

Supreme Court of Pennsylvania

Court of Common Pleas Civil Cover Sheet

DELAWARE

County

For Prothonotary Use Only:

Docket No:

TIME STAMP

The information collected on this form is used solely for court administration purposes. This form does not supplement or replace the filing and service of pleadings or other papers as required by law or rules of court.

SECTION A

Commencement of Action:

- Complaint
 Writ of Summons
 Petition
 Transfer from Another Jurisdiction
 Declaration of Taking

Lead Plaintiff's Name:
COUNTY OF DELAWARE, PENNSYLVANIA

Lead Defendant's Name:
DELAWARE COUNTY REGIONAL WATER CONTROL /

Are money damages requested? Yes No Dollar Amount Requested: within arbitration limits outside arbitration limits (check one)

Is this a Class Action Suit? Yes No Is this an MDJ Appeal? Yes No

Name of Plaintiff/Appellant's Attorney: Carol Steinour Young, McNeese Wallace & Nurick LLC

Check here if you have no attorney (are a Self-Represented [Pro Se] Litigant)

SECTION B

Nature of the Case: Place an "X" to the left of the **ONE** case category that most accurately describes your **PRIMARY CASE**. If you are making more than one type of claim, check the one that you consider most important.

TORT (do not include Mass Tort)

- Intentional
- Malicious Prosecution
- Motor Vehicle
- Nuisance
- Premises Liability
- Product Liability (does not include mass tort)
- Slander/Libel/ Defamation
- Other: _____

CONTRACT (do not include Judgments)

- Buyer Plaintiff
- Debt Collection: Credit Card
- Debt Collection: Other _____
- Employment Dispute: Discrimination _____
- Employment Dispute: Other _____
- Other: _____

CIVIL APPEALS

- Administrative Agencies
- Board of Assessment
- Board of Elections
- Dept. of Transportation
- Statutory Appeal: Other _____
- Zoning Board
- Other: _____

MASS TORT

- Asbestos
- Tobacco
- Toxic Tort - DES
- Toxic Tort - Implant
- Toxic Waste
- Other: _____

REAL PROPERTY

- Ejectment
- Eminent Domain/Condemnation
- Ground Rent
- Landlord/Tenant Dispute
- Mortgage Foreclosure: Residential
- Mortgage Foreclosure: Commercial
- Partition
- Quiet Title
- Other: _____

MISCELLANEOUS

- Common Law/Statutory Arbitration
- Declaratory Judgment
- Mandamus
- Non-Domestic Relations
- Restraining Order
- Quo Warranto
- Replevin
- Other: statutory violations; preliminary injunction

PROFESSIONAL LIABILITY

- Dental
- Legal
- Medical
- Other Professional: _____

Carol Steinour Young
I.D. No. 55969
Dana W. Chilson
I.D. No. 208718
McNees Wallace & Nurick LLC
100 Pine Street
P.O. Box 1166
Harrisburg, PA 17108-1166
(717) 232-8000

Attorneys for Plaintiff

COUNTY OF DELAWARE,	:	IN THE COURT OF COMMON PLEAS
PENNSYLVANIA,	:	DELAWARE COUNTY, PENNSYLVANIA
	:	
Plaintiff	:	
	:	
v.	:	NO.
	:	
DELAWARE COUNTY REGIONAL	:	CIVIL ACTION - LAW
WATER QUALITY CONTROL	:	
AUTHORITY, and DELCORA RATE	:	
STABILIZATION FUND TRUST	:	
AGREEMENT b/t THE DELAWARE	:	
COUNTY REGIONAL WATER	:	
QUALITY CONTROL AUTHORITY	:	
as SETTLOR and UNIVEST BANK	:	
AND TRUST CO. as TRUSTEE,	:	
	:	
Defendants	:	

NOTICE TO DEFEND-CIVIL

You have been sued in court. If you wish to defend against the claims set forth in the following pages, you must take action within twenty (20) days after this complaint

and notice are served, by entering a written appearance personally or by attorney and filing in writing with the court your defenses or objections to the claims set forth against you. You are warned that if you fail to do so the case may proceed without you and a judgment may be entered against you by the court without further notice for any money claimed in the complaint or for any other claim or relief requested by the plaintiff. You may lose money or property or other rights important to you.

YOU SHOULD TAKE THIS PAPER TO YOUR LAWYER AT ONCE. IF YOU DO NOT HAVE A LAWYER, GO TO OR TELEPHONE THE OFFICE SET FORTH BELOW. THIS OFFICE CAN PROVIDE YOU WITH INFORMATION ABOUT HIRING A LAWYER.

IF YOU CANNOT AFFORD TO HIRE A LAWYER, THIS OFFICE MAY BE ABLE TO PROVIDE YOU WITH INFORMATION ABOUT AGENCIES THAT MAY OFFER LEGAL SERVICES TO ELIGIBLE PERSONS AT A REDUCED FEE OR NO FEE.

**Lawyers' Reference Service
Front & Lemon Streets
Media, PA 19063
Phone: (610) 566-6625**

A V I S O

USTED HA SIDO DEMANDADO/A EN CORTE. Si usted desea defenderse de las demandas que se presentan más adelante en las siguientes páginas, debe tomar acción dentro de los próximos veinte (20) días después de la notificación de esta Demanda y Aviso radicando personalmente o por medio de un abogado una comparecencia escrita y radicando en la Corte por escrito sus defensas de, y objeciones a, las demandas presentadas aquí en contra suya. Se le advierte de que si usted falla de tomar acción como se describe anteriormente, el caso puede proceder sin usted y un fallo por cualquier suma de dinero reclamada en la demanda o cualquier otra reclamación o remedio solicitado por el demandante puede ser dictado en contra suya por la Corte sin más aviso adicional. Usted puede perder dinero o propiedad u otros derechos importantes para usted.

USTED DEBE LLEVAR ESTE DOCUMENTO A SU ABOGADO INMEDIATAMENTE. SI USTED NO TIENE UN ABOGADO, LLAME O VAYA A LA SIGUIENTE OFICINA. ESTA OFICINA PUEDE PROVEERLE INFORMACION A CERCA DE COMO CONSEGUIR UN ABOGADO.

SI USTED NO PUEDE PAGAR POR LOS SERVICIOS DE UN ABOGADO, ES POSIBLE QUE ESTA OFICINA LE PUEDA PROVEER INFORMACION SOBRE

AGENCIAS QUE OFREZCAN SERVICIOS LEGALES SIN CARGO O BAJO COSTO A PERSONAS QUE CUALIFICAN.

