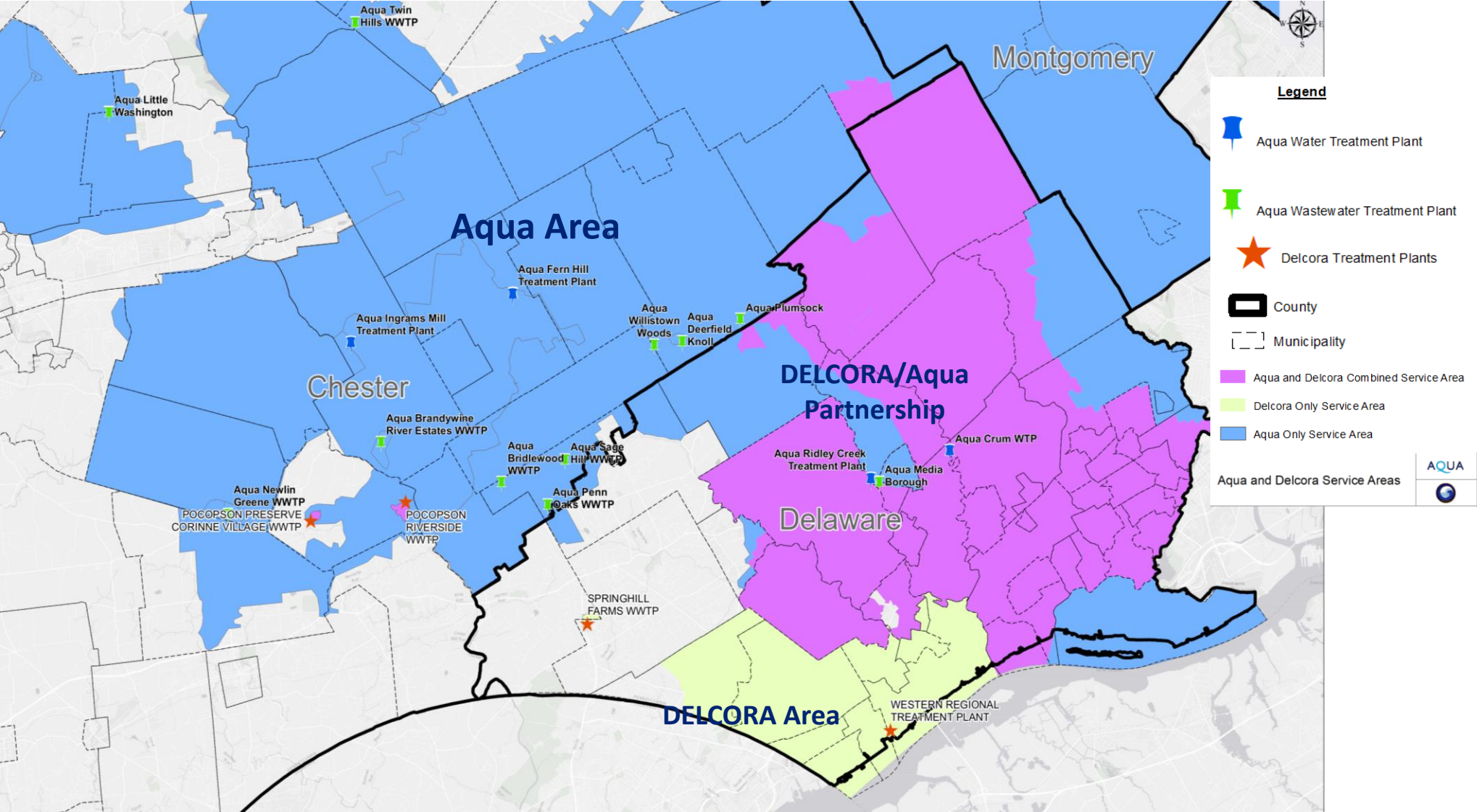


A vertical blue-tinted image on the left side of the slide showing a dynamic splash of water with many bubbles and droplets.

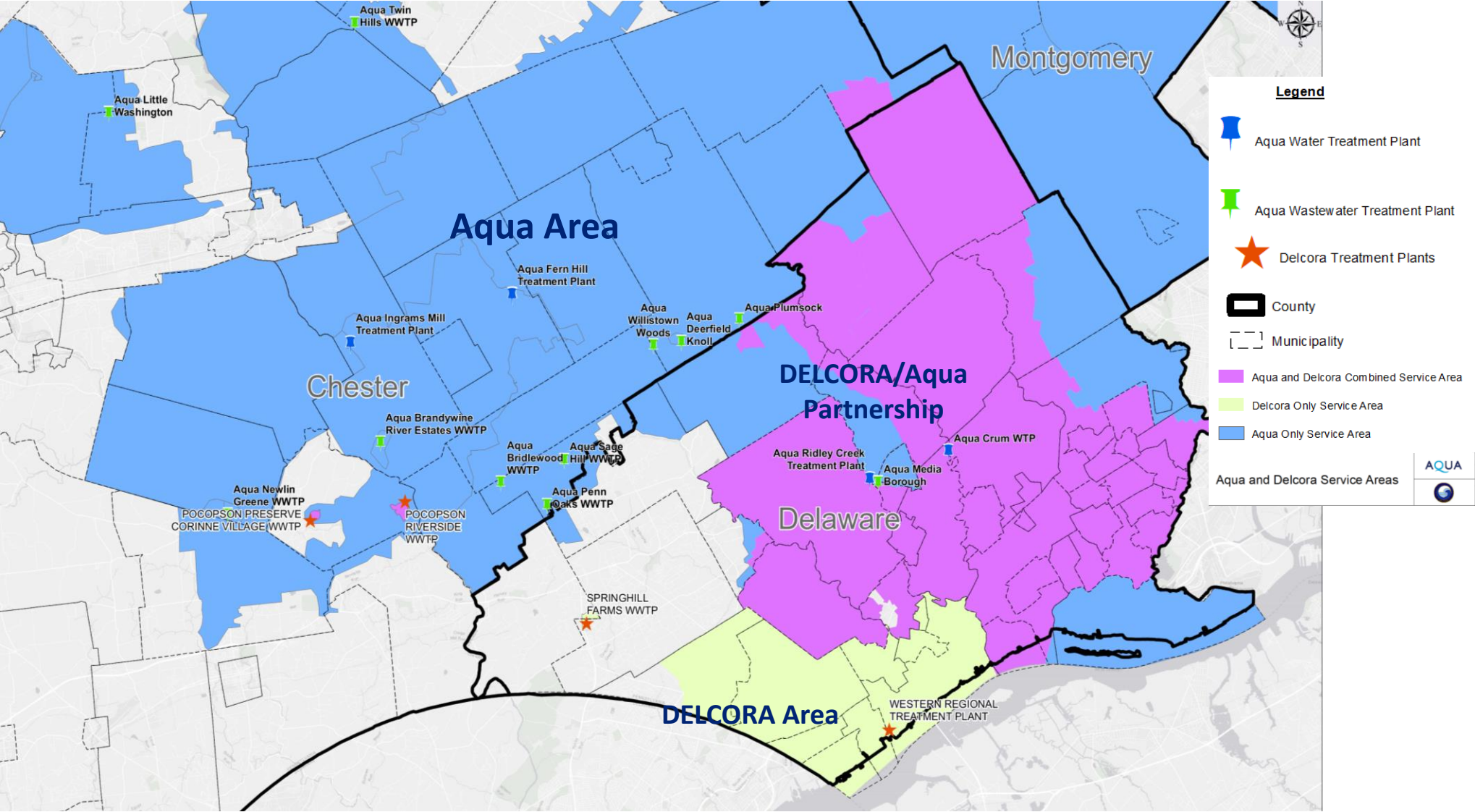
DELCORA'S Mission

Provide environmentally responsible and cost-effective waste water management services to the citizens, businesses and industries of Southeastern Pennsylvania

