

NOTICE OF PROPOSED ACQUISITION AND RATE BASE ADDITION

Docket No. A-2021-3026132

Dear Customer:

On December 20, 2021, the Pennsylvania Public Utility Commission (PUC) conditionally accepted for filing the application of Aqua Pennsylvania Wastewater, Inc. (Aqua) for approval to acquire the East Whiteland Township (East Whiteland) wastewater system assets. East Whiteland serves approximately 3,900 customers in Chester County, Pennsylvania. Aqua's application also requests that the PUC authorize an addition of up to \$54.93 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 East Whiteland Township wastewater customers. Aqua is not requesting a rate increase as part of the acquisition. Your rates will not change as a result of this transaction until the conclusion of an Aqua rate case where Aqua includes the East Whiteland system and requests and receives PUC approval to increase its rates. 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 PUC chooses to apportion the increase among Aqua's acquired and existing customers. The tables below present non-binding estimated incremental rate effect of the proposed rate base addition on East Whiteland's wastewater customers, which include estimates with and without cost sharing. Aqua has sought cost sharing in later rate filings for acquired systems and therefore we are providing both scenarios in this notice:

East Whiteland Customers rates assuming costs are shared with other Aqua customers

Rate Class	Average Usage	Estimated Monthly Increase	Estimated Percentage Increase
Sewer District A & B	Fixed	\$21.02	63.05%
Sewer District C	Fixed	\$28.48	63.05%
Sewer District D	Fixed	\$31.53	63.05%
Sewer District E	Fixed	\$25.22	63.05%
High Volume Users	372,210 gal/month	\$1,455.09	63.05%

East Whiteland Customers rates assuming no costs are shared with other Aqua customers

Rate Class	Average Usage	Estimated Monthly Increase	Estimated Percentage Increase
Sewer District A & B	Fixed	\$44.31	132.93%
Sewer District C	Fixed	\$60.04	132.93%
Sewer District D	Fixed	\$66.47	132.93%
Sewer District E	Fixed	\$53.17	132.93%
High Volume Users	372,210 gal/month	\$3,067.71	132.93%

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. The PUC has allowed some form of cost sharing with existing customers based upon prior cases.

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 \$54.93 million in additional rate base. After examining the evidence, the PUC may approve, modify or deny the acquisition and may approve or modify the \$54.93 million addition to rate base. The PUC will issue a decision on the application on or around July 14, 2022.

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 East Whiteland'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) Attending or presenting testimony at a PUC Public Input Hearing. You can attend or be a witness at a PUC public input hearing. The PUC holds public input hearings if it opens an investigation into Aqua's transaction and there is enough interest in the case. At these hearings, you can present your views in person to the PUC judge and to company representatives. Testimony under oath becomes part of the application case record. The PUC holds these hearings in the service area of the company. For more information, call the PUC at 1.800.692.7380.
- 3) 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 February 28, 2022. 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 as part of this 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-2021-3026132.