**Lawyers' Reference Service
Front & Lemon Streets
Media, PA 19063
Phone: (610) 566-6625**

By: /s/ Carol Steinour Young
Carol Steinour Young
I.D. No. 55969
Dana W. Chilson
I.D. No. 208718
Attorneys for Plaintiff, County of
Delaware, Pennsylvania
McNEES WALLACE & NURICK LLC
100 Pine Street, P.O. Box 1166
Harrisburg, PA 17108-1166
Phone No.: (717) 237-5342
Fax No.: (717) 260-1748
csteinour@mcneeslaw.com

Date: May 14, 2020

Carol Steinour Young
I.D. No. 55969
Dana W. Chilson
I.D. No. 208718
McNees Wallace & Nurick LLC
100 Pine Street
P.O. Box 1166
Harrisburg, PA 17108-1166
(717) 232-8000

Attorneys for Plaintiff

COUNTY OF DELAWARE,	:	IN THE COURT OF COMMON PLEAS
PENNSYLVANIA,	:	DELAWARE COUNTY, PENNSYLVANIA
	:	
Plaintiff	:	
	:	
v.	:	NO.
	:	
DELAWARE COUNTY REGIONAL	:	CIVIL ACTION - LAW
WATER QUALITY CONTROL	:	
AUTHORITY, and DELCORA RATE	:	
STABILIZATION FUND TRUST	:	
AGREEMENT b/t THE DELAWARE	:	
COUNTY REGIONAL WATER	:	
QUALITY CONTROL AUTHORITY	:	
as SETTLOR and UNIVEST BANK	:	
AND TRUST CO. as TRUSTEE,	:	
	:	
Defendants	:	

COMPLAINT

Plaintiff County of Delaware County, Pennsylvania (the "County"), by and through their undersigned counsel, hereby files this Complaint against Defendants the Delaware

County Regional Water Quality Control Authority (“DELCORA”), and the DELCORA Rate Stabilization Fund Trust Agreement between The Delaware County Regional Water Quality Control Authority as Settlor and Uninvest Bank and Trust Co. as Trustee (“Uninvest”) (together, the “Trust”), seeking an Order of Court: (1) finding DELCORA violated the Municipal Authorities Act, 53 Pa.C.S. §5601 et seq., by creating a governmental entity (the Trust) when it had no power to do so; (2) devising a scheme in which DELCORA will continue to exist and hold and distribute public monies, even though DELCORA will no longer exist after selling the sewer system to Aqua; (3) adopting a funding scheme in the Trust which is contrary to and violates DELCORA’s Articles of Incorporation; and (4) enjoining DELCORA from transferring any of its assets into the Trust pending review of the legitimacy of the Trust, DELCORA’s power to create a governmental entity, and DELCORA’s authority to transfer public monies to an entity which has no public accountability or oversight.

In support hereof, the County avers the following:

Parties

1. The County is a political subdivision of the Commonwealth of Pennsylvania with administrative offices located at Government Center, 226A, 201 W. Front Street, Media, Pennsylvania 19063.

2. DELCORA is a municipal authority created under the Municipal Authorities Act of 1945 (now codified in the Municipal Authorities Act, 53 Pa.C.S. §5601 et seq., the “Authorities Act”) with administrative offices located at 100 East Fifth Street, Chester, Pennsylvania 17042.

3. The County is a customer of DELCORA and, as such, is a rate payer as defined by 53 Pa.C.S. § 5612.

4. The Trust is allegedly a government entity created by DELCORA on or about December 27, 2019, and is named as a nominal Defendant in this action.

5. Univest is a Pennsylvania state-chartered bank and trust company having a registered business address of 14 North Main Street, Souderton Pennsylvania 18964.

Creation of DELCORA

6. On or about October 20, 1971, the County, as a governing body under the Authorities Act, created DELCORA by filing Articles of Incorporation pursuant to 53 Pa.C.S. § 5603 (the “Articles”) with the Department of State. A true and correct copy of the Articles, as amended, are attached hereto as Exhibit A.

7. The County is the only municipal incorporator of DELCORA.

8. The original Articles provide that DELCORA “shall be organized for the purpose only to acquire, hold, construct, improve, maintain, operate, own and lease, either in the capacity of lessor or lessee, projects of the following kind and character, sewers, sewer systems or parts thereof, sewerage treatment works, including works for the treating and disposing of industrial waste, in and for the County of Delaware and such other territory as it may be authorized to serve and to contract with individuals, corporations, municipal corporations, authorities, and other governmental bodies or regulatory agencies both within and without the County of Delaware, and shall exercise all of the powers granted to an Authority organized for such purpose by the Municipality Authorities Act of 1945 under which it is organized.”

9. The Articles were subsequently amended by the County through the filing of Articles of Amendment on or about November 9, 1977 to increase the number of board members of DELCORA from seven to nine.

10. On or about April 16, 2002, the Articles were again amended to extend the term of existence of DELCORA from October 20, 2021 to January 15, 2052.

Asset Purchase Agreement with Aqua Pennsylvania Wastewater Inc.

11. At its regularly scheduled meeting on September 17, 2019, the DELCORA Board unanimously approved a \$276.5 million sale to Aqua Pennsylvania Wastewater Inc. (“Aqua”).¹

12. The Asset Purchase Agreement is dated September 17, 2019, and was subsequently amended on February 24, 2020.

13. DELCORA has publicly stated that the proceeds will be used to pay off outstanding debt and to invest in a rate stabilization plan.

14. Robert Willert, Executive Director of DELCORA, has publicly stated that DELCORA intends to fund a trust or non-profit entity with the net proceeds of the intended sale of DELCORA to Aqua.

15. The net proceeds could exceed \$200 million.

¹ The sale is pending approval by the Pennsylvania Public Utility Commission (“PUC”).

Lame Duck Council Agrees to Creation of the Trust in December 2019

16. The County is governed under its Home Rule Charter by a County Council consisting of five members, which as of November 2017, and for many years prior thereto, consisted of all Republicans.

17. On November 7, 2017, a regularly scheduled election was held, wherein two seats on the County Council were on the ballot and were won by Democrats, bringing the representation on the County Council as of January 2018 to three Republicans and two Democrats.