DELCORA/AQUA Service Area



DELCORA/AQUA Service Area



Public/Stakeholder Outreach Regarding Potential Aqua Partnership

Date	Meeting Participants
July 16, 2019	<ul style="list-style-type: none"> - DELCORA Board of Directors - Board Authorized non-binding Letter of Intent for Exploring a Partnership between DELCORA and Aqua - DELCORA Personnel in Administration Building - DELCORA Plant Personnel (Engineering & Laboratory)
July 17, 2019	<ul style="list-style-type: none"> - DELCORA Management Team - Shop Stewards/Collective Bargaining Unit
July 23, 2019	<ul style="list-style-type: none"> - Central Delaware County Authority (CDCA) - Delaware County Council - Muckinipates Authority
July 24, 2019	<ul style="list-style-type: none"> - Southwest Delaware County Authority
July 25, 2019	<ul style="list-style-type: none"> - Darby Creek Joint Authority (DCJA) - Southern Delaware County Authority (SDCA)
July 30, 2019	<ul style="list-style-type: none"> - Business Agent and Shop Stewards of Collective Bargaining Unit
August 1, 2019	<ul style="list-style-type: none"> - Kathleen Carey from the Delco Times - Paul Bennett from Spirit News
August 2, 2019	<ul style="list-style-type: none"> - Business Agent & Shop Stewards of the Collective Bargaining Unit and Aqua
August 8, 2019	<ul style="list-style-type: none"> - All Members of the Collective Bargaining Unit & Aqua - Salaried Employees & Aqua
August 20, 2019	<ul style="list-style-type: none"> - DELCORA Board Meeting – Extended due-diligence period
August 21, 2019	<ul style="list-style-type: none"> - Delaware County Council Meeting
September 4, 2019	<ul style="list-style-type: none"> - Open House at Springfield Country Club
September 11, 2019	<ul style="list-style-type: none"> - Open House at Rondale-Hollis-Jefferson Gymnasium

Long-Term Control Plan Outreach



PLAN DEVELOPMENT

Meeting 1: March 15, 2016, 6 PM	Scope and Purpose of the Study	Chester City Hall, Chester
Meeting 2: June 27, 2017, 6 PM	System Characterization	Ridley Township Building, Ridley
Meeting 3: December 5, 2017, 6 PM	Development & Evaluation of Alternatives	Chester City Hall, Chester
Meeting 4: September 26, 2018, 5 PM	Selection and Implementation	Aston Township Building, Aston

PLAN OUTREACH

September 24, 2015	Radnor, Haverford Marple Joint Authority	Radnor, Haverford, Marple
November 18, 2015	Darby Creek Joint Authority	Springfield, Upper Darby, Colwyn, Collingdale, Clifton Heights, Aldan, Darby Township, Darby Borough, Folcroft, Lansdowne, Yeadon, Sharon Hill
November 15, 2016	Central Delaware County Authority	Springfield, Nether Providence, Swarthmore, Ridley Park, Prospect Park, Ridley Township, Morton, Rutledge, Edgemont, Upper Providence, Newtown Square
December 5, 2016	Southern Delaware County Authority	Upper Chichester, Lower Chichester, Bethel
November 9, 2017	Southwest Delaware County Authority	Aston, Middletown, Brookhaven, Chester Heights

Continuation of Excellent Customer Service



- Continuation of key services at our current location
- Convenient payment methods and plans as well as customer assistance programs
- Customer service representatives who have a strong connection to the community and the customer base will remain the same
- Bill payment and customer information
- Continuation of Bilingual Service

Projected DELCORA Capital Costs Through 2042

Item	Cost	Comment
Philadelphia LTCP EPA Costs	\$605 Million	This is a fluid number that has already increased dramatically from \$178M during the first five years of our current contract with Philadelphia Water Department (PWD)
DELCORA Chester LTCP EPA Costs	\$87 Million	As submitted to EPA in February 2019; has the potential to increase
Capital Plan (Surface Assets)	\$332 Million	2019 Capital Plan (maintain existing surface assets)
Pipeline Rehabilitation (Sub-surface Assets)	\$88 Million	\$4 million per year average investment to repair/replace ~150 miles of older sewer lines over time
Treatment Plant Regulatory Improvements	\$100 Million	Regulatory requirements likely to include ammonia and nutrient control; additional requirements above this level of investment are possible, if not likely
ESTIMATED TOTAL	\$1.2 billion	Based on 2019 costs (not escalated)

A Proposed Partnership with Aqua would

- Best deliver the infrastructure needed to leave PWD
- Generate a rate stabilization plan to mitigate the impact of future rate increases
- Provide an opportunity to spread DELCORA costs across Aqua's statewide rate base
- Brings the safeguard of PUC oversight of future rate increases
- Help to affordably and efficiently manage all future capital and operational challenges
- Provide significant experience in large-scale/ complex project delivery

A vertical blue bar on the left side of the slide, featuring a high-speed photograph of water splashing upwards, creating numerous droplets and a crown-like shape at the base of the splash.

Why Now?

- In 2019, EPA said DELCORA will not be excused and must pay for unfunded Consent Decree
- Leaving PWD would avoid millions in PWD LTCP Costs
- Must begin immediate expansion to leave PWD by 2028
- Partnership could allow additional savings beyond 2042

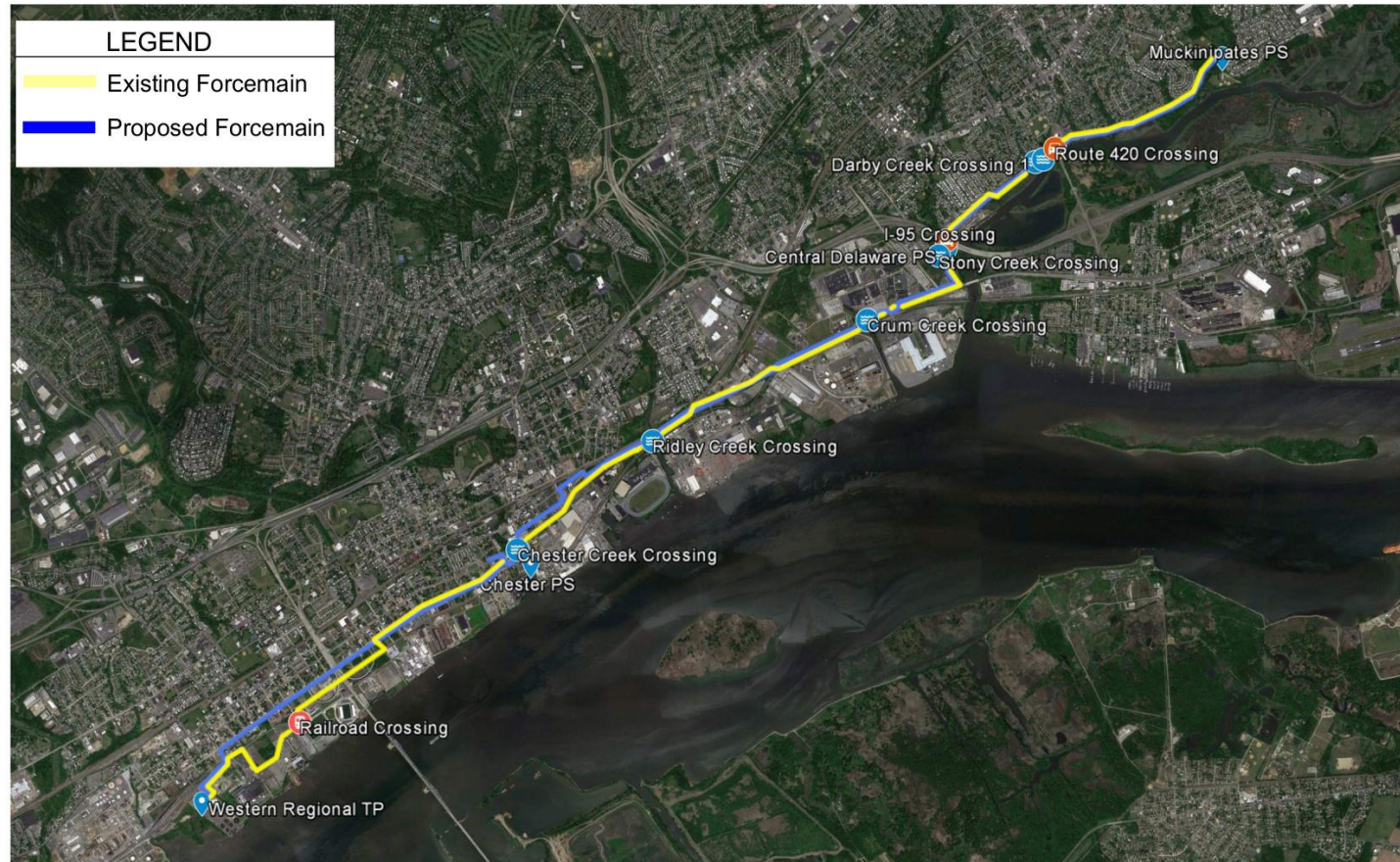
A blue-tinted photograph of a water splash, with many droplets frozen in mid-air, creating a dynamic and energetic background for the left side of the slide.

