

Township of Cheltenham

Montgomery County, Pennsylvania

Board of Commissioners

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Township Manager

Bryan T. Havir
Marc A. Lucca
Aqua Pennsylvania
762 West Lancaster Avenue
Bryn Mawr, PA 19010

May 16, 2018

RE: Aqua Purchase of the Cheltenham Township Sewer System

Dear Marc,

This will acknowledge receipt of your letter of May 10, 2018, regarding Aqua's purchase of the Cheltenham Township sewer system. We are committed to working with Aqua on the points set forth in your letter.

Specifically:

- The Township will gladly engage in discussions with Aqua and DEP as to defer various projects under our CAP and to transition these projects to Aqua upon closing. Our obvious goal is to minimize any capital expenditures other than for Interceptor A and for any emergency repairs prior to closing.
- We acknowledge that Aqua will adopt the Township's current rates after closing and that Aqua's next rate case applicable to the Township is not expected to be filed until 2021 with rates effective in 2022. Monthly billing is acceptable and we understand that while you have the right to request a DSIC charge with a cap of 5% in aggregate, it is our understanding that it is not your present intention to do so until your 2021 rate filing.
- Regarding deductions to sewer charges for submeter usage, we will include the Township's Sewer Ordinance No. 2297-15 as part of Schedule 7.04(a) to the APA. There are approximately five institutional users and approximately five residential users who are in this category. We understand that this arrangement will continue solely for those existing users through 2021 and that you will petition the PUC for a special rate category for existing institutional customers only in your next filing in 2021.
- Both the Commissioners and the residents are relying on these commitments and do not expect to see any rate increase until 2022. You have given us a very high level of certainty that this will be the case.
- We will pursue a request for a grant from the Aqua Charitable Trust for tree planting costs along the Tookany Parkway, for example, along with other projects, as well.

Thank you for the time and effort you and your colleagues have spent in helping us achieve this important milestone in the sale of the sewer system. We look forward to a long and cooperative relationship such as the one we have with you on the water system in the Township.

Sincerely,

Daniel B. Norris
President of Board of Commissioners

BTH/sg

cc: Board of Commissioners