18. On November 5, 2019, a regularly scheduled election was held, wherein three seats on the County Council were on the ballot and were won by Democrats, bringing the representation on the County Council as of January 2020 to five Democrats and no Republicans, resulting in a change from Republican control to Democratic control.

19. After the election of November 5, 2019, but before the new council members were sworn in on January 6, 2020, the outgoing lame duck County Council voted to amend the Articles once again.

20. To that end, on or about December 18, 2019, the Articles were amended to add the following to the “purpose” provision: “In anticipation of the dissolution of the Authority and/or the transfer and sale of all or substantially all of the Authority’s assets, property and projects in exchange for the receipt of a cash payment, the Authority and its Board, in addition to any other authority granted by applicable law, shall have the full authority, without limitation, to: (1) establish a trust or non-profit entity **to exist for the benefit of rate payers to distribute to rate payers some or all of the proceeds**

received from any transfer and sale, in accordance with applicable law and any agreements concerning the transfer and sale of any assets and/or the Authority's dissolution; and (2) execute any necessary agreement to effectuate this purpose prior, during or after any transfer and sale and/or dissolution." See the Amended Articles, attached hereto as Exhibit A. (Emphasis added to original.)

21. The lame duck County Council, having had responsibility for watching over public moneys for generations, should have realized how important it is not to allow such responsibility to be ceded to persons or parties not elected by the citizens of Delaware County.

22. The lame duck County Council cynically ignored the will of the citizens of Delaware County and decided to use its last few weeks in office to thwart the will of those citizens.

23. The Asset Purchase Agreement does not include any reference to the creation of a trust or a non-profit entity for the purpose of rate stabilization.

24. According to the Amended Articles, assets of a trust or non-profit entity will be distributed to the rate payers for the purpose of "rate stabilization."

The Trust Funding Mechanism Violates the Amended Articles of Incorporation

25. On or about December 27, 2019, the Trust between DELCORA, as Settlor, and Uninvest Bank and Trust Co., as Trustee, was created. See a true and correct copy of the Trust, attached hereto and made a part hereof as Exhibit B.

26. The stated purposes of the Trust are "to benefit the Beneficiaries [defined as DELCORA's customers] by receiving Sale Proceeds deposited into the Trust Fund by the Settlor [DELCORA] and any additional contributions made to the Trust under

Section 3.3 hereof [referring to other contributions in the form of cash, securities, or other property acceptable to the Trustee, including funds released from Escrow Accounts related to the sale to Aqua]”. See Section 2.2 of the Trust.

27. Pursuant to Section 4.1(a) of the Trust, however, distributions from the Trust shall be to Aqua Wastewater, not DELCORA’S customers: “[t]he Settlor shall direct the Trustee to make Distributions to Aqua Wastewater from time to time in accordance with the Rate Stabilization Agreement.”

28. This distribution scheme violates the Amended Articles which granted DELCORA the authority to create a trust “to exist for the benefit of rate payers to **distribute to rate payers some or all of the proceeds received from any transfer or sale...**” See Amended Articles of Incorporation, Exhibit A, at page 34.

29. Further, DELCORA maintains the sole authority over distributions: “The Trustee shall have no duty to determine whether or not the amounts or timing of such Distributions are proper under the Rate Stabilization Agreement.” See Section 4.1(a) of the Trust.

30. Pursuant to Article 4, these DELCORA-controlled distributions go to the Distribution Agent (defined on page 2 of the Trust as “Aqua Wastewater or any successor thereto serving as the entity responsible for allocating rate reductions as provided under the Rate Stabilization Agreement to and among the Beneficiaries.”) See Article 1, Definitions, in the Trust.

31. The Distribution Agent (Aqua), in turn, will determine any rate stabilization for its customers.

32. Because the Trustee has no authority to make any distribution from the Trust without direction from DELCORA, the Trustee is not functioning as a Trustee, but rather as a conduit for the distribution of public assets and monies to Aqua: “[t]he Trust shall make Distributions to the Distribution Agent [Aqua] from time to time in accordance with written directions received by the Trustee from a duly authorized representative of the Settlor...” See Section 4.1(b) of the Trust.

33. Although all Trust assets are public assets, the Trust dictates that the assets will be distributed at the sole discretion of unelected individuals at DELCORA, none of whom will be accountable to the ratepayers.

34. The employees and contractors who perform work for the Trust will be paid from the assets of the Trust, causing wasteful and unnecessary dissipation of public assets.

35. The County believes, and therefore avers, that DELCORA and the prior County Council approved the Amended Articles to permit creation of a trust or non-profit entity as a political patronage deal to benefit the outgoing members of the County Council and their political supporters, to the detriment of the public at large, as evidenced by the terms of the Trust.

36. Indeed, while the situs of the Trust is the Commonwealth of Pennsylvania, the Trustee may, “at any time and from time to time, transfer the situs of the Trust to any other jurisdiction that the Trustee may deem appropriate.” See Section 2.5 of the Trust.

37. Thus, despite managing public assets of DELCORA’s customers, the Trustee has the discretion to move the site of the Trust to any other jurisdiction.

Creation of the Trust violates the Municipal Authorities Act

38. Pursuant to Section 9.9 of the Trust, the Trust “is intended to qualify as a governmental entity for state and local tax purposes.”

39. As an entity created by statute, the Municipal Authorities Act, DELCORA has limited powers and authority.

40. DELCORA does not have the authority to create a separate governmental entity to distribute public assets to a private for-profit company, like Aqua.

The Trust Funding Agreement Shows that DELCORA intends to maintain control over some of the Assets from the Sale to Aqua

41. A Trust Funding Agreement, attached to the Trust and also dated December 27, 2019 (the “Trust Funding Agreement”), is part of the Trust agreement between DELCORA as Settlor and Univest as Trustee.

42. In the Trust Funding Agreement, Paragraph 1, DELCORA agrees to transfer into the Trust the following:

- (a) \$1,000 upon creation of the Trust;
- (b) “an amount equal to the total proceeds Settlor [DELCORA] receives from the sale of the Sewer System under the Sewer System Sale Agreement [with Aqua] less all of the Settlor’s liabilities and obligations, expenses, and reasonable reserves (the “Net Closing Proceeds”); and
- (c) amounts received by Settlor [DELCORA] as final distribution from an escrow agreement among Settlor, Trustee, and Aqua Pennsylvania Wastewater.

