, efficiency or reasonableness of service and facilities;</p> <p>(ii) a finding by the commission of inadequate financial, managerial or technical ability of the small water or sewer utility;</p> <p>(iii) a finding by the commission that there is a present deficiency concerning the availability of water, the palatability of water or the provision of water at adequate volume and pressure;</p> <p>(iv) a finding by the commission that the small water or sewer utility, because of necessary improvements to its plant or distribution system, cannot reasonably be expected to furnish and maintain adequate service to its customers in the future at rates equal to or less than those of the acquiring public utility; or</p> <p>(v) any other facts, as the commission may determine, that evidence the inability of the small water or sewer utility to furnish or maintain adequate, efficient, safe and reasonable service and facilities;</p>		<ul style="list-style-type: none"> • Did not consistently meet secondary MCL WQ standards.
<p>(4) reasonable and prudent investments will be made to assure that the customers served by the</p>	<p>Yes</p>	<p>Aqua has invested approximately \$12,000,000 into the Treasure Lake water system since 2013. Aqua constructed a new production well for \$1.7M and completed several main</p>

property will receive adequate, efficient, safe and reasonable service;		replacement projects for approximately \$4.0M.
(5) the public utility, municipal corporation or person whose property is being acquired is in agreement with the acquisition and the negotiations which led to the acquisition were conducted at arm's length;	Yes	Aqua and the Seller entered into an <i>Asset Purchase Agreement</i> , which was negotiated at arm's length. On August 31, 2012, the parties filed a <i>Joint Application</i> with the PUC requesting the approvals necessary for the proposed transfer. By <i>Order</i> entered December 20, 2012, at Docket Nos. A-2012-2322416, A-2012-2322501, A-2012-2322448, and A-2012-2322509, the PUC granted the approvals requested in the <i>Joint Application</i> .
(6) the actual purchase price is reasonable;	Yes	The total purchase price for Seller's Assets was \$11,800,000 for the combined water and wastewater system and was negotiated at arm's length. The Commission approved the company's application to acquire Total Environmental Solutions, Inc. (TESI) - Treasure Lake Community Water System and an original cost study was prepared to support the utility plant purchase. Reference: Commission Order Docket Nos. A-2012-2322416, A-2012-2322501, A-2012-2322448, and A-2012-2322509
(7) neither the acquiring nor the selling public utility, municipal corporation or person is an affiliated interest of the other;	Yes	The Seller is not an affiliated interest of Aqua.
(8) the rates charged by the acquiring public utility to its pre-acquisition customers will not increase unreasonably because of the acquisition; and	Yes	The <i>Asset Purchase Agreement</i> and the PUC <i>Order</i> stipulated that Aqua adopt the Seller's existing rate structure.
(9) the excess of the acquisition cost over the depreciated original cost will be added to the rate base to be amortized as an addition to expense	Yes	The excess of the acquisition cost over depreciated original cost has been included in Aqua's rate base claim in this case and will be amortized over 20 years commencing on the date new base

over a reasonable period of time with corresponding reductions in the rate base.		rates become effective.
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**SATISFACTION OF THE CRITERIA ESTABLISHED BY §1327(A)
FOR INCLUDING IN RATE BASE A POSITIVE ACQUISITION ADJUSTMENT**

BCWSA/Concord Park Community

Section 1327(a) Criteria	Satisfied (Y/N)	Explanation
<p align="center">(1)</p> <p>the property is used and useful in providing water or sewer service;</p>	<p align="center">Yes</p>	<p>On March 30, 2013, Aqua Pennsylvania, Inc. ("Aqua") acquired the Concord Park Water System Assets ("Assets") of Bucks County Water & Sewer Authority ("Seller"). The Seller's Assets were used and useful in providing water service and an original cost study was prepared and submitted to the Commission.</p> <p>Reference: Original Cost Study</p>
<p align="center">(2)</p> <p>the public utility acquired the property from another public utility, a municipal corporation or a person which had 3,300 or fewer customer connections or which was nonviable in the absence of the acquisition;</p>	<p align="center">Yes</p>	<p>Prior to Aqua's acquisition of Seller's Assets, Bucks County Water & Sewer Authority was providing water service to 168 customers in the Concord Park section in a portion of Bensalem Township, Bucks County, Pennsylvania.</p> <p>Reference: Commission Order Docket No. A-2012-2282709</p>
<p align="center">(3)</p> <p>the public utility, municipal corporation or person from which the property was acquired was not, at the time of acquisition, furnishing and maintaining adequate, efficient, safe and reasonable service and facilities, evidence of which shall include, but not be limited to, any one or more of the following:</p> <p align="center">(i)</p> <p>violation of statutory or regulatory requirements</p>	<p align="center">Yes</p>	<p>The Concord Park system prior to its acquisition by Aqua was provided water utility service by Buck County Water and Sewer Authority. The system was surrounded by the Company's Bensalem service territory and water was purchased by BCWSA from the Company to ultimately supply the customers. Given these circumstances, the Company was more capable of providing the most efficient, safe, and reliable utility service for the 168 customer of this system.</p>

<p>of the Department of Environmental Resources or the commission concerning the safety, adequacy, efficiency or reasonableness of service and facilities;</p> <p>(ii) a finding by the commission of inadequate financial, managerial or technical ability of the small water or sewer utility;</p> <p>(iii) a finding by the commission that there is a present deficiency concerning the availability of water, the palatability of water or the provision of water at adequate volume and pressure;</p> <p>(iv) a finding by the commission that the small water or sewer utility, because of necessary improvements to its plant or distribution system, cannot reasonably be expected to furnish and maintain adequate service to its customers in the future at rates equal to or less than those of the acquiring public utility; or</p> <p>(v) any other facts, as the commission may determine, that evidence the inability of the small water or sewer utility to furnish or maintain adequate, efficient, safe and reasonable service and facilities;</p>		
<p>(4) reasonable and prudent investments will be made to assure that the customers served by the property will receive adequate, efficient, safe and reasonable service;</p>	<p>Yes</p>	

<p>(5) the public utility, municipal corporation or person whose property is being acquired is in agreement with the acquisition and the negotiations which led to the acquisition were conducted at arm's length;</p>	<p>Yes</p>	<p>Aqua and the Seller entered into an <i>Asset Purchase Agreement</i>, which was negotiated at arm's length. On December 28, 2011, Aqua filed an <i>Application</i> with the PUC requesting the approvals necessary for the proposed transfer. By <i>Order</i> entered March 15, 2012, at Docket No. A-2012-2282709, the PUC granted the approvals requested in the <i>Application</i>.</p>
<p>(6) the actual purchase price is reasonable;</p>	<p>Yes</p>	<p>The total purchase price for the Seller's Assets was \$399,336 and was negotiated at arm's length. The Commission approved the company's application to acquire the Concord Park assets of Bucks County Water & Sewer Authority and an original cost study was prepared to support the utility plant purchase.</p> <p>Reference: Commission Order Docket No. A-2012-2282709</p>
<p>(7) neither the acquiring nor the selling public utility, municipal corporation or person is an affiliated interest of the other;</p>	<p>Yes</p>	<p>The Seller is not an affiliated interest of Aqua.</p>
<p>(8) the rates charged by the acquiring public utility to its pre-acquisition customers will not increase unreasonably because of the acquisition; and</p>	<p>Yes</p>	<p>The <i>Asset Purchase Agreement</i> and the PUC <i>Order</i> stipulated that Aqua adopt the Seller's existing rate structure.</p>
<p>(9) the excess of the acquisition cost over the depreciated original cost will be added to the rate base to be amortized as an addition to expense over a reasonable period of time with corresponding reductions in the rate base.</p>	<p>Yes</p>	<p>The excess of the acquisition cost over depreciated original cost has been included in Aqua's rate base claim in this case and will be amortized over 20 years commencing on the date new base rates become effective.</p>