Why Now?

- Avoid paying PWD \$550M by Leaving PWD system by April 2028
- Instead, invest \$450M in OUR own system and save additional money over the long-term
- A smaller investment in OUR system saves money and allows us to control our infrastructure and economic destiny
- Must begin immediate expansion to leave PWD by 2028

Capital Projects Needed to Leave PWD

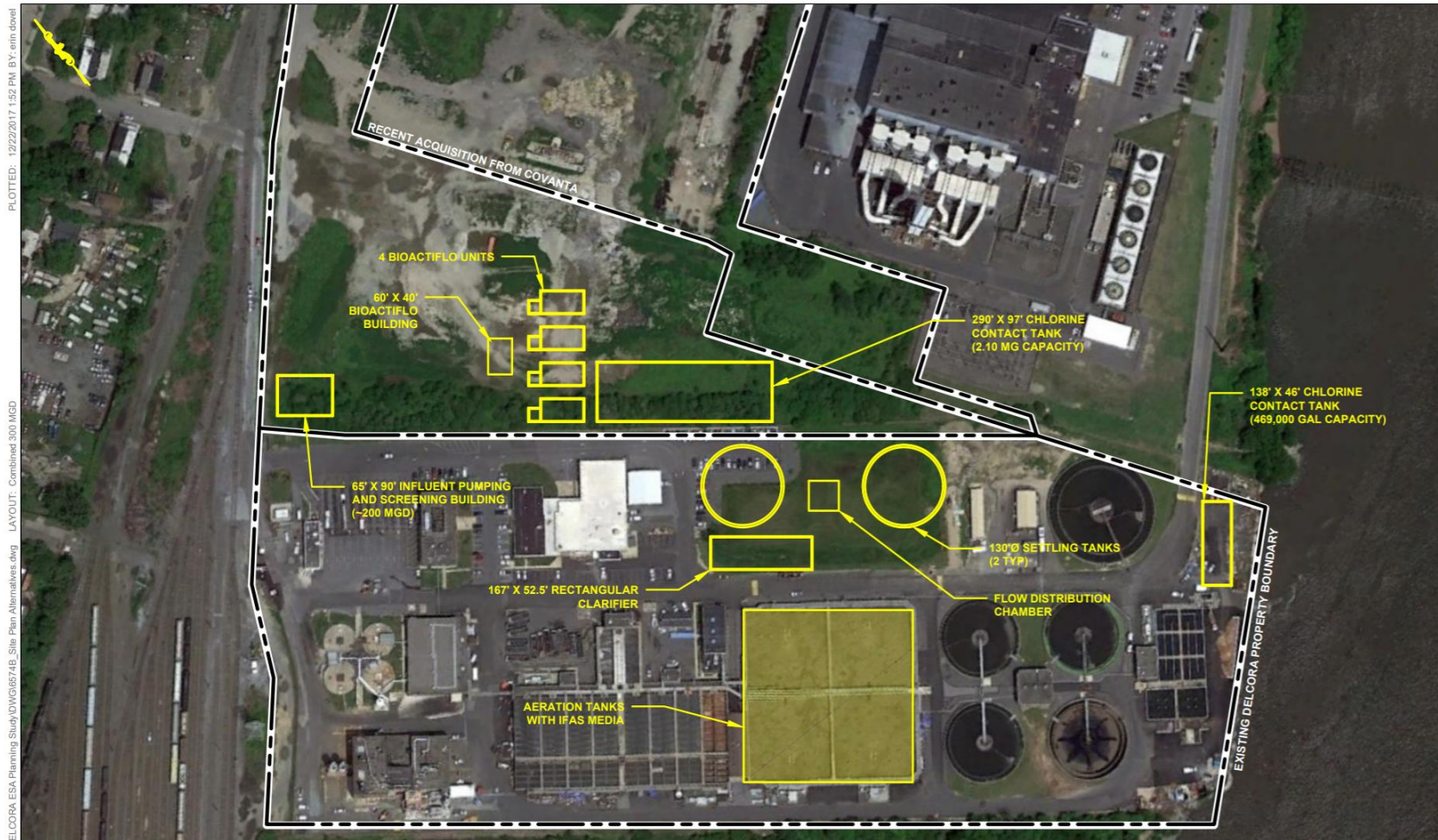
Feasible Route Map



Overview

- Investment of \$450M required
- Build new 72-in. pipeline to convey wastewater from PWD to Chester facility
- Upsize Chester Wastewater Treatment Plant to accommodate new waste stream