43. DELCORA has not publicly provided any explanation as to why it needs to maintain “reasonable reserves” when it is selling the entire sewer system to Aqua.

44. DELCORA has not provided any public explanation as to why it needs to exist following the sale of the sewer system to Aqua.

45. Further, review of public records show that DELCORA has approximately \$115,000,000.00 in cash. See www.delcora.org/wp-content/uploads/2020/02/February-2020-Finance.pdf. Neither the Trust nor the Trust Funding Agreement mentions or refers to DELCORA's cash reserves, nor does either agreement provided any explanation or justification for DELCORA to retain possession of such a vast amount of public monies.

Sworn Testimony submitted to the Public Utility Commission confirms that the Trust Assets will be Paid Directly to Aqua, not DELCORA Customers

46. In his testimony submitted to the PUC, William C. Packer, Vice President-Controller for Aqua Pennsylvania (parent company of Aqua Pennsylvania Wastewater, Inc.), states: "To address DELCORA's request for Aqua to apply customer assistance payments from the Trust to DELCORA customers, the Company [Aqua] is proposing to include a payment line item on the customer bill." See Testimony of William C. Packer, attached hereto as Exhibit C at p. 5.

47. Mr. Packer testified that the "preferred method would be to include the payment from the Trust on the customer bills." Id., at p. 6.

48. Thus, assets of the Trust will not be paid directly to ratepayers. Instead, the assets of the Trust (which are the same assets paid by Aqua to DELCORA to purchase the sewer system) will be paid directly to Aqua.

COUNT I
Violation of the Articles of Incorporation
(The County v. DELCORA)

49. The County incorporates Paragraphs 1- 46 as if set forth in full.

50. In devising a scheme in which the public assets are transferred to the Trust, and then distributed directly to Aqua, DELCORA has exceeded its authority and acted in contravention of the Articles of Incorporation, amended on December 18, 2019.

51. The Amended Articles of Incorporation state, in part, that:

In anticipation of the dissolution of the Authority and/or the transfer and sale of all or substantially all of the Authority's assets, property and projects in exchange for the receipt of a cash payment, the Authority and its Board, in addition to any other authority granted by applicable law, shall have the full authority, without limitation, to: (1) establish a trust or non-profit entity **to exist for the benefit of rate payers to distribute to rate payers some or all of the proceeds received from any transfer and sale**, in accordance with applicable law and any agreements concerning the transfer and sale of any assets and/or the Authority's dissolution.

52. As set forth above, the Trust assets will be paid directly to Aqua, and Aqua, as the Distribution Agent, has the sole authority to determine whether to provide the benefits to the ratepayers.

53. The rate stabilization scheme in the Trust is not only inconsistent with the Amended Articles of Incorporation, it violates the Amended Articles.

WHEREFORE, Plaintiff County of Delaware, Pennsylvania, requests that this Court enter judgment in its favor and against Defendant DELCORA, finding that DELCORA violated its Articles of Incorporation by adopting the funding mechanism set forth in the Trust.

COUNT II
VIOLATION OF 53 Pa.C.S. § 5603
(The County v. DELCORA)

54. The County incorporates paragraphs 1- 51 as if set forth in full.

55. DELCORA's authority is limited to those powers set forth in the Municipal Authorities Act, 53 Pa.C.S. §5607(a).

56. Pursuant to the Municipal Authorities Act, DELCORA does not have the authority to create another governmental entity, as the Trust is described in Section 9.9 of the Trust.

57. In creating the Trust as a separate governmental entity, DELCORA has acted in an ultra vires manner.

WHEREFORE, Plaintiff County of Delaware, Pennsylvania, requests that this Court enter judgment in its favor and against Defendant DELCORA, and enter an order terminating the Trust, as well as any other relief the Court deems just and proper.

COUNT III
VIOLATION OF 53 Pa.C.S. § 5612
(The County v. DELCORA)

58. The County incorporates paragraphs 1- 55 as if set forth in full.

59. By creating the trust and transferring its assets into the trust, DELCORA has violated 52 Pa.C.S. § 5612 (a.1), which includes the following prohibition:

Money of the authority may not be used for any grant, loan or other expenditure for any purpose other than a service or project directly related to the mission or purpose of the authority as set for in the articles of incorporation or in the resolution or ordinance establishing the authority under section 5603 (relating to method of incorporation).

60. Pursuant to the Amended Articles, the trust was created in “anticipation of the dissolution of the Authority and/or the transfer and sale of all or substantially all of the Authority’s assets, property and projects in exchange for the receipt of a cash payment....”

61. The Trust was established “for the benefit of rate payers to distribute to rate payers some or all of the proceeds received from any transfer and sale, in accordance with applicable law and any agreements concerning the transfer and sale of

any assets and/or the Authority's dissolution; and (2) execute any necessary agreement to effectuate this purpose prior, during or after any transfer and sale and/or dissolution."

62. The Trust will be in existence after the dissolution of DELCORA and/or the transfer and sale of all or substantially all DELCORA's assets.

63. Thus, the Trust cannot be a "service" or "project" directly related to the mission or purpose of the authority, as DELCORA will either cease to exist at the time the trust assets are distributed, or all or substantially all of DELCORA's assets will have been transferred.

64. The County believes, and therefore avers, that DELCORA has expended public funds to create the trust.

65. The County, as a ratepayer, has standing to seek the return of money expended in violation of 53 Pa.C.S. § 5612 (a.1)(1).

WHEREFORE, Plaintiff County of Delaware, Pennsylvania, demands judgment be entered in its favor, as well as permanent injunctive relief, and against Defendant Delaware County Regional Water Quality Control Authority to comply with the Authorities Act and return all monies expended in violation of the Act. Further, the County demands permanent injunctive relief against DELCORA to prevent the transfer of any DELCORA funds into the trust.

COUNT IV
The Creation of the Trust Violates the Uniform Trust Act § 7701 et. Seq
(The County v. DELCORA and the Trust)

66. The County incorporates paragraphs 1- 63 as if set forth in full.

67. The creation of the Trust violates Section 7732 of the Uniform Trust Act (the "UTA"), § 7701 et. seq, as DELCORA did not have the capacity to create a trust.

68. The creation of the Trust also violates Section 7734 of the UTA, as a trust may be created only to the extent its purposes are lawful and not contrary to public policy.

69. DELCORA created the Trust, with the assistance of the lame duck County Council, in order to maintain control of public monies after newly elected officials were to take office. This act is in violation of the law.