**SATISFACTION OF THE CRITERIA ESTABLISHED BY §1327(A)
FOR INCLUDING IN RATE BASE A POSITIVE ACQUISITION ADJUSTMENT**

Mt. Jewett Borough Water System

Section 1327(a) Criteria	Satisfied (Y/N)	Explanation
<p align="center">(1)</p> <p>the property is used and useful in providing water or sewer service;</p>	<p align="center">Yes</p>	<p>On May 6, 2015, Aqua Pennsylvania, Inc. (“Aqua”) acquired the Water System Assets (“Assets”) of the Mount Jewett Borough (“Seller”). The Seller’s Assets were used and useful in providing water service and an original cost study was prepared and submitted to the Commission.</p> <p>Reference: Original Cost Study</p>
<p align="center">(2)</p> <p>the public utility acquired the property from another public utility, a municipal corporation or a person which had 3,300 or fewer customer connections or which was nonviable in the absence of the acquisition;</p>	<p align="center">Yes</p>	<p>Prior to Aqua’s acquisition of Seller’s Assets, Mount Jewett Borough was providing water service to 453 residential, 17 commercial, 2 industrial, 9 institutional, and 3 “other” customers in Mount Jewett Borough and a portion of Hamlin Township, McKean County, Pennsylvania.</p> <p>Reference: Commission Order Docket Nos. A-2014-2448000</p>
<p align="center">(3)</p> <p>the public utility, municipal corporation or person from which the property was acquired was not, at the time of acquisition, furnishing and maintaining adequate, efficient, safe and reasonable service and facilities, evidence of which shall include, but not be limited to, any one or more of the following:</p>	<p align="center">Yes</p>	<p>Prior to acquisition by Aqua, the following deficiencies were identified:</p> <ul style="list-style-type: none"> • Well and spring sources inadequate or insufficiently maintained to maintain peak demand in system due to leakage in distribution system. Insufficient or improper treatment, and disinfection. Aged, malfunctioning, or non-existent customer metering. Insufficient pressure to the Maple Lane service area.

<p>(i) violation of statutory or regulatory requirements of the Department of Environmental Resources or the commission concerning the safety, adequacy, efficiency or reasonableness of service and facilities;</p> <p>(ii) a finding by the commission of inadequate financial, managerial or technical ability of the small water or sewer utility;</p> <p>(iii) a finding by the commission that there is a present deficiency concerning the availability of water, the palatability of water or the provision of water at adequate volume and pressure;</p> <p>(iv) a finding by the commission that the small water or sewer utility, because of necessary improvements to its plant or distribution system, cannot reasonably be expected to furnish and maintain adequate service to its customers in the future at rates equal to or less than those of the acquiring public utility; or</p> <p>(v) any other facts, as the commission may determine, that evidence the inability of the small water or sewer utility to furnish or maintain adequate, efficient, safe and reasonable service and facilities;</p>		<ul style="list-style-type: none"> • Did not consistently meet secondary MCL WQ standards.
<p>(4) reasonable and prudent investments will be made to assure that the customers served by the</p>	<p>Yes</p>	<p>Aqua has invested approximately \$3,000,000 into the Mt. Jewett water system since 2015. Aqua constructed a booster station for approximately \$500K and completed two larger main replacement</p>

property will receive adequate, efficient, safe and reasonable service;		projects for approximately \$1.5M. Replaced meters for approximately \$170K.
(5) the public utility, municipal corporation or person whose property is being acquired is in agreement with the acquisition and the negotiations which led to the acquisition were conducted at arm's length;	Yes	Aqua and the Seller entered into an <i>Asset Purchase Agreement</i> , which was negotiated at arm's length. On October 15, 2014, Aqua filed an <i>Application</i> with the PUC requesting the approvals necessary for the proposed transfer. By <i>Order</i> entered February 26, 2015, at Docket No. A-2014-2448000, the PUC granted the approvals requested in the <i>Application</i> .
(6) the actual purchase price is reasonable;	Yes	The total purchase price for Seller's Assets was \$1,126,350 and was negotiated at arm's length. The Commission approved the company's application to acquire Mount Jewett Borough assets and an original cost study was prepared to support the utility plant purchase. Reference: Commission Order Docket No. A-2014-2448000
(7) neither the acquiring nor the selling public utility, municipal corporation or person is an affiliated interest of the other;	Yes	The Seller is not an affiliated interest of Aqua.
(8) the rates charged by the acquiring public utility to its pre-acquisition customers will not increase unreasonably because of the acquisition; and	Yes	The <i>Asset Purchase Agreement</i> and the PUC <i>Order</i> stipulated that Aqua adopt the Seller's existing rate structure.
(9) the excess of the acquisition cost over the depreciated original cost will be added to the rate base to be amortized as an addition to expense over a reasonable period of time with corresponding reductions in the rate base.	Yes	The excess of the acquisition cost over depreciated original cost has been included in Aqua's rate base claim in this case and will be amortized over 20 years commencing on the date new base rates become effective.

**SATISFACTION OF THE CRITERIA ESTABLISHED BY §1327(A)
FOR INCLUDING IN RATE BASE A POSITIVE ACQUISITION ADJUSTMENT**

Sun Valley Water Company

Section 1327(a) Criteria	Satisfied (Y/N)	Explanation
<p align="center">(1)</p> <p>the property is used and useful in providing water or sewer service;</p>	<p align="center">Yes</p>	<p>On January 30, 2018, Aqua Pennsylvania, Inc. (“Aqua”) acquired the Water System Assets (“Assets”) of Sun Valley Water Company (“Seller”). The Seller’s Assets were used and useful in providing water service and an original cost study was prepared and submitted to the Commission.</p> <p>Reference: Original Cost Study</p>
<p align="center">(2)</p> <p>the public utility acquired the property from another public utility, a municipal corporation or a person which had 3,300 or fewer customer connections or which was nonviable in the absence of the acquisition;</p>	<p align="center">Yes</p>	<p>Prior to Aqua’s acquisition of Seller’s Assets, Sun Valley Water Company was providing water service to approximately 70 residential customers in a portion of Chestnuthill Township, Monroe County, Pennsylvania.</p> <p>Reference: Commission Order Docket Nos. A-2017-2626577</p>
<p align="center">(3)</p> <p>the public utility, municipal corporation or person from which the property was acquired was not, at the time of acquisition, furnishing and maintaining adequate, efficient, safe and reasonable service and facilities, evidence of which shall include, but not be limited to, any one or more of the following:</p> <p align="center">(i)</p> <p>violation of statutory or regulatory requirements</p>	<p align="center">Yes</p>	<ul style="list-style-type: none"> • Sun Valley was considered an “Orphan” water system with no Owner or certified Operator. • Sun Valley Water system was under a Boil Water Advisory for several years prior to Aqua’s acquisition. • PADEP issued a Field Order 15-24-1257-002 in July 2015 to Sun Valley Water Company and C&D Asset Holdings, LLC for failure to respond to an emergency, significant deficiencies (system outages), failure to respond to an acute situation, failure to obtain a certified operator, and failure to develop and implement an Emergency Response Plan.

