



NOTICE OF PROPOSED ACQUISITION AND RATE BASE ADDITION
Docket No. A-2019-3008491

Dear Customer:

On March 26, 2019, the Pennsylvania Public Utility Commission (PUC) conditionally accepted for filing the application of Aqua Pennsylvania Wastewater, Inc. (Aqua) for approval to acquire the Cheltenham Township (Cheltenham) wastewater system assets. Cheltenham serves approximately 10,200 customers in Montgomery County, Pennsylvania. Aqua's application also requests that the PUC authorize an addition of up to \$50.25 million to Aqua's rate base pursuant to 66 Pa. C.S. § 1329. A utility's rate base is the value of property used by the utility to provide service to its customers and is one of several components used to establish a utility's customer rates.

This acquisition will not immediately, but may in the future, affect water and/or wastewater bills of Aqua customers, including the new Cheltenham Township wastewater customers. Aqua is not requesting a rate increase as part of the acquisition. Your rates will not change until the conclusion of Aqua's next rate case where Aqua requests and receives PUC approval to increase its rates. Currently, it is not known when Aqua will file its next rate case. At that time, based on a preliminary analysis of the potential rate impacts, Aqua estimates that the rates of the average customer could increase. The amount of the increase will be determined in Aqua's next base rate case and will be dependent on how the Commission chooses to apportion the increase among Aqua's acquired and existing customers. The tables below present non-binding, estimated incremental rate effects of the proposed rate base addition on Aqua's existing water and wastewater customers:

Aqua Wastewater Customers

Rate Class	Average Usage	Estimated Monthly Increase	Estimated Percentage Increase
Residential	3,020 gal/month	\$3.98	5.83%
Commercial	21,940 gal/month	\$12.52	5.83%
Industrial	3,200 gal/month	\$3.23	5.83%

Aqua Water Customers

Rate Class	Average Usage	Estimated Monthly Increase	Estimated Percentage Increase
Residential	4,080 gal/month	\$0.38	0.58%
Commercial	37,050 gal/month	\$2.37	0.58%
Industrial	211,510 gal/month	\$11.17	0.58%

The amounts stated above could change and will depend on how the PUC chooses to apportion any increase among the types of service, rate zones, and classes of customers.

PUC ROLE

The state agency which approves acquisitions and rates for regulated public utilities is the PUC. The PUC will review and investigate the proposed acquisition and requested \$50.25 million in additional rate base. After examining the evidence, the PUC may approve, modify or deny the acquisition and may approve or modify the \$50.25 million addition to rate base. The PUC will issue a decision on the application on or around October 24, 2019.

ACTIONS YOU CAN TAKE

You can support or challenge Aqua's request by:

- 1) Sending a letter to the PUC. You can tell the PUC why you support or object to Aqua's acquisition of Cheltenham's wastewater system in your letter. This information can be helpful when the PUC investigates the application. Send your letter to the Pennsylvania Public Utility Commission, Post Office Box 3265, Harrisburg, PA 17105-3265.
- 2) Filing a protest or a petition to intervene. If you want to be a party to the case, you must file a protest or a petition to intervene. You then have an opportunity to take part in all the hearings about the proposed acquisition. You can receive copies of all materials distributed by the other parties. Protests and petitions to intervene must be filed in accordance with 52 Pa. Code (relating to public utilities) on or before June 3, 2019. Filings must be made with the Secretary of the Pennsylvania Public Utility Commission at P.O. Box 3265, Harrisburg, PA 17105-3265, with a copy served on Aqua's counsel at Thomas, Niesen & Thomas, LLC, Attn: Thomas T. Niesen, 212 Locust Street, Suite 302, Harrisburg, PA 17101.

The documents filed in support of the application are available for inspection and copying at the Office of the Secretary of the PUC between 8 a.m. and 4:30 p.m., Monday through Friday, on the PUC's website at www.puc.pa.gov and at Aqua's offices at 762 West Lancaster Avenue, Bryn Mawr, PA 19010. The PUC docket number is A-2019-3008491.