70. Pursuant to Section 7740(a), this Court may terminate the Trust because the purposes of the trust are unlawful and contrary to public policy.

WHEREFORE, Plaintiff County of Delaware, Pennsylvania, demands permanent injunctive relief against DELCORA to prevent the transfer of any DELCORA funds into the trust. The County further demands that the Court enter an Order terminating the Trust.

By: /s/ Carol Steinour Young
Carol Steinour Young
I.D. No. 55969
Dana W. Chilson
I.D. No. 208718
Attorneys for Plaintiff, County of
Delaware, Pennsylvania
McNEES WALLACE & NURICK LLC
100 Pine Street, P.O. Box 1166
Harrisburg, PA 17108-1166
Phone No.: (717) 237-5342
Fax No.: (717) 260-1748
csteinour@mcneeslaw.com

Date: May 14, 2020

CERTIFICATE OF COMPLIANCE

I certify that this filing complies with the provisions of the Public Access Policy of the Unified Judicial System of Pennsylvania: Case Records of the Appellate and Trial Courts that require filing confidential information and documents differently than non-confidential information and documents.

By: /s/ Carol Steinour Young

Carol Steinour Young

I.D. No. 55969

Dana W. Chilson

I.D. No. 208718

Attorneys for Plaintiff, County of
Delaware, Pennsylvania

McNEES WALLACE & NURICK LLC

100 Pine Street, P.O. Box 1166

Harrisburg, PA 17108-1166

Phone No.: (717) 237-5342

Fax No.: (717) 260-1748

csteinour@mcneeslaw.com

Date: May 14, 2020

VERIFICATION

Subject to the penalties of 18 Pa. C.S.A. §4904, relating to unsworn falsification to authorities, I hereby certify that I am the Chair of the Delaware County Council, Delaware County, Pennsylvania. In that capacity, I am authorized to make this Verification on its behalf. I further certify that the facts set forth in the foregoing document are true and correct to the best of my information and belief.



Brian P. Zidek, Chair

Dated: 05/12/2020

EXHIBIT A

ARTICLES OF INCORPORATION

DELAWARE COUNTY REGIONAL WATER QUALITY CONTROL AUTHORITY

TO THE SECRETARY OF THE COMMONWEALTH OF PENNSYLVANIA:

In compliance with the "Municipality Authorities Act of 1945" (the Act of May 2, 1945, P.L. 382, as amended and supplemented) the County of Delaware, Commonwealth of Pennsylvania, pursuant to a Resolution duly enacted by the Board of County Commissioners authorizing and directing the formation of an Authority under said Act DOES HEREBY CERTIFY:

(a) The name of the Authority shall be "Delaware County Regional Water Quality Control Authority".

(b) The said Authority is formed under the "Municipality Authorities Act of 1945," as amended.

(c) No other Authority has been organized under the "Municipality Authorities Act of 1945" or under the Act, Approved 28 June, 1935 P.L. 463 or is in existence in and for the incorporating municipality for the purposes set forth in Article "f".

(d) The names of the incorporating "Municipality Authority" are the Commissioners of the County of Delaware, Commonwealth of Pennsylvania, and the names and addresses of said Commissioners are as follows:

Harry A. McNichol	21 Myrtle Avenue, Havertown, Penna.
H. Walter Weaver	632 Magill Road, Swarthmore, Penna.
Edward T. McErlean	1328 W. Baltimore Pike, Wawa, Penna.

(e) The names, addresses and terms of office of the first

members of the Board of said Authority are as follows:


<u>Name</u>	<u>Address</u>	<u>Term of Office</u>
William Turner	180 Foxcatcher Lane, Media, Pa.	1 year
Robert K. Shimer	2604 Sunset Blvd., Broomall, Pa.	1 year
George Blessing	814 Merridith Drive, Media, Pa.	2 years
William Casey	210 Linden Lane, Wallingford, Pa.	2 years
Charles Carr	512 East 21st Street, Chester, Pa.	3 years
Howard Ferro	2131 Vernon Ave., Linwood, Pa.	4 years
Joseph L. Salvucci	637 Childs Ave., Drexel Hill, Pa.	5 years


The terms of office of the first members of the Board of said Authority shall commence on the date of appointment and shall be computed from the first day of January, 1972.

(f) The Delaware County Regional Water Quality Control Authority shall be organized for the purpose only to acquire, hold, construct, improve, maintain, operate, own and lease, either in the capacity of lessor or lessee, projects of the following kind and character, sewers, sewer systems or parts thereof, sewerage treatment works, including works for the treating and disposing of industrial waste, in and for the County of Delaware and such other territory as it may be authorized to serve and to contract with individuals, corporations, municipal corporations, authorities, and other governmental bodies or regulatory agencies both within and without the County of Delaware, and shall exercise all of the powers granted to an Authority organized for such purpose by the Municipality Authorities Act of 1945 under which it is organized.

IN WITNESS WHEREOF, the County of Delaware, Commonwealth of Pennsylvania, has caused these Articles of Incorporation to be

duly executed on behalf of said County of Delaware, Commonwealth of Pennsylvania, by its proper officers hereunto duly authorized and under its municipal seal this 20th day of October , 1971.

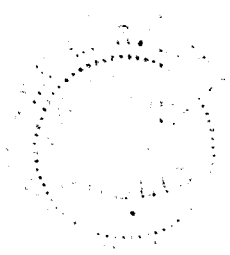

Harry A. McNichol, Chairman
County Commissioners


H. Walter Weaver
County Commissioner

Edward T. McErlean

COMMONWEALTH OF PENNSYLVANIA)
(ss:
COUNTY OF DELAWARE)

On this *3rd* day of *November* A.D., 1971, before me, a Notary Public in and for the said Commonwealth, personally appeared the above named Harry A. McNichol, H. Walter Weaver, and Edward T. McErlean, who are the duly elected Commissioners of the County of Delaware, who in due form of law, acknowledge the foregoing Articles of Incorporation to be the act and deed of the County of Delaware, Commonwealth of Pennsylvania, for the purposes therein specified.



Helen R. Beck

Notary Public

My Comm. Exp. 12/31/72

Witness my hand and seal on the 3rd day of November, 1971.