<p>of the Department of Environmental Resources or the commission concerning the safety, adequacy, efficiency or reasonableness of service and facilities;</p> <p>(ii) a finding by the commission of inadequate financial, managerial or technical ability of the small water or sewer utility;</p> <p>(iii) a finding by the commission that there is a present deficiency concerning the availability of water, the palatability of water or the provision of water at adequate volume and pressure;</p> <p>(iv) a finding by the commission that the small water or sewer utility, because of necessary improvements to its plant or distribution system, cannot reasonably be expected to furnish and maintain adequate service to its customers in the future at rates equal to or less than those of the acquiring public utility; or</p> <p>(v) any other facts, as the commission may determine, that evidence the inability of the small water or sewer utility to furnish or maintain adequate, efficient, safe and reasonable service and facilities;</p>		
<p>(4) reasonable and prudent investments will be made to assure that the customers served by the property will receive adequate, efficient, safe and reasonable service;</p>	<p>Yes</p>	<p>In 2018-2019 Aqua plans to spend \$3M to replace the entire water treatment, storage, and distribution systems in Sun Valley. Aqua will construct a well station with new controls, SCADA, and chemical feed systems. A 10,000 gallon water storage tank will be constructed on the well site. 10,320 feet of ductile iron pipe as</p>

		well as associated service connections will be installed. Water meters will be installed in meter pits at each of the Sun Valley customer connections.
(5) the public utility, municipal corporation or person whose property is being acquired is in agreement with the acquisition and the negotiations which led to the acquisition were conducted at arm's length;	Yes	On September 26, 2017, Aqua filed an <i>Application</i> with the PUC requesting for appointment of Aqua as the receiver for the Sun Valley Water Company's assets. By <i>Order</i> entered January 18, 2018, at Docket No. A-2017-2626577, the PUC granted the approvals requested in the <i>Application</i> .
(6) the actual purchase price is reasonable;	Yes	The total purchase price for Seller's Assets was \$501. The Commission approved the company's application to acquire Sun Valley Water Company's assets and an original cost study was prepared to support the utility plant purchase. Reference: Commission Order Docket No. A-2017-2626577
(7) neither the acquiring nor the selling public utility, municipal corporation or person is an affiliated interest of the other;	Yes	The Seller is not an affiliated interest of Aqua.
(8) the rates charged by the acquiring public utility to its pre-acquisition customers will not increase unreasonably because of the acquisition; and	Yes	The <i>Asset Purchase Agreement</i> and the PUC <i>Order</i> stipulated that Aqua adopt the Seller's existing rate structure.
(9) the excess of the acquisition cost over the depreciated original cost will be added to the rate base to be amortized as an addition to expense over a reasonable period of time with corresponding reductions in the rate base.	Yes	The excess of the acquisition cost over depreciated original cost has been included in Aqua's rate base claim in this case and will be amortized over 20 years commencing on the date new base rates become effective.

**SATISFACTION OF THE CRITERIA ESTABLISHED BY §1327(A)
FOR INCLUDING IN RATE BASE A POSITIVE ACQUISITION ADJUSTMENT**

Total Environmental Solutions, Inc. (TESI) - Treasure Lake Community Sewer System

Section 1327(a) Criteria	Satisfied (Y/N)	Explanation
(1) the property is used and useful in providing water or sewer service;	Yes	On March 1, 2013, Aqua Pennsylvania Wastewater, Inc. ("Aqua") acquired the Wastewater System Assets ("Assets") of the Total Environmental Solutions, Inc. ("Seller"). The Seller's Assets were used and useful in providing wastewater service and an original cost study was prepared and submitted to the Commission. Reference: Original Cost Study
(2) the public utility acquired the property from another public utility, a municipal corporation or a person which had 3,300 or fewer customer connections or which was nonviable in the absence of the acquisition;	Yes	Prior to Aqua's acquisition of Seller's Assets, Total Environmental Solutions, Inc. was providing wastewater service to 2,175 customers in the Treasure Lake Community in a portion of Sandy Township, Clearfield County, Pennsylvania. Reference: Commission Order Docket Nos. A-2012-2322416, A-2012-2322501, A-2012-2322448, and A-2012-2322509
(3) the public utility, municipal corporation or person from which the property was acquired was not, at the time of acquisition, furnishing and maintaining adequate, efficient, safe and reasonable service and facilities, evidence of which shall include, but not be limited to, any one or more of the following:	Yes	Prior to acquisition by Aqua, the following deficiencies were identified: <ul style="list-style-type: none"> • Improper and insufficient maintenance at WWTP's and Pump Stations resulted in SSO and NPDES violations. • COA was in process of being implemented by PADEP on previous owner for these violations and excess wet weather flow issues in the collection system due to inflow and infiltration.

<p>(i) violation of statutory or regulatory requirements of the Department of Environmental Resources or the commission concerning the safety, adequacy, efficiency or reasonableness of service and facilities;</p> <p>(ii) a finding by the commission of inadequate financial, managerial or technical ability of the small water or sewer utility;</p> <p>(iii) a finding by the commission that there is a present deficiency concerning the availability of water, the palatability of water or the provision of water at adequate volume and pressure;</p> <p>(iv) a finding by the commission that the small water or sewer utility, because of necessary improvements to its plant or distribution system, cannot reasonably be expected to furnish and maintain adequate service to its customers in the future at rates equal to or less than those of the acquiring public utility; or</p> <p>(v) any other facts, as the commission may determine, that evidence the inability of the small water or sewer utility to furnish or maintain adequate, efficient, safe and reasonable service and facilities;</p>		<ul style="list-style-type: none"> The sewer collection system had not been cleaned or televised in years and at least 1/3 of the manholes were inaccessible due to being buried, covered, or otherwise inaccessible or locations unknown.
<p>(4) reasonable and prudent investments will be made to assure that the customers served by the</p>	<p>Yes</p>	<p>To date, Aqua has invested approximately \$7.1M in improvements into the Treasure Lakes Wastewater System. Notable investments in Manhole replacement/repairs for approximately \$1.5M,</p>