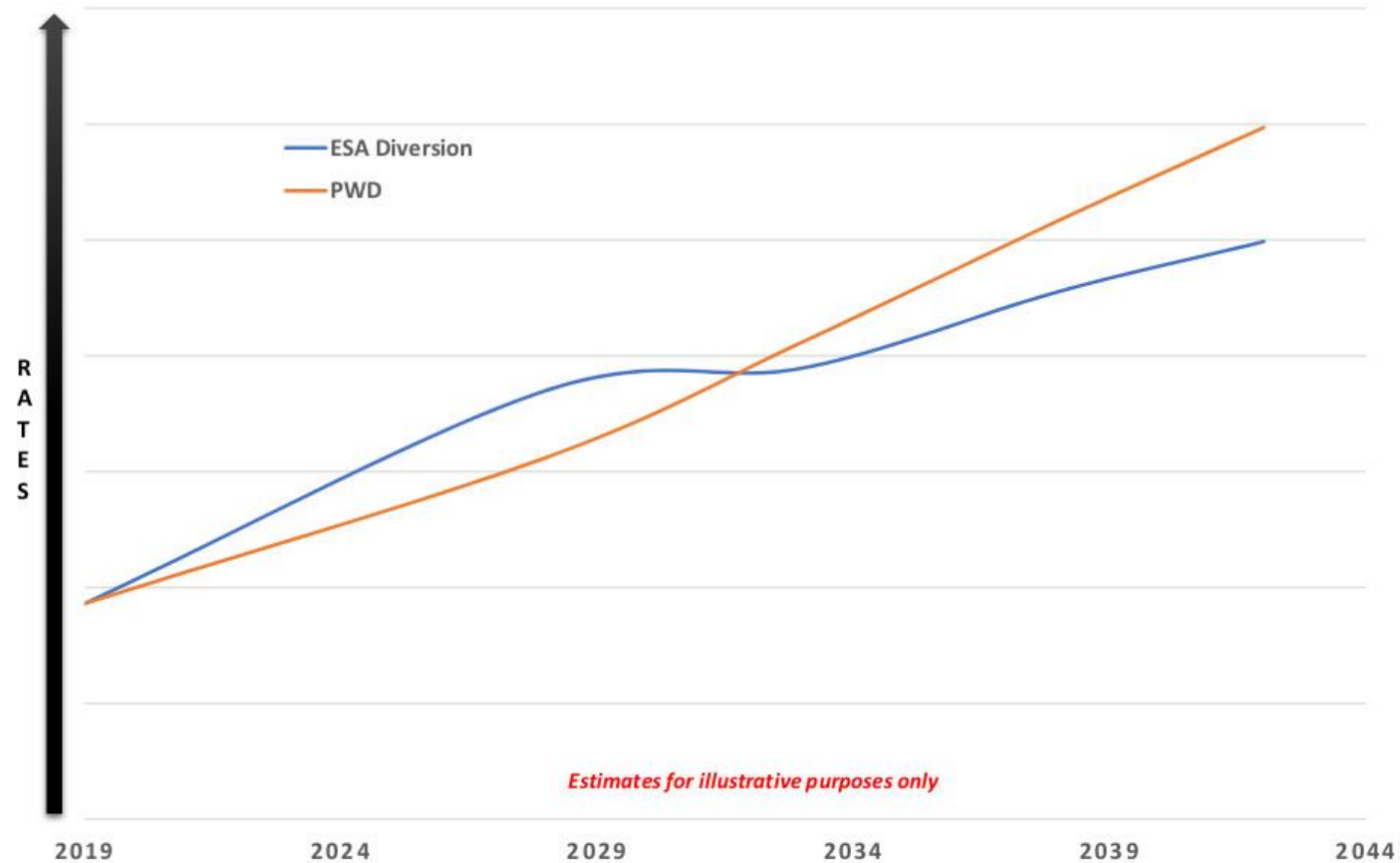
Chester Treatment Plant Upgrades



DELCOORA ESA Planning Study/DWG06574E_Site Plan Alternatives.dwg LAYOUT: Combined 300 MGD

Illustrative Future DELCORA Rates – Representative Residential Customer

EASTERN SERVICE AREA ("ESA") DIVERSION VS.
PHILADELPHIA WATER DEPARTMENT ("PWD") CONTRACT
(RETAIL RESIDENTIAL CUSTOMER ESTIMATE)



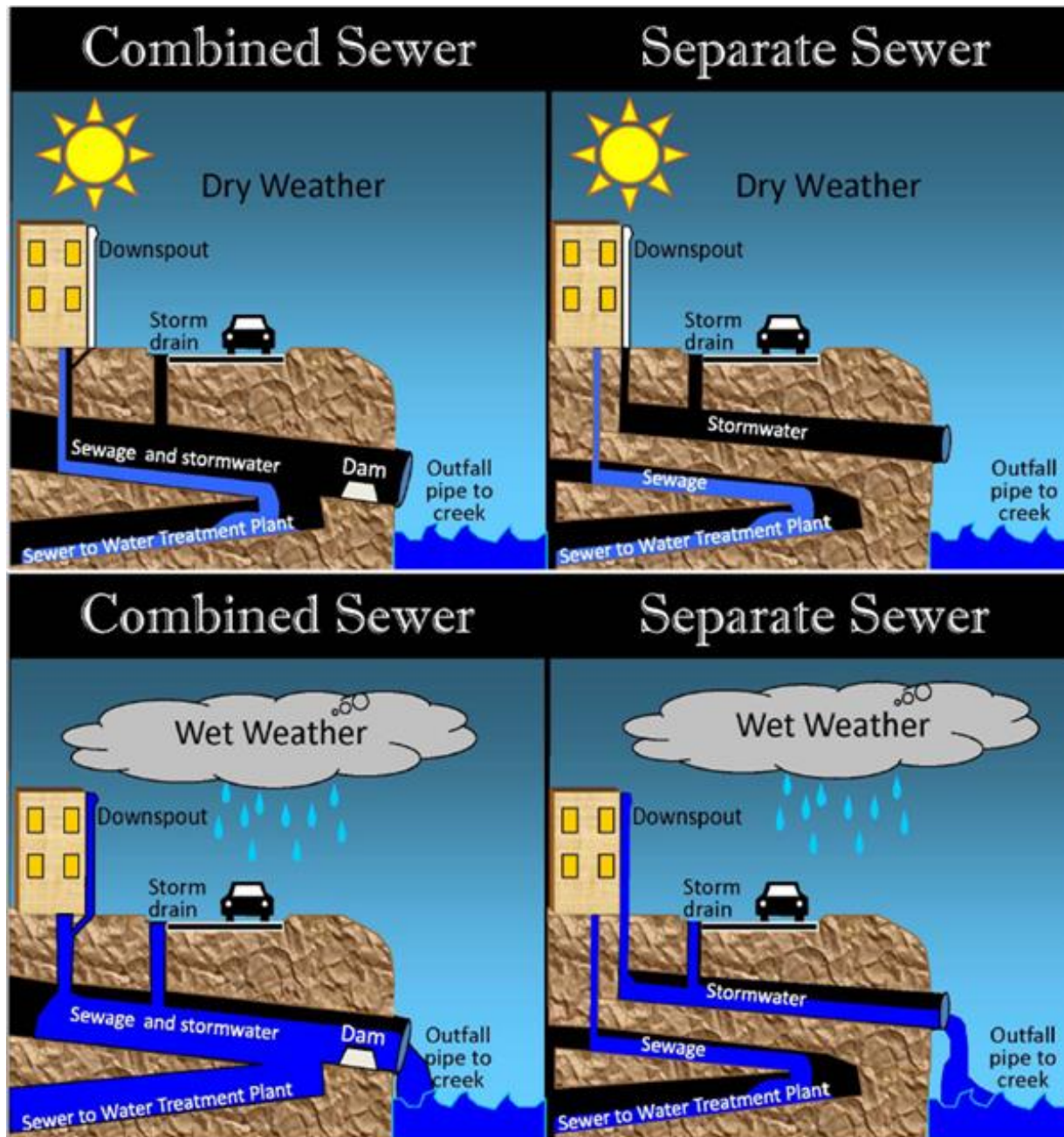


Increasing Environmental Requirements

DELCORA faces significant new/more stringent air, water, and waste regulatory requirements.

