



PENNSYLVANIA
AMERICAN WATER

Fairview Township, York County
May 28, 2015





Pennsylvania American Water

Pennsylvania American Water is the largest regulated water and wastewater utility in the state with over 667,000 customers.

We have a local presence with access to national resources.

We are a wholly owned subsidiary of American Water (NYSE: AWK), the largest investor-owned water utility in the U.S.

General	Customers Served	650,000 water; 17,000 wastewater
	Population Served	Approx. 2.2 million people
	Communities Served	400 municipalities in 36 counties
Source of Supply	Source of Supply	92% surface water, 7% groundwater; and 1% purchased
	Regulated Dams	53
	Active Groundwater Well Sources	135
Treatment	Surface Water Treatment Plants	36 (32 received Directors Awards)
	Wastewater Treatment Plants	11
Distribution	Tanks	293
	Pumping Stations	268
	Water & Sewer Mains	10,242 miles
Capacity	Water Capacity	196 MGD (average daily delivery)
	Wastewater Capacity	12.38 MGD permitted

Proximity to Fairview Township

**Pennsylvania
American Water
West Shore
System**



Fairview Township

**Pennsylvania American
Water Hershey System**

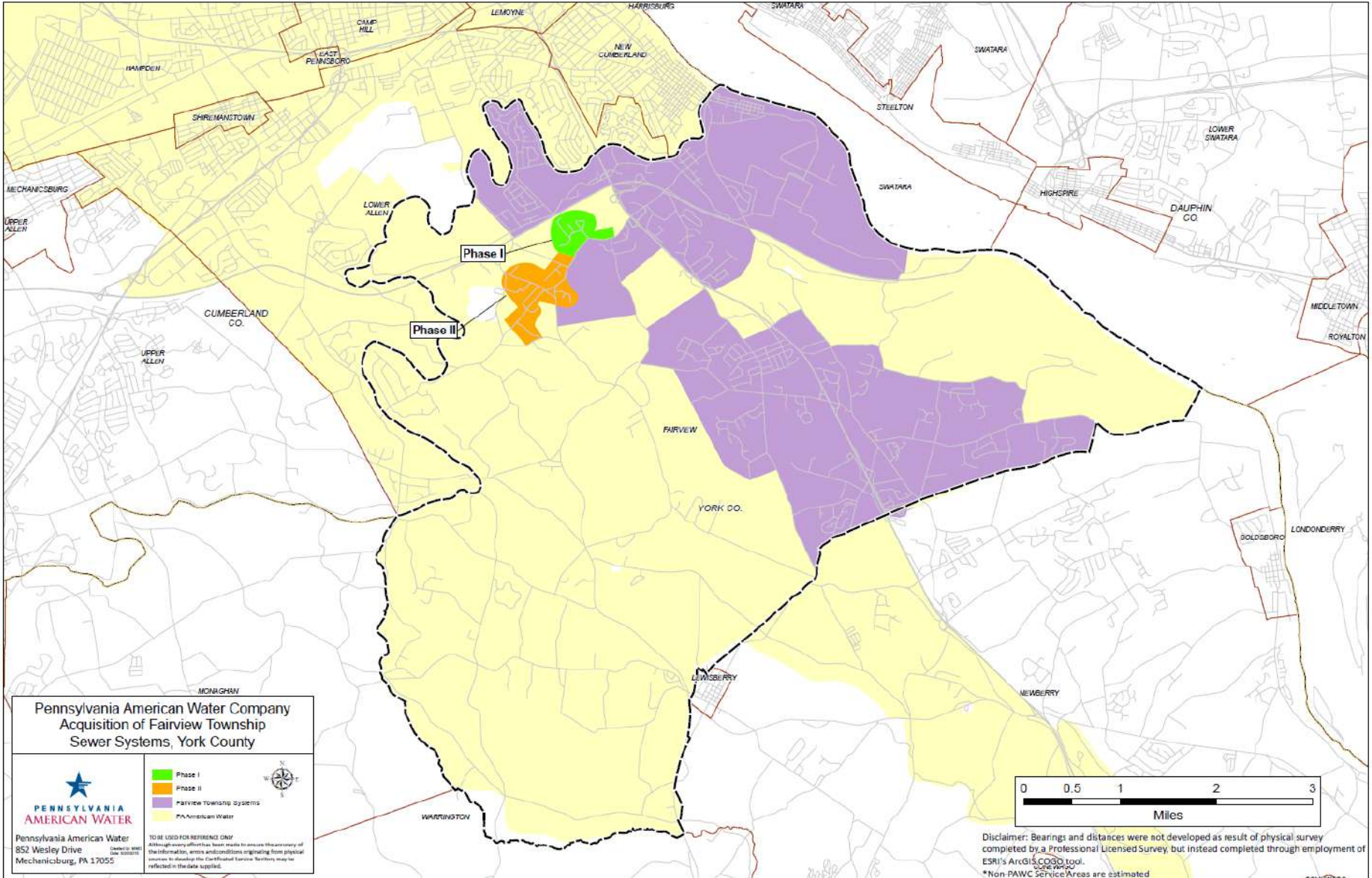


Local Operations – West Shore System

Customers Served	More than 38,200 water service connections
Communities Served (12)	Camp Hill, East Pennsboro, Fairview, Hampden, Lemoyne, Lower Allen, New Cumberland, Newberry, Shiremanstown, Silver Spring, Upper Allen and Wormleysburg.
Treatment Plants	<p>Water: West Shore Regional Treatment Plant (12 MGD capacity) and Silver Spring (8 MGD capacity). Both have received Directors Awards from the Partnership for Safe Water.</p> <p>Wastewater: Franklin Township Wastewater Plant</p>
Source of Supply	<p>West Shore Regional Treatment Plant: Yellow Breeches</p> <p>Silver Spring: Conodoquinet Creek</p>
Water Main	500+ miles
Employees	Approx. 50



Pennsylvania American Water Service Area



**Pennsylvania American Water Company
Acquisition of Fairview Township
Sewer Systems, York County**

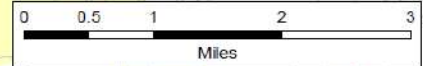
LEGEND