property will receive adequate, efficient, safe and reasonable service;		Rehabilitation of five pumping stations for \$1.3M and Gravity Main CCTV & repair work for \$1.2M.
(5) the public utility, municipal corporation or person whose property is being acquired is in agreement with the acquisition and the negotiations which led to the acquisition were conducted at arm's length;	Yes	Aqua and the Seller entered into an <i>Asset Purchase Agreement</i> , which was negotiated at arm's length. On August 31, 2012, the parties filed a <i>Joint Application</i> with the PUC requesting the approvals necessary for the proposed transfer. By <i>Order</i> entered December 20, 2012, at Docket Nos. A-2012-2322416, A-2012-2322501, A-2012-2322448, and A-2012-2322509, the PUC granted the approvals requested in the <i>Joint Application</i> .
(6) the actual purchase price is reasonable;	Yes	The total purchase price for Seller's Assets was \$11,800,000 for the combined water and wastewater system and was negotiated at arm's length. The Commission approved the company's application to acquire Total Environmental Solutions, Inc. (TESI) - Treasure Lake Community Sewer System and an original cost study was prepared to support the utility plant purchase. Reference: Commission Order Docket Nos. A-2012-2322416, A-2012-2322501, A-2012-2322448, and A-2012-2322509
(7) neither the acquiring nor the selling public utility, municipal corporation or person is an affiliated interest of the other;	Yes	The Seller is not an affiliated interest of Aqua.
(8) the rates charged by the acquiring public utility to its pre-acquisition customers will not increase unreasonably because of the acquisition; and	Yes	The <i>Asset Purchase Agreement</i> and the PUC <i>Order</i> stipulated that Aqua adopt the Seller's existing rate structure.
(9) the excess of the acquisition cost over the depreciated original cost will be added to the rate base to be amortized as an addition to expense over a reasonable period of time with	Yes	The excess of the acquisition cost over depreciated original cost has been included in Aqua's rate base claim in this case and will be amortized over 20 years commencing on the date new base rates become effective.

corresponding reductions in the rate base.		
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**SATISFACTION OF THE CRITERIA ESTABLISHED BY §1327(A)
FOR INCLUDING IN RATE BASE A POSITIVE ACQUISITION ADJUSTMENT**

Bunker Hill Sewer Company, Inc.

Section 1327(a) Criteria	Satisfied (Y/N)	Explanation
<p align="center">(1)</p> <p>the property is used and useful in providing water or sewer service;</p>	<p align="center">Yes</p>	<p>On August 12, 2015, Aqua Pennsylvania Wastewater, Inc. (“Aqua”) acquired the Wastewater System Assets (“Assets”) of the Bunker Hill Sewer Company, Inc. (“Seller”). The Seller’s Assets were used and useful in providing wastewater service and an original cost study was prepared and submitted to the Commission.</p> <p>Reference: Original Cost Study</p>
<p align="center">(2)</p> <p>the public utility acquired the property from another public utility, a municipal corporation or a person which had 3,300 or fewer customer connections or which was nonviable in the absence of the acquisition;</p>	<p align="center">Yes</p>	<p>Prior to Aqua’s acquisition of Seller’s Assets, Bunker Hill Sewer Company, Inc. was providing wastewater service to 68 residential customers in a portion of Clinton Township, Wyoming County, Pennsylvania.</p> <p>Reference: Commission Order Docket Nos. A-2014-2439909 and A-2014-2439910</p>
<p align="center">(3)</p> <p>the public utility, municipal corporation or person from which the property was acquired was not, at the time of acquisition, furnishing and maintaining adequate, efficient, safe and reasonable service and facilities, evidence of which shall include, but not be limited to, any one or more of the following:</p>	<p align="center">Yes</p>	<p>Prior to acquisition by Aqua, the following deficiencies were identified:</p> <ul style="list-style-type: none"> • NOV – exceedance of permitted effluent limits • NOV – late submission of discharge monitoring reports • NOV – expiration of NPDES permit

<p>(i) violation of statutory or regulatory requirements of the Department of Environmental Resources or the commission concerning the safety, adequacy, efficiency or reasonableness of service and facilities;</p> <p>(ii) a finding by the commission of inadequate financial, managerial or technical ability of the small water or sewer utility;</p> <p>(iii) a finding by the commission that there is a present deficiency concerning the availability of water, the palatability of water or the provision of water at adequate volume and pressure;</p> <p>(iv) a finding by the commission that the small water or sewer utility, because of necessary improvements to its plant or distribution system, cannot reasonably be expected to furnish and maintain adequate service to its customers in the future at rates equal to or less than those of the acquiring public utility; or</p> <p>(v) any other facts, as the commission may determine, that evidence the inability of the small water or sewer utility to furnish or maintain adequate, efficient, safe and reasonable service and facilities;</p>		
<p>(4) reasonable and prudent investments will be made to assure that the customers served by the</p>	<p>Yes</p>	<p>Aqua has invested \$250,000 into the wastewater systems in the Bunker Hill community since 2015. Aqua made repairs to the structural and electrical components at the wastewater treatment</p>

property will receive adequate, efficient, safe and reasonable service;		plant (WWTP), improved the chlorine contact process at the WWTP, removed an unused filter from the WWTP, and made collection system repairs in Bunker Hill.
(5) the public utility, municipal corporation or person whose property is being acquired is in agreement with the acquisition and the negotiations which led to the acquisition were conducted at arm's length;	Yes	Aqua and the Seller entered into an <i>Asset Purchase Agreement</i> , which was negotiated at arm's length. On August 12, 2014, the parties filed a <i>Joint Application</i> with the PUC requesting the approvals necessary for the proposed transfer. By <i>Order</i> entered July 8, 2015, at Docket Nos. A-2014-2439909 and A-2014-2439910, the PUC granted the approvals requested in the <i>Joint Application</i> .
(6) the actual purchase price is reasonable;	Yes	The total purchase price for Seller's Assets was \$100,000 and was negotiated at arm's length. The Commission approved the company's application to acquire Bunker Hill Sewer Company, Inc. and an original cost study was prepared to support the utility plant purchase. Reference: Commission Order Docket Nos. A-2014-2439909 and A-2014-2439910
(7) neither the acquiring nor the selling public utility, municipal corporation or person is an affiliated interest of the other;	Yes	The Seller is not an affiliated interest of Aqua.
(8) the rates charged by the acquiring public utility to its pre-acquisition customers will not increase unreasonably because of the acquisition; and	Yes	The <i>Asset Purchase Agreement</i> and the PUC <i>Order</i> stipulated that Aqua adopt the Seller's existing rate structure.
(9) the excess of the acquisition cost over the depreciated original cost will be added to the rate base to be amortized as an addition to expense over a reasonable period of time with	Yes	The excess of the acquisition cost over depreciated original cost has been included in Aqua's rate base claim in this case and will be amortized over 20 years commencing on the date new base rates become effective.

corresponding reductions in the rate base.		
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**SATISFACTION OF THE CRITERIA ESTABLISHED BY §1327(A)
FOR INCLUDING IN RATE BASE A POSITIVE ACQUISITION ADJUSTMENT**