These requirements will come on top of the need to maintain our aging infrastructure and ensure reliable service. Such requirements include:

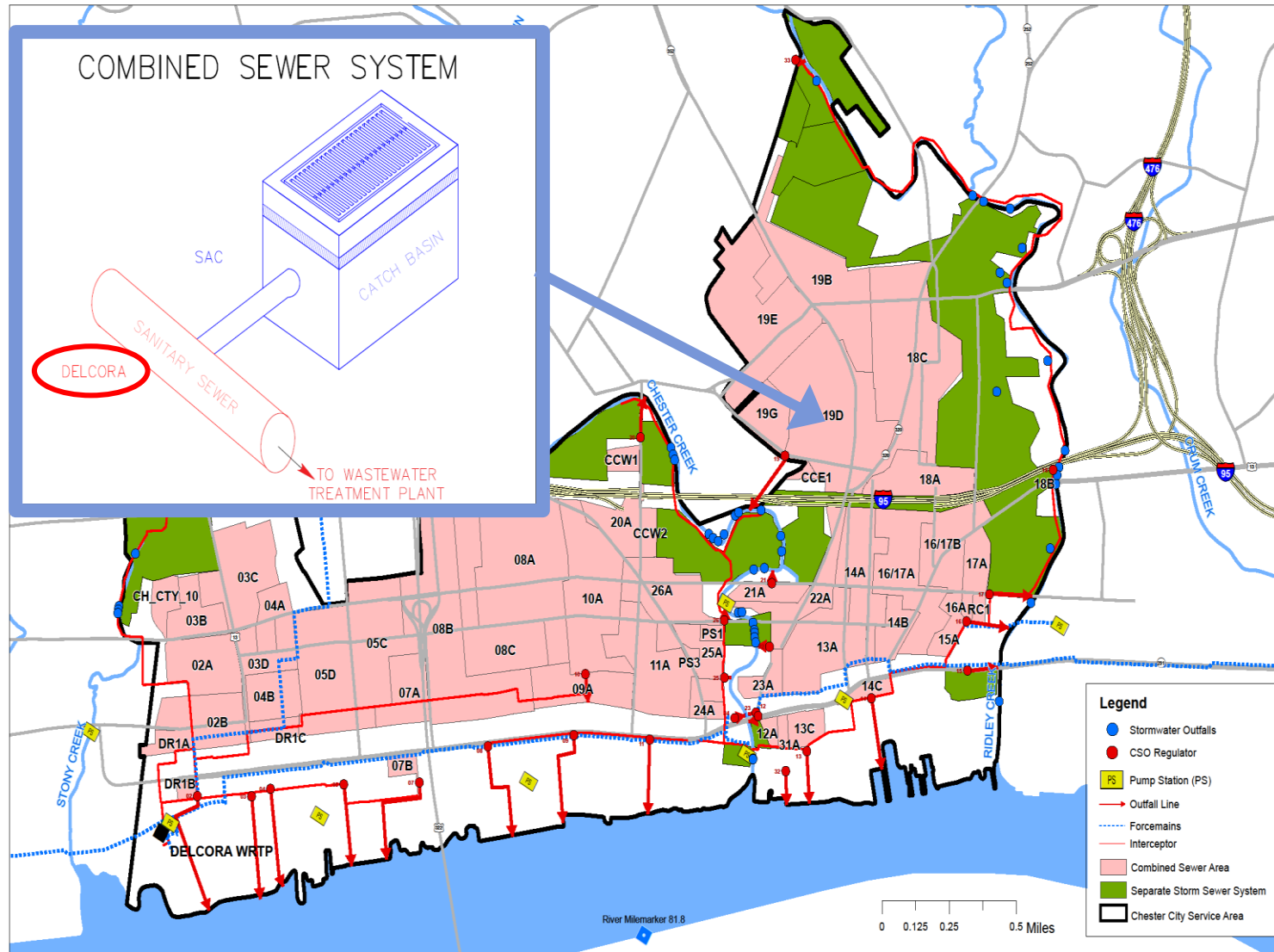
- Peak Wet Weather Flow Management
- Chester Long-Term Control Plan
- More Stringent Air Emission Controls
- Sewer Overflow Control
- Water Quality Standards Compliance
- Mercury Reduction
- Nutrients
- Ammonia
- PCBs
- Emerging Contaminants
- Climate Resiliency
- Capital Share of Philadelphia Overflow Control Plan



Sewer Systems

- Combined sewer systems are sewers that are designed to collect rainwater runoff, domestic sewage, and industrial wastewater in the same pipe.
- Combined sewer systems are designed to overflow occasionally and discharge excess wastewater directly to nearby streams, rivers, or other water bodies.

Interface of DELCORA and Stormwater Authority (SAC)



DELCORA Pipe Cleaning



SAC Catch Basin Cleaning

CB 3141_SAC (Butler Street and W 7th Street)



Pre-Clean



Post-Clean

Illustrative Future DELCORA Rates

DELCORA faces substantial costs related to Philadelphia mandated wastewater expenses (more than half a billion dollars), and other needed capital projects. DELCORA has no influence on future Philadelphia rate increases, and the Philadelphia project won't be completed until 2042. These costs will significantly increase DELCORA rates going forward!

Two alternatives are available to DELCORA:

1. DELCORA undertakes the project to leave Philadelphia on its own. The project is expected to have initially higher costs than staying with Philadelphia (forecasted to increase more than 8.0% annually¹); however, it is expected to result in lower long-term rates than would be realized by staying with Philadelphia
2. DELCORA pursues a partnership with Aqua Pennsylvania, where DELCORA seeks to keep customer rates flat for the greater part of a decade through a rate stabilization plan, potentially resulting in meaningful savings for the customers². In addition, with the availability of Act 11, Aqua Pennsylvania rates could be lower than the DELCORA standalone rates on a long-term basis

1) Rate estimates are based on 70,000 gallons annually

2) Precise amount is dependent upon proceeds paid to DELCORA which is still being negotiated

Why Now?

From: Jaclyn Rogers <Jaclyn.Rogers@phila.gov>
Sent: Friday, December 1, 2017 11:57 AM
To: Pileggi, John <Pileggi@delcora.org>; Melissa LaBuda <Melissa.LaBuda@Phila.gov>
Cc: Cherico, Michael <chericom@delcora.org>; William Rempfer <William.Rempfer@phila.gov>; Christopher Bamber <BAMBERC@pfm.com>; Isler,Lindsey <islerl@delcora.org>; Isler,Lindsey <islerl@delcora.org>; Hurst, Charles <hurstc@delcora.org>; David Katz <David.Katz@phila.gov>; James Palladino <james.palladino@gmail.com>
Subject: RE: DELCORA Projected CSO

Hi John,

Below is an estimate of Delcora's projected CSO contribution using the inflated dollars from PWD's latest Official Statement (\$4.5 billion). As of December 1, 2017, we have calculated DELCORA's projected contribution to be \$606 MM as of FY2042. The table below is being provided to you solely for information purposes. The projected contribution amount and corresponding data is subject to change as the CSO program progresses at PWD.

There are a few assumptions you should be aware of for this estimate:

1. It is assumed that Delcora's current contract terms remain constant through 2042
2. The estimate for 'Total Deprecation and Return on Investment' – (Line 1) – Is calculated from the \$3.5 billion in capital related expensed used in PWD's Official Statement
 - a. For FY 2018, Delcora's current rate schedules were used.
 - b. For FY2019-FY2021, estimated rate schedules for Delcora were used from PWD's ongoing cost of service analysis
 - c. For FY 2022 through FY2042, PWD's inflated budget was used for each corresponding year instead of projected asset completion date, as done in previous estimates provided to Delcora.
3. The estimate for 'O&M related to COA' cost – (Line 2) - Is calculated from the \$1 billion in O&M related expensed estimated in PWD's Official Statement
4. The Stormwater Grant Program Amortization – (Line 3) – utilizes only the information PWD have to date on this program.