- Phase I
- Phase II
- Fairview Township Systems
- PA American Water

TO BE USED FOR REFERENCE ONLY
Although every effort has been made to ensure the accuracy of the information, errors and conditions originating from physical sources in developing the Confidential Narrative Territory may be reflected in the data supplied.

Pennsylvania American Water
852 Wesley Drive
Mechanicburg, PA 17055

Case No. 2019-0011



Disclaimer: Bearings and distances were not developed as result of physical survey completed by a Professional Licensed Survey, but instead completed through employment of ESRI's ArcGIS/COGO tool.
*Non-PAWC Service Areas are estimated



Considerations of Township

Project and quantify future wastewater resource needs

- **What will your system needs be over the next 20 years?**
 - ⑩ Investment in facilities
 - **Extension of Public Wastewater:** to meet regulatory requirements
 - **Chesapeake Bay treatment requirements:** to meet current and future regulations
 - **Collection System:** to replace aging infrastructure and reduce Inflow & Infiltration (I & I)
 - **Wastewater Treatment Capacity:** to address capacity needs for current customers and future planned growth
 - ⑩ Borrowing needs & costs to residents (\$9,500/EDU tap-in fee)
 - ⑩ On-going system maintenance & operating costs (i.e. power bills)
- **Can the existing customer base afford to pay for future needs?**



Our Offer (\$31 million in value)

- ⑩ PAWC acquires utility assets (i.e plant, pipes, pumps) for a cash purchase price of \$16.8 million
- ⑩ PAWC to invest \$13.1 million of improvements into the system including completion of DEP required Phase 2 collection system construction
- ⑩ PAWC to reimburse Township for turnpike relocation project – up to \$1.0 million
- ⑩ Township keeps cash and accounts receivable and pays off debt at closing, net proceeds remain with the Township
- ⑩ PAWC assumes operations, maintenance and regulatory compliance (including collection system installation)
- ⑩ Wastewater land/buildings back on tax roll for county, school, local taxes