Township of Tobyhanna

Section 1327(a) Criteria	Satisfied (Y/N)	Explanation
<p align="center">(1)</p> <p>the property is used and useful in providing water or sewer service;</p>	<p align="center">Yes</p>	<p>On July 1, 2017, Aqua Pennsylvania Wastewater, Inc. ("Aqua") acquired the Wastewater System Assets ("Assets") of the Township of Tobyhanna ("Seller"). The Seller's Assets were used and useful in providing wastewater service and an original cost study was prepared and submitted to the Commission.</p> <p>Reference: Original Cost Study</p>
<p align="center">(2)</p> <p>the public utility acquired the property from another public utility, a municipal corporation or a person which had 3,300 or fewer customer connections or which was nonviable in the absence of the acquisition;</p>	<p align="center">Yes</p>	<p>Prior to Aqua's acquisition of Seller's Assets, the Township of Tobyhanna was providing wastewater service to 639 residential and 88 commercial customers in a portion of Tobyhanna Township, Monroe County, Pennsylvania.</p> <p>Reference: Commission Order Docket No. A-2016-2575001</p>
<p align="center">(3)</p> <p>the public utility, municipal corporation or person from which the property was acquired was not, at the time of acquisition, furnishing and maintaining adequate, efficient, safe and reasonable service and facilities, evidence of which shall include, but not be limited to, any one or more of the following:</p> <p align="center">(i)</p> <p>violation of statutory or regulatory requirements</p>	<p align="center">Yes</p>	<p>Prior to acquisition by Aqua, the following deficiencies were identified:</p> <ul style="list-style-type: none"> • The wastewater treatment plant has a hydraulic design capacity of 0.3 million gallons per day (MGD). The plant's monthly average hydraulic flow between 2011 and 2015 did not exceed 0.159 MGD. However, during significant precipitation events, wastewater flows exceed the capacity of the collection system resulting in manhole surcharges and disruption of the treatment process at the WWTP due to severe inflow and infiltration in the collection system.

<p>of the Department of Environmental Resources or the commission concerning the safety, adequacy, efficiency or reasonableness of service and facilities;</p> <p>(ii) a finding by the commission of inadequate financial, managerial or technical ability of the small water or sewer utility;</p> <p>(iii) a finding by the commission that there is a present deficiency concerning the availability of water, the palatability of water or the provision of water at adequate volume and pressure;</p> <p>(iv) a finding by the commission that the small water or sewer utility, because of necessary improvements to its plant or distribution system, cannot reasonably be expected to furnish and maintain adequate service to its customers in the future at rates equal to or less than those of the acquiring public utility; or</p> <p>(v) any other facts, as the commission may determine, that evidence the inability of the small water or sewer utility to furnish or maintain adequate, efficient, safe and reasonable service and facilities;</p>		
<p>(4) reasonable and prudent investments will be made to assure that the customers served by the property will receive adequate, efficient, safe and reasonable service;</p>	<p>Yes</p>	<p>To date Aqua has invested approximately \$220,000 into the Tobyhanna Township (Blakeslee) wastewater system since 2017. Aqua has made improvements to the electrical and control systems at the wastewater treatment plant (WWTP) which has allowed the plant to process flows more efficiently and improved the effluent</p>

		quality during periods of peak flow.
(5) the public utility, municipal corporation or person whose property is being acquired is in agreement with the acquisition and the negotiations which led to the acquisition were conducted at arm's length;	Yes	Aqua and the Seller entered into an <i>Asset Purchase Agreement</i> , which was negotiated at arm's length. On November 8, 2016, Aqua filed an <i>Application</i> with the PUC requesting the approvals necessary for the proposed transfer. By <i>Order</i> entered March 16, 2017, at Docket No. A-2016-2575001, the PUC granted the approvals requested in the <i>Application</i> .
(6) the actual purchase price is reasonable;	Yes	The total purchase price for Seller's Assets was \$5,500,000 and was negotiated at arm's length and an additional \$45,000 was paid towards the Seller's share of closing cost. The Commission approved the company's application to acquire the wastewater assets of Tobyhanna Township and an original cost study was prepared to support the utility plant purchase. Reference: Commission Order Docket No. A-2016-2575001
(7) neither the acquiring nor the selling public utility, municipal corporation or person is an affiliated interest of the other;	Yes	The Seller is not an affiliated interest of Aqua.
(8) the rates charged by the acquiring public utility to its pre-acquisition customers will not increase unreasonably because of the acquisition; and	Yes	The <i>Asset Purchase Agreement</i> and the PUC <i>Order</i> stipulated that Aqua adopt the Seller's existing rate structure.
(9) the excess of the acquisition cost over the depreciated original cost will be added to the rate base to be amortized as an addition to expense over a reasonable period of time with corresponding reductions in the rate base.	Yes	The excess of the acquisition cost over depreciated original cost has been included in Aqua's rate base claim in this case and will be amortized over 20 years commencing on the date new base rates become effective.

**SATISFACTION OF THE CRITERIA ESTABLISHED BY §1327(A)
FOR INCLUDING IN RATE BASE A POSITIVE ACQUISITION ADJUSTMENT**

Avon Grove School District

Section 1327(a) Criteria	Satisfied (Y/N)	Explanation
<p align="center">(1)</p> <p>the property is used and useful in providing water or sewer service;</p>	<p align="center">Yes</p>	<p>On September 8, 2017, Aqua Pennsylvania Wastewater, Inc. (“Aqua”) acquired the Wastewater System Assets (“Assets”) of Avon Grove School District (“Seller”). The Seller’s Assets were used and useful in providing wastewater service and an original cost study was prepared and submitted to the Commission.</p> <p>Reference: Original Cost Study</p>
<p align="center">(2)</p> <p>the public utility acquired the property from another public utility, a municipal corporation or a person which had 3,300 or fewer customer connections or which was nonviable in the absence of the acquisition;</p>	<p align="center">Yes</p>	<p>Prior to Aqua’s acquisition of Seller’s Assets, the Avon Grove School District was providing wastewater service to the Administration Building, the Penn London Elementary School and the Avon Grove Intermediate School in portions of New London and Penn Township, Chester County, Pennsylvania.</p> <p>Reference: Commission Order Docket No. A-2017-2586983</p>
<p align="center">(3)</p> <p>the public utility, municipal corporation or person from which the property was acquired was not, at the time of acquisition, furnishing and maintaining adequate, efficient, safe and reasonable service and facilities, evidence of which shall include, but not be limited to, any one or more of the following:</p> <p align="center">(i)</p>	<p align="center">Yes</p>	<p>Prior to acquisition by Aqua, the following deficiencies were identified:</p> <p>In 2007 Seller requested and received approval for the issuance of a Water Quality Management (WQM), Part II Permit amendment that approved Seller to install two chemical feed systems, one to add supplemental alkalinity and the second to feed chemical to remove phosphorus to achieve the effluent limits required by the NPDES permit. These chemical feed systems were installed but</p>