	FY 2018-22	FY 2023-27	FY 2028-32	FY 2033-37	FY 2038-42	Totals
Township Total Deprecation and Return on Investment	\$6,282,612	\$31,393,679	\$72,571,974	\$119,516,377	\$140,985,204	\$370,749,846
Township Share of O&M related to COA	\$2,426,000	\$11,677,446	\$26,848,396	\$44,143,702	\$54,367,917	\$139,463,461
Stormwater Grant Program Amortization	\$1,029,624	\$3,522,710	\$6,787,912	\$9,315,971	\$10,045,709	\$30,701,926
Township Management Fee (12%)	\$1,168,588	\$5,591,260	\$12,744,994	\$20,757,126	\$24,647,860	\$64,909,828
	\$10,906,825	\$52,185,095	\$118,953,276	\$193,733,176	\$230,046,690	\$605,825,062

Please let us know if you have any questions or would like to discuss the above projections.

Jaclyn

Jaclyn Marge Rogers
Philadelphia Water | Finance
1101 Market Street, Philadelphia, PA 19107
215.685.4978
jaclyn.rogers@phila.gov
www.phila.gov/water

From: David Katz [mailto:David.Katz@phila.gov]
Sent: Friday, April 5, 2019 10:10 AM
To: Paul Calamita <paul@aqualaw.com>
Subject: Re: PWD-DELCORA Service Contract

Hi Paul

Hope all is well.

I spoke with Charlie Hurst yesterday and updated him on our progress in coming up with alternate cost effective solutions for Delcora. Unfortunately, the engineering and modeling involved to even determine a feasible possible alternative takes time but we are diligently working on it.

Delcora has been our partner for over four decades and we will do our absolute best to ensure this relationship continues. I can't free them from their LTCP obligation— all our suburban customers will be paying their proportionate share— but we will work hard to find an engineering solution that is affordable and sensible. Although the analysis is only in its early stages I am hopeful and cautiously optimistic that we can collectively find an answer.

Feel free to call me if you wish to discuss further.

Thanks

David

office 215-685-6118

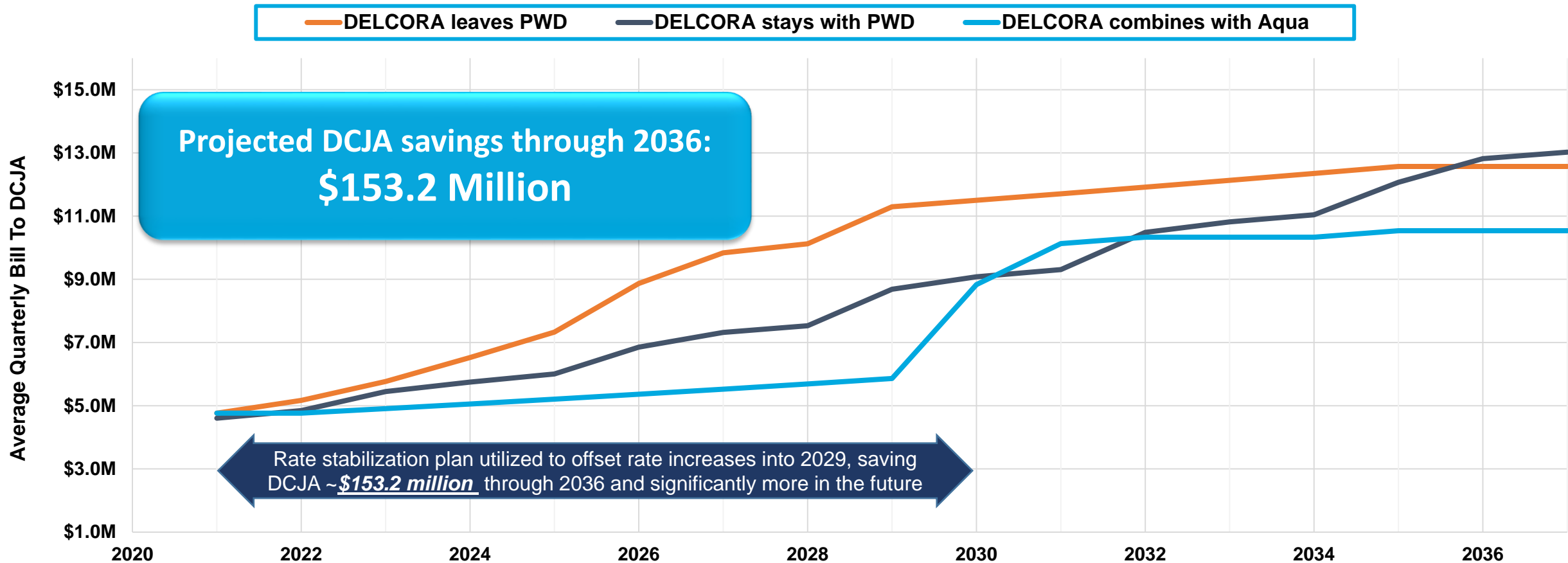
cell 267-303-7055

DELCORA



Benefits to Big 6 Municipal Authority Customers

Expected DCJA Bill Impact

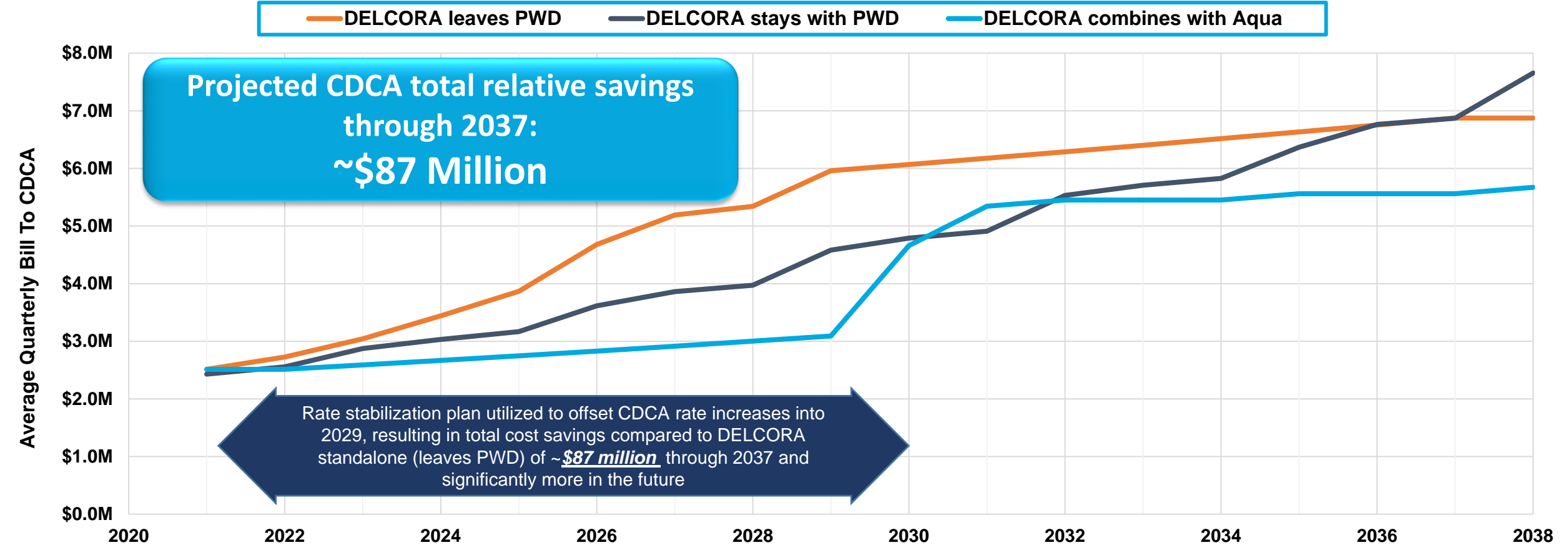


Leaving Philadelphia requires costs that will lead to DELCORA bill increases of ~12% annually between 2020 and 2028 but will have lower long-term costs than staying. With Aqua, DELCORA will stabilize bills by returning all proceeds to customers. Also, with Act 11 (rate subsidization), bills with Aqua could be lower than DELCORA standalone bills over the long-term.