C. McLeod Tucker

Commonwealth of Pennsylvania
Department of State



Office of The
Secretary of the Commonwealth

To all to whom these Presents shall come, Greeting:

WHEREAS, In and by the provisions of the Municipality Authorities Act approved May 2, 1945, P. L. 382, as amended, the Secretary of the Commonwealth is authorized and required to issue a

CERTIFICATE OF INCORPORATION

evidencing the incorporation of an authority under the provisions of said Act.

AND WHEREAS, The stipulations and conditions of said Act have been fully complied with by the Municipal Authorities of the County of Delaware,

Commonwealth of Pennsylvania desiring the organization of

DELAWARE COUNTY REGIONAL WATER QUALITY CONTROL AUTHORITY

THEREFORE, KNOW YE, That subject to the Constitution of this Commonwealth, and under the authority of Act No. 164, approved the second day of May, Anno Domini one thousand nine hundred and forty-five, P. L. 382, as amended, I DO BY THESE PRESENTS, which I have caused to be sealed with the Great Seal of the Commonwealth, declare and certify the creation, erection and incorporation of

DELAWARE COUNTY REGIONAL WATER QUALITY CONTROL AUTHORITY

into a body politic and corporate in deed and in law by the name chosen hereinbefore specified, now to become operative with authority to transact business, and which shall exist for a term of fifty years unless sooner dissolved according to law.

Such corporation shall have and enjoy and shall be the subject to all the powers, duties, requirements, and restrictions, specified and enjoined in and by the above Act of Assembly and all other applicable laws of this Commonwealth.

GIVEN under my Hand and the Great Seal of the Commonwealth, at the City of Harrisburg, this 27th day of November, in the year of our Lord one thousand nine hundred and seventy-one and of the Commonwealth the one hundred and ninety-sixth.

R. M. ...

Secretary of the Commonwealth

jmw

I, GEORGE F. BLESSING, hereby certify that I am Secretary of the Delaware County Regional Water Quality Control Authority, the Articles of Incorporation of which were approved by the Secretary of the Commonwealth of Pennsylvania on November 17, 1971, in accordance with the provisions of the Pennsylvania Municipality Authorities Act of 1945, as amended.

I further certify to the Secretary of the Commonwealth that at the organization meeting of the said Authority held on November 23, 1971, the following persons were elected as officers of the Authority:

CHAIRMAN	- William H. Turner 180 Foxcatcher Lane Media, Pa. 19063
VICE-CHAIRMAN	- Howard E. Ferro 2131 Vernon Avenue Linwood, Pa. 19061
SECRETARY	- George F. Blessing 814 Meredith Drive Media, Pa. 19063
TREASURER	- Joseph L. Salvucci 637 Childs Avenue Drexel Hill, Pa. 19026

I further certify to the Secretary of the Commonwealth that the principal office of the said Authority is located at the Court House, Media, Delaware County, Pennsylvania, 19063.

Witness:

Francis P. Connors
Francis P. Connors
Solicitor

George F. Blessing
George F. Blessing
Secretary
Delaware County Regional Water
Quality Control Authority

Dated: January 11, 1972

3-1-74.05 1342

I, GEORGE F. BLESSING, hereby certify that I am Secretary of the Delaware County Regional Water Quality Control Authority, the Articles of Incorporation of which were approved by the Secretary of the Commonwealth of Pennsylvania on November 17, 1971, in accordance with the provisions of the Pennsylvania Municipality Authorities Act of 1945, as amended.

In compliance with the requirements of Section 303 (D) of the said Pennsylvania Municipality Authorities Act of 1945, as amended, I further hereby certify that the principal office of the said Authority has been changed from the Court House, Media, Delaware County, Pennsylvania, 19063, to 100 East Fifth Street, Chester, Delaware County, Pennsylvania, 19013, and that such change in the location of the principal office of the Authority was authorized by resolution duly adopted by at least a majority of the members of the Board of the Delaware County Regional Water Quality Control Authority.

George F. Blessing

George F. Blessing
Secretary
Delaware County Regional Water
Quality Control Authority

Witness:

Francis P. Connors

Francis P. Connors
Solicitor

Dated: January 8, 1974

Filed in the Department of State on the 19th day of December, A. D. 1973.

C. McLaughlin

Secretary of the Commonwealth
jmw

3-1-77:54 6

Approved and filed in the Department of State
on the 30th day of November A. D. 1977.

Barton A. Fields

Secretary of the Commonwealth

91356

DELAWARE COUNTY REGIONAL WATER
QUALITY CONTROL AUTHORITY

AMENDMENT TO ARTICLES OF INCORPORATION

In compliance with the requirements of 53 P.S. § 305
(relating to amendment of articles), the undersigned municipal
authority, desiring to amend its articles, does hereby certify
that:

1. The name of the authority is:

DELAWARE COUNTY REGIONAL WATER QUALITY
CONTROL AUTHORITY

2. The address of its registered office in this
Commonwealth is (the Department of State is hereby authorized
to correct the following statement to conform to the records of
the Department):

100 East Fifth Street
Chester, Pennsylvania 19013

3. The statute by or under which it was incorporated
is:

"Municipal Authorities Act of 1945" 1945, May 2,
P.L. 382 (as amended)

4. The original articles of the authority were approved
and filed:

November 17, 1971

5. The resolution of the municipality adopting the
amendment is as follows:

A Resolution of the County Council of
the County of Delaware, Pennsylvania, adopted
October 18, 1977, a certified copy of which is
attached hereto and made a part of these Articles
of Amendment.

6. The amendment adopted by the municipality is set
forth in full, as follows:

" (e.1) The Board of said Authority shall be increased to nine members from the present number of seven members, the additional two members to be appointed for respective terms which shall commence on the date of appointment for terms expiring three and four years from January 1st next succeeding the date of such appointment, and thereafter all appointments to the said Board shall be in accordance with the said law."

IN TESTIMONY WHEREOF, the undersigned authority has caused these Articles of Amendment to be signed by a duly authorized officer and its corporate seal, duly attested by another such officer, to be hereunto affixed this Ninth day of November, 1977.