<p>violation of statutory or regulatory requirements of the Department of Environmental Resources or the commission concerning the safety, adequacy, efficiency or reasonableness of service and facilities;</p> <p>(ii) a finding by the commission of inadequate financial, managerial or technical ability of the small water or sewer utility;</p> <p>(iii) a finding by the commission that there is a present deficiency concerning the availability of water, the palatability of water or the provision of water at adequate volume and pressure;</p> <p>(iv) a finding by the commission that the small water or sewer utility, because of necessary improvements to its plant or distribution system, cannot reasonably be expected to furnish and maintain adequate service to its customers in the future at rates equal to or less than those of the acquiring public utility; or</p> <p>(v) any other facts, as the commission may determine, that evidence the inability of the small water or sewer utility to furnish or maintain adequate, efficient, safe and reasonable service and facilities;</p>		<p>fell into disrepair and were found to have been long abandoned and non-functioning when Aqua assumed responsibility of contract operator in late 2016. Additionally, PADEP imposed an effluent Total Nitrogen limit on the WWTP when Seller's NPDES permit renewed on July 1, 2016. The imposed total nitrogen effluent limit of 10 mg/L could not be achieved by the WWTP as it was designed. Seller was unable to perform the necessary engineering and WWTP upgrade work to achieve compliance with the NPDES permit. As a result, the Seller was consistently non-compliant for total nitrogen as reported on the monthly DMRs between the periods of July 2016 through system sale. The non-functional chemical feed systems were also in violation of the WQM permit for each day they could not operate. The Seller also regularly violated the NPDES effluent phosphorus limit due to the non-working chemical feed system. After beginning contract operations, Aqua found that the steel process tanks were in a state of disrepair and concern arose over the integrity of the tanks and potential violations of the NPDES permit related to leakages that may have occurred unnoticed and unreported. Additionally, prior to Aqua operations, the facility was non-compliant for all compliance effluent sampling and analysis due to the fact that the effluent composite sampler, required by the permit, was not maintained or repaired by Seller and was observed to be non-operational. The composite sampler therefore could not have been utilized to collect the required two-per-month 8-hour composite samples for which each instance is a violation of the NPDES permit.</p>
<p>(4) reasonable and prudent investments will be made to assure that the customers served by the</p>	<p>Yes</p>	<p>In accordance with the terms of the APA, Aqua engineered and constructed a substantial process system upgrade intended to bring the WWTP into full compliance with all NPDES effluent</p>

property will receive adequate, efficient, safe and reasonable service;		parameters for outfall 001. Structural repairs were made to the steel tanks to address discovered defects. Further electrical and control systems upgrades are underway. To date Aqua has invested approximately \$352K in upgrades to the wastewater treatment plant that are still work in progress, expected to be completed in 2019.
(5) the public utility, municipal corporation or person whose property is being acquired is in agreement with the acquisition and the negotiations which led to the acquisition were conducted at arm's length;	Yes	Aqua and the Seller entered into an <i>Asset Purchase Agreement</i> , which was negotiated at arm's length. On February 2, 2017, Aqua filed an <i>Application</i> with the PUC requesting the approvals necessary for the proposed transfer. By <i>Order</i> entered July 12, 2017, at Docket No. A-2017-2586983, the PUC granted the approvals requested in the <i>Application</i> .
(6) the actual purchase price is reasonable;	Yes	The total purchase price for Seller's Assets was \$100,000 and was negotiated at arm's length. The Commission approved the company's application to acquire the wastewater assets of Avon Grove School District and an original cost study was prepared to support the utility plant purchase. Reference: Commission Order Docket No. A-2017-2586983
(7) neither the acquiring nor the selling public utility, municipal corporation or person is an affiliated interest of the other;	Yes	The Seller is not an affiliated interest of Aqua.
(8) the rates charged by the acquiring public utility to its pre-acquisition customers will not increase unreasonably because of the acquisition; and	Yes	The <i>Asset Purchase Agreement</i> and the PUC <i>Order</i> stipulated that Aqua adopt the Seller's existing rate structure.
(9) the excess of the acquisition cost over the depreciated original cost will be added to the rate base to be amortized as an addition to expense	Yes	The excess of the acquisition cost over depreciated original cost has been included in Aqua's rate base claim in this case and will be amortized over 20 years commencing on the date new base

over a reasonable period of time with corresponding reductions in the rate base.

rates become effective.

Witness: Renee T. Marquis

Date: 09/10/2018

AQUA PENNSYLVANIA, INC.

BUREAU OF TECHNICAL UTILITY SERVICES

DATA REQUEST SET 1

DOCKET NO. R-2018-3003558

TUS-R-6 Exhibit 3-A reflects asset service lives that, in certain cases, vary widely from asset service lives calculated through depreciation studies. Please explain how Aqua reconciles service lives calculated through original cost studies with depreciation studies and, if the two are not fully reconcilable, if Aqua calculates any “true-up” of the difference between the calculated values when provided with acquisition adjustments.

RESPONSE:

The Company records the acquired assets at original cost and the corresponding accumulated depreciation per the original cost study, which is based upon the Broad Group/Remaining Life Procedure utilizing the appropriate service lives and mortality curves for the specific fixed assets by category and condition of the plant at the date of the study. These parameters were based on the practices and policies of the acquired company. Once recorded, the assets are depreciated at the authorized depreciation rates for the acquiring Company. This is standard practice of group depreciation to blend acquired systems with the existing Company parameters since the acquiring Company will implement their policies and practices. A reconciliation or “true-up” is not appropriate as original cost studies are system specific and depreciation studies are company specific.

Witness: Renee T. Marquis
Date: 09/10/2018

AQUA PENNSYLVANIA, INC.

BUREAU OF TECHNICAL UTILITY SERVICES

DATA REQUEST SET 1

DOCKET NO. R-2018-3003558

TUS-R-7 Several additional territories are added in Original Pages 7 and 8 which do not currently appear in the list of territories served by Aqua, including Thornbury Township, Delaware County and the City of Shamokin, Mercer County. Please verify Aqua holds a Certificate of Public Convenience authorizing it to offer, render, furnish or supply service in these territories.

RESPONSE:

The Company is certificated to serve in Thornbury Township, Delaware County under Docket No. A-210104F0016 via the order adopted and entered on September 12, 2002.

The service territory within the City of Shamokin is correctly listed on page 8 under Northumberland County and will be removed from the cities listed under Mercer County in the final compliance tariff.

Witness: Renee T. Marquis

Date: 09/10/2018

AQUA PENNSYLVANIA, INC.

BUREAU OF TECHNICAL UTILITY SERVICES

DATA REQUEST SET 1

DOCKET NO. R-2018-3003558

TUS-R-8 Original Page 12.1 states it applies to all customer classes unless otherwise specifically identified on the tariff page. Please confirm that rates on Page No. 12.1 do not apply to public or private fire protection customers.

RESPONSE:

As indicated in the Table of Contents on Page 3, private fire protection customer rates are on Pages 12.5 and 12.6 and public fire service rates are on Page 12.7, therefore the rates on Page 12.1 do not apply to public or private fire protection customers.

Witness: Renee T. Marquis
Date: 09/10/2018

AQUA PENNSYLVANIA, INC.

BUREAU OF TECHNICAL UTILITY SERVICES

DATA REQUEST SET 1

DOCKET NO. R-2018-3003558

TUS-R-9 Original Pages 12.2, 12.3 and 12.4 do not adequately identify a default water consumption billing period for areas with rates that vary by consumption (i.e., does “up to 2,000 gallons” mean per month, per quarter, etc.). Please identify the default water consumption billing period for these areas.

RESPONSE:

The water consumption billing period is monthly for all customers unless specifically noted otherwise.

Witness: Renee T. Marquis
Date: 09/10/2018

AQUA PENNSYLVANIA, INC.