Source: DELCORA and Aqua projections.

1) DELCORA customer bills are calculated to increase at a lower rate than the DELCORA standalone bills for a period of time after transaction closes due to upfront proceeds paid to DELCORA.

Expected CDCA Bill Impact

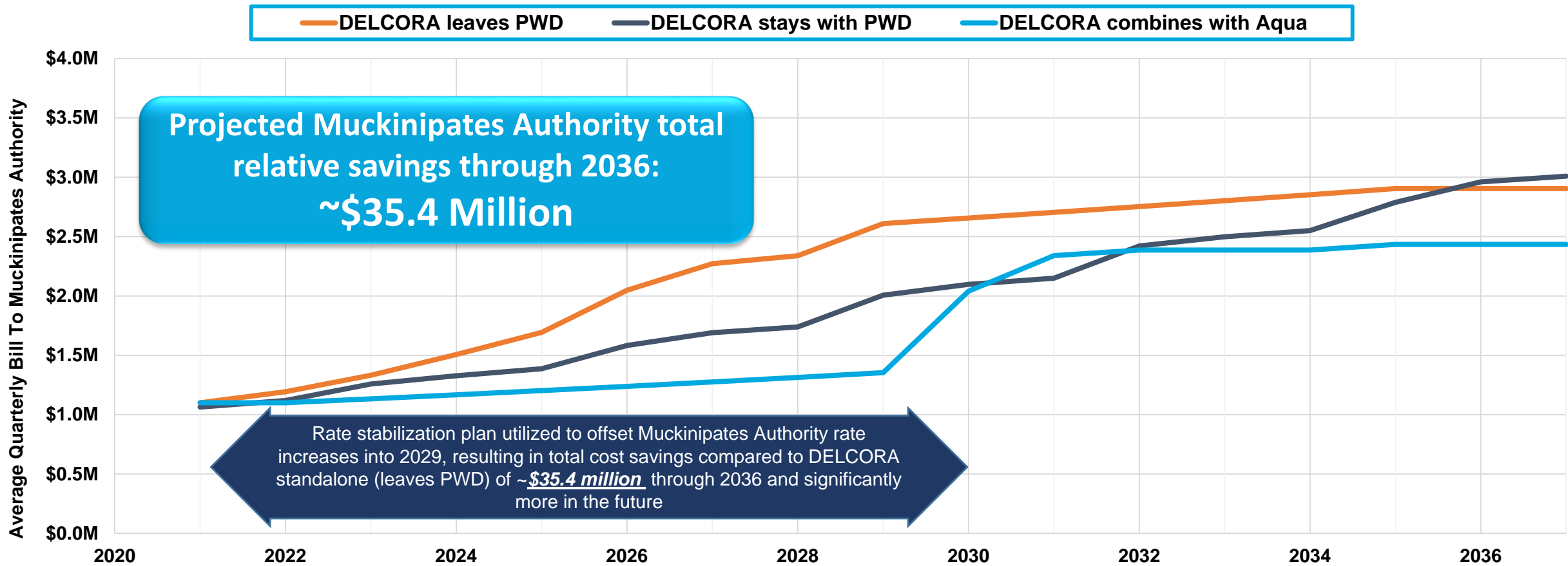


Leaving Philadelphia requires costs that will lead to DELCORA bill increases of ~12% annually between 2020 and 2028 but will have lower long-term costs than staying. With Aqua, DELCORA will stabilize bills by returning all proceeds to customers. Also, with Act 11 (rate subsidization), bills with Aqua could be lower than DELCORA standalone bills over the long-term.

Source: DELCORA and Aqua projections.

1) DELCORA customer bills are calculated to increase at a lower rate than the DELCORA standalone bills for a period of time after transaction closes due to upfront proceeds paid to DELCORA.

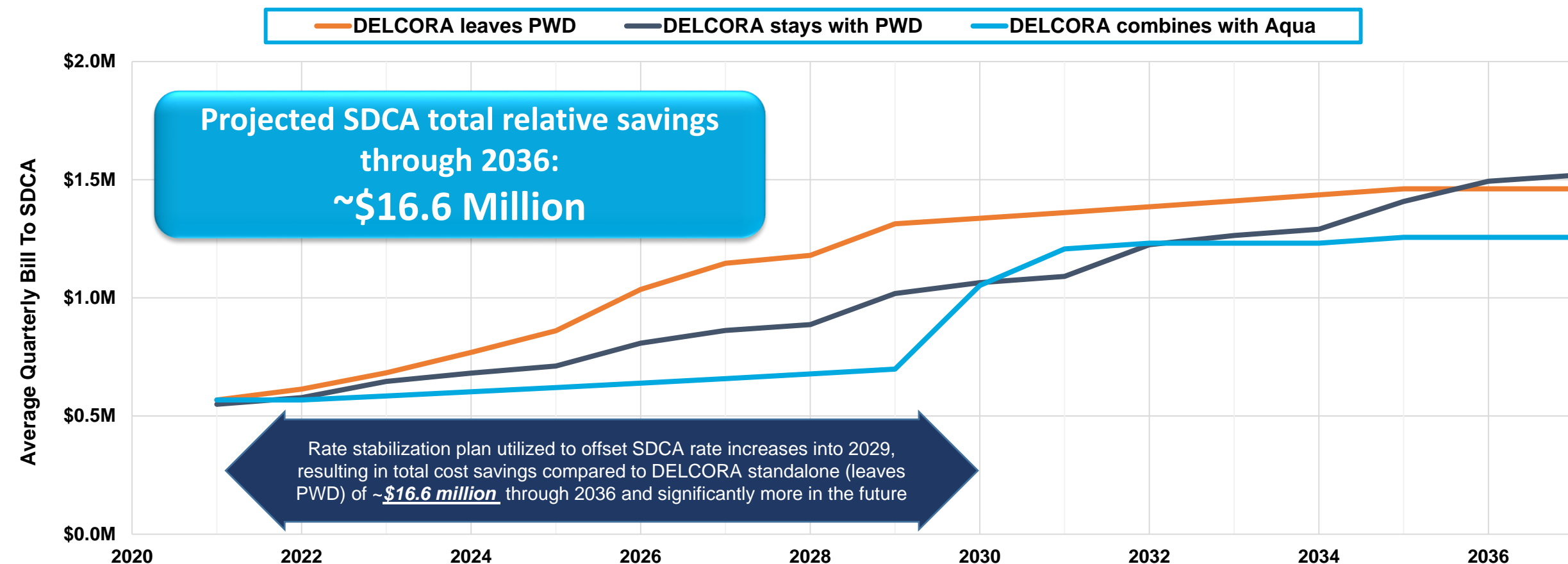
Expected Muckinipates Authority Bill Impact



Leaving Philadelphia requires costs that will lead to DELCORA bill increases of ~12% annually between 2020 and 2028 but will have lower long-term costs than staying. With Aqua, DELCORA will stabilize bills by returning all proceeds to customers. Also, with Act 11 (rate subsidization), bills with Aqua could be lower than DELCORA standalone bills over the long-term.

Source: DELCORA and Aqua projections.
1) DELCORA customer bills are calculated to increase at a lower rate than the DELCORA standalone bills for a period of time after transaction closes due to upfront proceeds paid to DELCORA.