DELAWARE COUNTY REGIONAL WATER QUALITY CONTROL AUTHORITY

BY. John J. O'Malley
JOHN J. O'MALLEY, Chairman

CHAIRMAN
(Title)

ATTEST:

James J. Spornell

Assistant Secretary
(Title)

A RESOLUTION OF THE COUNTY COUNCIL OF THE COUNTY OF DELAWARE, PENNSYLVANIA, ADOPTING AN AMENDMENT TO THE ARTICLES OF INCORPORATION OF DELAWARE COUNTY REGIONAL WATER QUALITY CONTROL AUTHORITY AUTHORIZING THE INCREASE OF THE NUMBER OF MEMBERS OF THE BOARD OF THE AUTHORITY FROM SEVEN TO NINE, AND PROVIDING FOR THE APPOINTMENT OF SAID TWO ADDITIONAL MEMBERS OF SAID BOARD FOR AND ON BEHALF OF THE COUNTY OF DELAWARE.

WHEREAS, amendment of the Articles of Incorporation of Delaware County Regional Water Quality Control Authority was proposed on February 8, 1977 by the Board of the Authority by the adoption of a resolution setting forth the proposed amendment increasing the number of members of the Board from seven to nine and directing that it be submitted to the County Council of the County of Delaware, the governing body which created the Authority;

NOW, THEREFORE, BE IT RESOLVED by the County Council of the County of Delaware in the Commonwealth of Pennsylvania, and it is hereby resolved by the authority of the same as follows:


I. The Articles of Incorporation of Delaware County Regional Water Quality Control Authority shall be and are hereby amended by adding thereto the following paragraph:

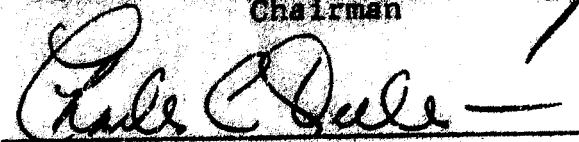
"(e.1) The Board of said Authority shall be increased to nine members from the present number of seven members, the additional two members to be appointed for respective terms which shall commence on the date of appointment for terms expiring three and four years from January 1st next succeeding the date of such appointment, and thereafter all appointments to the said Board

The names, addresses and terms of office of the said two additional members of the Board of said Authority are as follows:

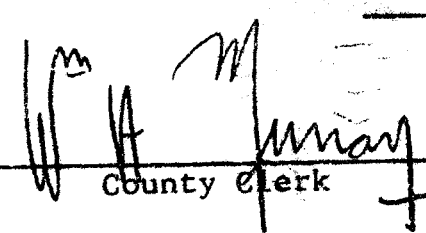
<u>NAME</u>	<u>ADDRESS</u>	<u>TERM OF OFFICE</u>
Edward P. Arters	18 Lakewood Drive, Media, Pennsylvania	Three (3) Years
J. Vincent Egan, Jr.	13 Westview Road, Bryn Mawr, Pennsylvania	Four (4) Years

ADOPTED by the County Council of the County of Delaware this 18th day of October, 1977, in lawful session regularly assembled.


Chairman



Attest:


County Clerk

I, WILLIAM A. MURRAY, County Clerk of the County of Delaware, hereby certify that the foregoing Resolution was duly adopted at the regular meeting of the County Council of the County of Delaware, held October 18, 1977, a Quorum being present.


William A. Murray, County Clerk

Commonwealth of Pennsylvania

91356



Department of State

TO ALL TO WHOM THESE PRESENTS SHALL COME, GREETING:

WHEREAS, In and by Section 3.2 of the Act of 1945, P. L. 382, as amended, the Department of State is authorized and required to issue a

CERTIFICATE OF AMENDMENT

evidencing the amendment of the Articles of Incorporation of a Municipal Authority organized under or subject to the provisions of that law, and

WHEREAS, The stipulations and conditions of the Law pertaining to the amendment of the Articles of Incorporation have been fully complied with by

DELAWARE COUNTY REGIONAL WATER QUALITY CONTROL AUTHORITY

THEREFORE, KNOW YE, That subject to the Constitution of this Commonwealth, and under the authority of the Municipality Authorities Act of 1945, as amended, I DO BY THESE PRESENTS, which I have caused to be sealed with the Great Seal of the Commonwealth, alter and extend the rights and powers of the corporation named above, in accordance with the terms and provisions of the Articles of Amendment presented by it to the Department of State, with full power and authority to use and enjoy such rights and powers, subject to all the provisions and restrictions of the Municipality Authorities Act of 1945, as amended, and all other applicable laws of this Commonwealth.

GIVEN under my Hand and the Great Seal of the Commonwealth, at the City of Harrisburg, this 30th day of November in the year of our Lord one thousand nine hundred and seventy-seven and of the Commonwealth the two hundred and second.

Barton A. Fields

Secretary of the Commonwealth

h

2002045-1350

Filed in the Department of
ACTING State on MAY 08 2002
Secretary of the Commonwealth
JK

ARTICLES OF AMENDMENT

91356

TO: THE SECRETARY OF THE COMMONWEALTH OF PENNSYLVANIA

In compliance with requirements of the Pennsylvania Municipality Authorities Act, 53 Pa. C.S. Ch. 56, (the "Authorities Act"), and pursuant to a resolution duly adopted by the Board of the **DELAWARE COUNTY REGIONAL WATER QUALITY CONTROL AUTHORITY** (the "Authority"), proposing an amendment to the Articles of Incorporation of the Authority, which proposed amendment has been submitted to and approved by the Council of the County of Delaware, Pennsylvania (the "County"), the governing body of the municipality composing the Authority, by a Resolution duly adopted, the Authority hereby files these Articles of Amendment to its Articles of Incorporation and certifies:

1. The name of the Authority is "Delaware County Regional Water Quality Control Authority" and the registered office of the Authority is located at 100 East Fifth Street, Chester, PA 19016.
2. The Authority was duly formed under, and is now governed by, the provisions of the Authorities Act.
3. As set forth in the Authorities Act, pursuant to appropriate action of the governing body of the County, the original Articles of Incorporation of the Authority were approved and filed in the Department of State of the Commonwealth on November 17, 1971.

4. A copy of the Resolution adopted by the Council of the County, said Council being the governing authority of the municipality composing the Authority, duly certified by the County Clerk of the County, adopting and approving the amendments herein set forth, is attached hereto and hereby is made a part of these Articles of Amendment.

5. The amendment proposed by the Board of the Authority and adopted and approved by the Council of the County, as aforesaid, is to amend the Authority's its Articles of Incorporation by adding the following provision as paragraph (g) thereof:

“(g) The term of existence of the Authority shall be for a period ending on January 15, 2052.”