BUREAU OF TECHNICAL UTILITY SERVICES

DATA REQUEST SET 1

DOCKET NO. R-2018-3003558

TUS-R-10 Original Page 12.6 states the consumption charge will be billed at the residential metered water rates. Please clarify the applicable residential metered water rate(s) (i.e., Is it the residential water consumption rate for the rate zone or division the hydrant is in?).

RESPONSE:

The consumption charge will be billed at the residential metered water rates as identified on Page 12.2, Consumption Charge – Residential, which applies to all customers within the territories served subject to the Rate Zones as noted in the Description of Territories Served section, unless otherwise specifically identified in the Consumption Charge Exceptions portion of Page 12.2.

Witness: Renee T. Marquis
Date: 09/10/2018

AQUA PENNSYLVANIA, INC.

BUREAU OF TECHNICAL UTILITY SERVICES

DATA REQUEST SET 1

DOCKET NO. R-2018-3003558

TUS-R-11 Original Page 12.7 indicates a public fire service exception for Chalfont. Please state if this exception applies to Chalfont, Bucks County of Rate Zone 1, the Chalfont Division of Rate Zone 2, or both areas.

RESPONSE:

The public fire service exception for Chalfont applies to the Chalfont Division of Rate Zone 2 only. Chalfont, Bucks County of Rate Zone 1 is not listed on Page 9 under the portion "Consumption Charge Exceptions, Private Fire Service Charge Exceptions, and Public Fire Service Charge Exceptions apply for customers in the divisions formerly known as:" and is therefore the exception does not apply.

Witness: Renee T. Marquis
Date: 09/10/18

AQUA PENNSYLVANIA, INC.

BUREAU OF TECHNICAL UTILITY SERVICES

DATA REQUEST SET 1

DOCKET NO. R-2018-3003558

TUS-R-12 Please explain why Aqua is not proposing to change the “Next Gallons” rates identified in Original Pages 14 and 17.

RESPONSE:

The Company does not currently serve any Industrial Standby or Resale and Electric Generation Standby customers, therefore a change to the “Next Gallons” rates identified in Original Pages 14 and 17 was not proposed.

Witness: Renee T. Marquis

Date: 09/10/18

AQUA PENNSYLVANIA, INC.

BUREAU OF TECHNICAL UTILITY SERVICES

DATA REQUEST SET 1

DOCKET NO. R-2018-3003558

TUS-R-13 Original Page 53 contains Rule 56 which references an "Attachment A". Please identify the location of Attachment A in Aqua's tariff and provide a copy of Attachment A if it is not located in Aqua's tariff. Also, please explain Aqua's reason for including this language and confirm if Aqua intends to terminate water service for non-payment of sewer charges for sewer utilities other than those identified in municipal agreements filed with the Commission (i.e., Would this language permit Aqua to terminate water service for non-payment of Aqua Pennsylvania Wastewater, Inc. charges?).

RESPONSE:

Please see the attached for a copy of "Attachment A", which the Company intends to include as part of its final compliance tariff. The purpose of the inclusion of this language is to conform with the Water Services Act 53 P.S. §3102.501 et seq. The Company does not intend to terminate water service for non-payment of sewer charges for sewer utilities other than those identified in municipal agreements.

RECEIVED

SEP 10 2018

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

TUS-R-13 Attachment 1

ATTACHMENT A - WATER SERVICE TERMINATION

TERMS AND CONDITIONS

NOW, THEREFORE, in consideration of the terms and conditions herein stated, the parties hereto, intending to be legally bound, agree as follows:

1. In order to initiate water service termination to a customer of the Water Company, by reason of that customer's delinquent sewer charges payable to the Authority, an authorized and responsible officer of the Authority shall cause to be delivered to the Water Company a written request for such termination, together with the following information:

- a. The name and address of the sewer service customer; if premises is tenant occupied, the name and address of the landlord and the name and address of the tenant;
- b. The address and lot number of the premises for which water service termination is sought;
- c. A statement that the sewer charges for such premises remain unpaid for a period of at least thirty days from the due date thereof;
- d. A statement setting forth: (i) that the Authority has fulfilled all applicable notice and procedural steps required of it by law, statute, regulations ordinances and other authorities, including, without limitation those mandated by the Water Services Act (53 P.S. §3102.501 et seq) and (ii) that the Authority has not received written or other information the effect of which would be to make water service termination unlawful.

2. Upon receipt of the information specified under Paragraph 1 hereof, the Water Company will promptly initiate water service termination procedures, in accordance with the procedures outlined in this Agreement, unless it should decline to do so, in which event the Water Company shall notify the Authority of the reasons therefore.

3. The Water Company may decline to initiate water service termination in the following instances:

- a. The involved premises is not receiving water service from the Water Company;
- b. The Water Company's customer at the involved premises is a different person or entity than the Authority's sewer customer;
- c. The water service to be terminated will adversely affect service to other Water Company customers, other premises served by the Water Company or the Water Company's delivery system;
- d. The Water Company has received verbal or written notice prohibiting or requiring deferral of water service termination;
- e. The nature of the facilities at the involved premises makes service termination impracticable;
- f. The Water Company receives advice from its legal counsel that water service should not be terminated under the particular circumstances;
- g. The termination of water service under the particular circumstances would be a violation of law or of applicable regulations;
- h. Other reasons mutually agreed between the Authority and the Water Company.

In the event that the Water Company so declines to initiate water service termination procedures for any reason, the Water Company shall, upon request from the Authority, supply the Authority with a written statement of the reasons why the Water Company has declined to terminate water service at the particular premises. If the Authority should desire to contest the reasons offered by the Water Company, then such dispute shall be resolved pursuant to the provisions of the Public Utility Code and/or the regulations of the Commission.

4. Under circumstances where the Authority initiates a request for water service termination procedures, it is understood and agreed that the Authority will comply with all applicable notice and procedural requirements relative to water service termination contained in the Water Services Act, Pennsylvania Public Utility Code, the rules and regulations of the Commission, and the Water Company's rules and regulations contained in its tariff on file with the Commission.

5. Exclusive of contact between the Water Company and its customer required to effect termination, it is understood that the Authority shall conduct all interaction and negotiations with the involved sewer customer, including without limitation, negotiations for payment of arrearages and all contact regarding pre-termination through post-termination procedures for dispute resolution. In addition, the Authority shall prepare and deliver to the Water Company a copy of the notice to the involved sewer customer, notifying such customer that inquiries as to the arrearage or any dispute relative thereto should be directed to a named representative or department of the Authority at a given telephone number and that no contact should be made to the Water Company. Furthermore, the Authority shall, at the request of the Water Company, cause an authorized representative to be present at the involved premises at the time of water service termination and at any time when the premises must be visited to effectuate required notices or perform service termination procedures. Such representative of the Authority will be the participant exclusively in any discussions with the involved customer. The final decision whether to terminate water service shall be made by the Authority representative in attendance, and the Water Company employee may rely exclusively upon that decision.

