

Aqua's 2017 Capital Plan

On March 6, 2017 Aqua filed its "Main Brief" ([LINK](#)) with the PUC for its acquisition of the New Garden Sewer system. Pages 8, 11 and 12 detail their capital plans as follows:

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PLANNED CAPITAL IMPROVEMENTS

24. Two post-closing capital improvements are planned:
- (i) Replacement of a 6" diameter AC Force Main – the Route 41 force main – in the Avondale Service Territory is planned for 2018. The Route 41 force main is aged and has experienced several main breaks in recent years. The Route 41 Force Main Project will address the reliability of the Avondale Service Area conveyance system.
 - (ii) The addition of a mechanical treatment system with stream discharge is planned for the South End Service Territory in 2018/early 2019 to make up the shortfall in spray irrigation disposal capacity at the South End WWTP. The South End mechanical plant with stream discharge will bring the New Garden system into compliance with DEP.

Aqua St. No. 2 at 6, line 27 through 7, line 6.

25. The estimated total cost of the capital improvements to the Route 41 force main and the South End Wastewater Treatment Plant is \$2.5 million. Aqua St. No. 1 at 6, lines 15 through 18.

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37. As addressed above, two significant capital projects, at a total estimated cost of \$2.5 million, are projected post-closing for the benefit of New Garden residents: the replacement of the 6" Route 41 AC Force Main in 2018 and the addition of a mechanical treatment system with stream discharge for the South End Wastewater Treatment Plant in 2018/early 2019. Aqua St. No. 1 at 10, lines 6 through 12 and Aqua St. No. 2 at 6, lines 27 through 31, through 7, lines 1 through 7.

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Decreasing Cost Profile

41. Aqua is not projecting any other capital projects for the New Garden system after the completion of the Route 41 and South End projects. The expectation, rather, is that the future incremental investment needs will be minimal and less than the incremental investment needs of Aqua's other systems. The system, in other words, will exhibit a "decreasing cost profile" in the future, which means that it will become less costly each year under Aqua ownership and, when combined with the expected operational efficiencies and the anticipated customer growth, have the makings of a system that will provide long term benefits to existing customers by allowing the incremental cost of future capital improvements in other service areas to be spread across the larger customer base. Aqua St. No. 1 at 10, lines 6 through 12 and Aqua St. No. 1R at 9, lines 3 through 12.