Expected SDCA Bill Impact

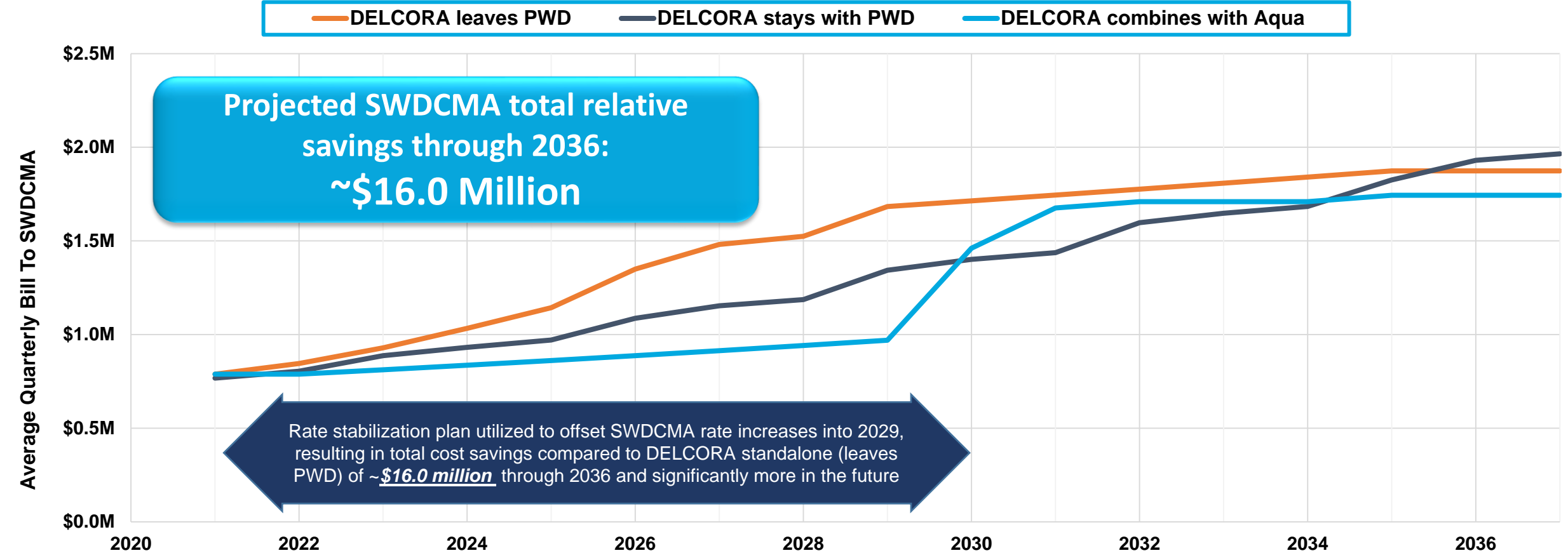


Leaving Philadelphia requires costs that will lead to DELCORA bill increases of ~11.3% annually between 2020 and 2028 but will have lower long-term costs than staying. With Aqua, DELCORA will stabilize bills by returning all proceeds to customers. Also, with Act 11 (rate subsidization), bills with Aqua could be lower than DELCORA standalone bills over the long-term.

Source: DELCORA and Aqua projections.

1) DELCORA customer bills are calculated to increase at a lower rate than the DELCORA standalone bills for a period of time after transaction closes due to upfront proceeds paid to DELCORA.

Expected SWDCMA Bill Impact

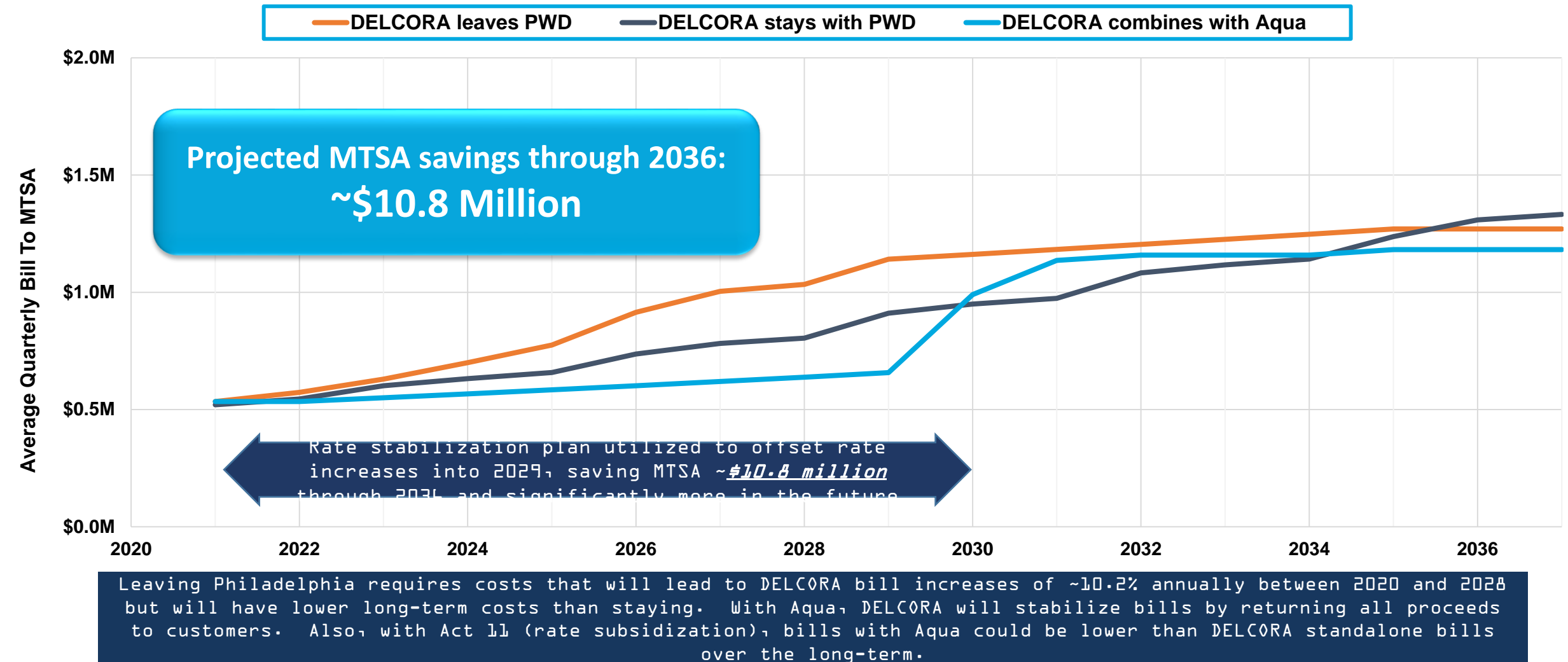


Leaving Philadelphia requires costs that will lead to DELCORA bill increases of ~10.2% annually between 2020 and 2028 but will have lower long-term costs than staying. With Aqua, DELCORA will stabilize bills by returning all proceeds to customers. Also, with Act 11 (rate subsidization), bills with Aqua could be lower than DELCORA standalone bills over the long-term.

Source: DELCORA and Aqua projections.

1) DELCORA customer bills are calculated to increase at a lower rate than the DELCORA standalone bills for a period of time after transaction closes due to upfront proceeds paid to DELCORA.

Expected MTSA Bill Impact



Source: DELCORA and Aqua projections.

1) DELCORA customer bills are calculated to increase at a lower rate than the DELCORA standalone bills for a period of time after transaction closes due to upfront proceeds paid to DELCORA.