6. Concurrent with the delivery of the written request required under Paragraph 1 hereof, the Authority shall pay to the Water Company the fee as set forth in the Water Company's Tariff (see Termination of Service), as amended from time to time, per involved premises, which shall not be refundable unless the Water Company should decline to initiate water service termination. Except as otherwise provided herein, said sum shall constitute payment in full to the Water Company for its services hereunder, including conducting service termination and restoration visits to the involved premises and completing water service termination procedures. In addition, the Authority shall pay to the Water Company \$15.00 for each visit beyond the two visits per premises, which are required to effectuate water service termination at a particular premises. Furthermore, in the event that more than one hour is required to perform either the termination or restoration of water service to any involved premises, including travel time and time actually spent at the premises, the Authority shall pay the Water Company's actual costs of such visit, including labor, material, transportation and other fixed charges to the extent that such actual costs exceed \$15.00, unless such additional costs are the result of error or lack of effort on the part of the Water Company or Water Company personnel. The payment specified hereunder may be amended from time to time as agreed to by the parties hereto.

7. As to each premises for which water service is terminated hereunder, the Authority shall pay to the Water Company the estimated loss of water revenues resulting therefrom which shall be calculated in the same manner that the Water Company uses in the ordinary course of business to calculate estimated monthly water bills. The estimated monthly consumption per premises shall be applied to the Water Company's tariff rates in effect during the estimation period, including all minimum charges and surcharges. The total

monthly estimated bill, so calculated, will be divided by 30 to determine the estimated daily rate. Estimated lost revenues shall be equal to the product of the estimated daily rate and the number of days water service was actually terminated at the involved premises. Estimated lost revenues shall be billed by the Water Company to the Authority, periodically, and at approximately the same time as the Water Company would have billed the involved customer if water service had not been terminated. The Authority shall pay each such bill within 30 days of receipt thereof. Upon request the Water Company will provide to the Authority the estimated daily rate of lost revenue for specific premises for which service termination is contemplated. The Authority's liability for the estimated loss of water revenues resulting from such shut off shall terminate when the Authority authorizes the Water Company to restore water service or when water service is actually restored, whichever is earlier.

8. The Authority agrees to hold the Water Company harmless from any liability that the Water Company may incur in performing or attempting to perform water service termination and the procedures therefore in accordance with the terms of this Agreement. The Authority further agrees that it will, at its sole expense, legally defend and prosecute any action arising out of such performance or attempted performance, brought against the Authority, the Water Company or their respective agents or employees as a result of which the Water Company may incur any such liability. The Water Company reserves the right to retain its own counsel and participate independently in such proceedings.

9. If a dispute shall arise between the Authority and the Water Company regarding the cost of the Water Company's services hereunder, the amount of revenues lost, or the interpretation of the provisions of this or any subsequent agreement between the Water

Company and the Authority concerning payment for such services and lost revenues, such dispute shall be submitted by either party to the Commission, pursuant to the Water Services Act (53 P.S. §3102.505(d)).

10. This Agreement shall continue until terminated by either party on not less than 30 days written notice to the other party.

11. The Water Company complies with the Commission's heat-related moratorium that runs from December 1 to April 1. Thus, the Water Company is only in a position to terminate service during the remaining 8 months of the year.

Witness: Renee T. Marquis

Date: 09/10/18

AQUA PENNSYLVANIA, INC.

BUREAU OF TECHNICAL UTILITY SERVICES

DATA REQUEST SET 1

DOCKET NO. R-2018-3003558

TUS-R-14 Rule 59 on Original Page 54 indicates, in part, that after termination of service, service will not be reconnected until all amounts due have been paid. Please explain how this rule complies with 66 Pa. C.S. § 1407 (c)(2), which provides for extended payback periods for customers meeting certain qualifications.

RESPONSE:

The following language will be included in Rule 59 in the final compliance tariff:

“After termination of service it will not be reconnected until all amounts due to the Company have been paid plus the cost of a fifty (50) dollar turn-on charge prior to service reconnection (with the exception of the Masthope Division) subject to the provisions of Section 1407(c)(2) of the Public Utility Code, 66 C.S. § 1407(c)(2) (regarding payment to restore service) unless otherwise directed by the Commission.”

Witness: Renee T. Marquis
Date: 09/10/18

AQUA PENNSYLVANIA, INC.

BUREAU OF TECHNICAL UTILITY SERVICES

DATA REQUEST SET 1

DOCKET NO. R-2018-3003558

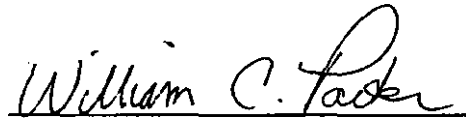
TUS-R-15 Please explain why Rule 67 is a part of the tariff's main extension rules.

RESPONSE:

The inclusion of "MAIN EXTENSIONS FOR BONA FIDE SERVICE APPLICANTS (cont'd)" was unintentional and will be removed in the final compliance tariff.

VERIFICATION

I, William C. Packer, Vice President – Controller of Aqua Pennsylvania, Inc., hereby state that the facts set forth in my responses to the Bureau of Technical Utility Services Data Request 1 are true and correct to the best of my knowledge, information and belief and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities).



William C. Packer
Vice President - Controller
Aqua Pennsylvania, Inc.

Dated: September 10, 2018

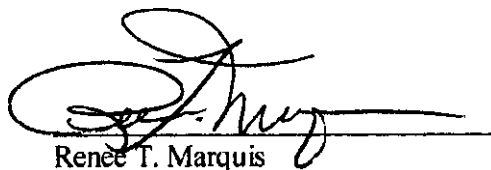
RECEIVED

SEP 10 2018

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

VERIFICATION

I, Renee T. Marquis, Manager – Financial Analysis of Aqua Pennsylvania, Inc., hereby state that the facts set forth in my responses to the Bureau of Technical Utility Services Data Request 1 are true and correct to the best of my knowledge, information and belief and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities).



Renee T. Marquis
Manager – Financial Analysis
Aqua Pennsylvania, Inc.

Dated: September 10, 2018

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**PENNSYLVANIA PUBLIC UTILITY
COMMISSION**

v.

**AQUA PENNSYLVANIA, INC.
AND AQUA PENNSYLVANIA
WASTEWATER, INC.**

**DOCKET NOS. R-2018-3003558
R-2018-3003561**

CERTIFICATE OF SERVICE

I hereby certify that I have this day served copies of the foregoing **Responses of Aqua Pennsylvania, Inc. and Aqua Pennsylvania Wastewater, Inc. to the Bureau of Technical Utility Services Data Request, Set I, Nos. TUS-R-1 through TUS-R-15** on the following persons in the manner specified in accordance with the requirements of 52 Pa. Code § 1.54:

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Respectfully submitted,



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Dated: September 10, 2018

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1701 MARKET STREET

PHILADELPHIA, PA 19103
UNITED STATES US

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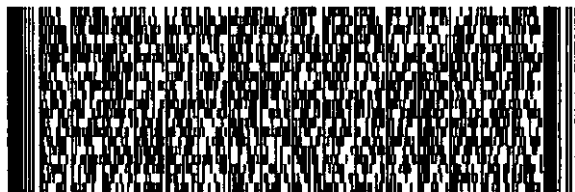
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PA PUBLIC UTILITY COMMISSION
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HARRISBURG PA 17120

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2. Place the label in a waybill pouch and affix it to your shipment so that the barcode portion of the label can be read and scanned.
3. Keep the second page as a receipt for your records. The receipt contains the terms and conditions of shipping and information useful for tracking your package.

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