Our Offer (\$31 million in value)

- ⑩ PAWC offers employment to Township wastewater employees
- ⑩ PAWC adopts Township wastewater rates and freezes rates through 12/31/2017, with the exception of Township's Tap-In Fees which will be PAWC's capacity fee
- ⑩ PAWC capacity fee:
 - PAWC- Existing homes-businesses \$0
 - PAWC - New homes-businesses \$4,000/EDU
 - Fairview Township Tap-In Fee (new + existing)\$9,500/EDU
- ⑩ No existing homes/business will pay tap-in fee!
- ⑩ Additional value to residents - \$3,000,000+



Wastewater Rates

Wastewater Rates

- PAWC will not change rates any earlier than December 31, 2017
- PAWC will change to monthly billing at closing and transition to a consumption based billing after December 31, 2017
- Rates are regulated by the PA Public Utility Commission (PUC) and any future rate changes must be pre-approved by the PUC
- New law (Act 11) allows us to spread costs across entire customer base 667,000 customers vs. 3,600 customers

Fairview Residential Rates

- Fairview Township - \$192/Quarter - \$64/ Month

PAWC Residential Rates (consumption based)

- Service Charge - \$7.50
- Usage Charge per 100 gallons - \$1.2880

Rate comparison - Residential (4,000 gal per month)

- Fairview Township \$64.00
- PAWC \$59.00



Wastewater Rates – Tap in Fees

- **Tap-in Fees for existing homes/businesses:**
Fairview Township \$9,500/EDU
PAWC \$0

- **Tap-in Fees for new homes/businesses:**
Fairview Township \$9,500/EDU
PAWC \$4,000/EDU



\$13.1 million would be invested in Fairview Township system

■ **Phase II Sewer Project**

Install approximately 23,500 feet of gravity main, 150 manholes, 9,250 feet of force main, 4 pump stations, and 5 grinder pumps

Install laterals and clean outs to customer property

Project cost estimate \$8,300,000

■ **Collection System Improvements**

I & I Study, flowmeter installation, targeted 5,000 feet annual sewer line replacement or rehabilitation.

Project cost estimate \$3,200,000 over 5 years

■ **Treatment Plant Improvements**

Safety and security

Pump station and treatment plant remote monitoring

Pump station improvements

Treatment plant improvements

Project cost estimate \$1,600,000

■ **Turnpike Relocation Project**

PAWC to reimburse Township cost of project up to \$1.0 million



Additional Customer Services

- **Customer Connection Loan Program: Water and Wastewater**
 - PAWC loan to homeowners up to \$10,000 to pay costs to connect to system
 - Costs – Service line, grinder pump, plumbing alterations, plumbing costs, etc.,
 - Loan Term between 3 and 8 years
 - Interest rate – 1.0% + Current LIBOR Rate (currently 0.75%)
 - Today rate would be 1.75%
 - Repaid monthly via payment book/monthly invoice
- **Help to Others Program™ (for qualified water & wastewater customers)**
 - Grants of up to \$500 per year
 - 80% discount on monthly water service fee
 - 15% discount on total wastewater charges





Summary

- ⑩ Township sells wastewater system for a total value of over \$31.0 million.
- ⑩ Township eliminates all wastewater system debt and retains net proceeds.
- ⑩ Township relieved of current and future wastewater treatment costs and future capital investment requirements.
- ⑩ Township wastewater system employees offered employment.
- ⑩ Township wastewater rates frozen through until December 31, 2017. Future rates will be consumption based and approved by PUC.
- ⑩ Township residents DO NOT pay \$9,500 sewer tap in fee



PENNSYLVANIA AMERICAN WATER

Thank you

Bernie Grundusky
Director of Business Development