IN WITNESS WHEREOF, Delaware County Regional Water Quality Control Authority has caused these Articles of Amendment to be executed by its Chairman or Vice Chairman and its official seal to be affixed hereto and attested by its Secretary, all as of the 16th day of April, 2002.

DELAWARE COUNTY REGIONAL
WATER QUALITY CONTROL AUTHORITY

By: Stanley R. Kester
Stanley R. Kester
Chairman

ATTEST:

David G. Gorbey
David G. Gorbey
Secretary

[Seal]

2002045-1352

COMMONWEALTH OF PENNSYLVANIA :
: SS
COUNTY OF DELAWARE :

On the 16 day of April, 2004, before me, the undersigned officer, a Notary Public, personally appeared Stanley R. Kester and David G. Gorbey, who, in due form of law, acknowledged themselves to be Chairman and Secretary, respectively, of the **DELAWARE COUNTY REGIONAL WATER QUALITY CONTROL AUTHORITY** (the "Authority"), and who, in due form of law, further acknowledged the foregoing to be the act and deed of the Authority for purposes therein specified.

WITNESS my hand and official seal the day and year aforesaid.


NOTARY PUBLIC

My Commission Expires: 7/13/04

Notarial Seal
Suzanne Foley, Notary Public
Chester, Delaware County
My Commission Expires Dec. 13, 2004
Member, Pennsylvania Association of Notaries

DELAWARE COUNTY REGIONAL
WATER QUALITY CONTROL AUTHORITY

RESOLUTION NO. 2002-01

ADOPTED JANUARY 15, 2002

WHEREAS, DELAWARE COUNTY REGIONAL WATER QUALITY CONTROL AUTHORITY (the "Authority") is a municipal authority, originally incorporated under provisions of the "Municipality Authorities Act of 1945", as amended and supplemented, pursuant to appropriate action of the governing body of the County of Delaware, Pennsylvania (the "County"), duly taken on October 20, 1971; and

WHEREAS, The Authority is governed by the Municipality Authorities Act, 53 Pa. C.S. Ch. 56 (the "Authorities Act"); and

WHEREAS, This Authority desires to amend its Articles of Incorporation so as to increase its term of existence, which amendment is authorized and permitted by the Authorities Act.

NOW, THEREFORE, BE IT RESOLVED, by the Board of the **DELAWARE COUNTY REGIONAL WATER QUALITY CONTROL AUTHORITY,** as follows:

1. This Authority proposes to amend its Articles of Incorporation by adding the following provision as paragraph (g) thereof:

"(g) The term of existence of said Authority shall be for a period ending January 15, 2052."

2. This Authority proposes that Articles of Amendment to its Articles of Incorporation, in substantially the form attached hereto as Exhibit A, shall be filed with the Secretary of the Commonwealth of Pennsylvania. Exhibit A is hereby incorporated herein and made a part hereof.

3. The Chairman and Secretary are hereby authorized and directed to certify a copy of this Resolution and to submit such certified copy of this Resolution to the Council of the County, said Council being the governing body of the municipality composing this Authority, as required by the Authorities Act; and proper officers of this Authority hereby are authorized and directed to do all things and to take all action which may be necessary in order to have the Council of the County act upon said proposed amendment, as the same is contained in this Resolution.

4. If the Council of the County shall duly adopt and approve the amendment of the Articles of Incorporation of this Authority, as proposed in this Resolution, the Chairman and Secretary are hereby authorized and directed to execute and verify Articles of Amendment, substantially in the form set forth in Exhibit A to this Resolution, and the Secretary of this Authority is hereby authorized and directed to affix thereto and attest hereon the official seal of this Authority.

5. If the Council of the County shall duly adopt and approve the amendment of the Articles of Incorporation of this Authority, as proposed in this Resolution, the Chairman and Secretary are hereby authorized and directed to advertise or cause to be advertised, in the manner specified in and required by the Authorities Act, the intention of this Authority to file Articles of Amendment with the Secretary of the Commonwealth of Pennsylvania.

6. If the Council of the County shall duly adopt and approve the amendment of the Articles of Incorporation of this Authority, as proposed in this Resolution, the Chairman and Secretary are hereby authorized and directed to cause the Articles of Amendment, together with the necessary proofs of publication, to be filed with the Secretary of the Commonwealth of Pennsylvania, and to do all other acts and things necessary or appropriate in order to secure approval of the Articles of Amendment, including payment of filing fees and charges required in connection therewith.

7. All resolutions or parts of resolutions, insofar as such shall be inconsistent herewith, are expressly repealed.

DULY ADOPTED, by the Board of the **DELAWARE COUNTY REGIONAL WATER QUALITY CONTROL AUTHORITY**, this 15th day of January 2002, in lawful session duly assembled.

**DELAWARE COUNTY REGIONAL WATER
QUALITY CONTROL AUTHORITY**

By Stanley R. Kester
Stanley R. Kester, Chairman

[SEAL]

ATTEST:

David G. Gorbey
David G. Gorbey, Secretary

2002045-1355

COUNTY OF DELAWARE

ORDINANCE NO. 2002-1

AN ORDINANCE OF DELAWARE COUNTY, PENNSYLVANIA ADOPTING DELAWARE COUNTY REGIONAL WATER QUALITY CONTROL AUTHORITY (DELCORA) RESOLUTION 2002-01, AMENDING DELCORA'S ARTICLES OF INCORPORATION TO EXTEND ITS TERM OF EXISTENCE TO JANUARY 15, 2052, AND REPEALING ALL ORDINANCES AND RESOLUTIONS INCONSISTENT HEREWITH.

WHEREAS, DELCORA is a municipal authority, originally incorporated under the Municipality Authorities Act of 1945, as amended and supplemented, pursuant to appropriate action by this Council duly taken on October 20, 1971; and

WHEREAS, DELCORA is governed by the Municipality Authorities Act, 53 Pa. C.S. ch. 56 (the "Authorities Act"); and

WHEREAS, DELCORA, by Resolution 2002-01, proposed to amend its Articles of Incorporation so as to increase its term of existence, which Amendment is authorized and permitted by the Authorities Act; and

WHEREAS, the Authorities Act provides, *inter alia*, that this Council, being the governmental body of the municipality that created the Authority, shall adopt or reject said proposed amendment; and

WHEREAS, this Council agrees that it is desirous to extend DELCORA's term of existence as set forth in DELCORA Resolution 2002-01.

NOW, THEREFORE, the Delaware County Council hereby ordains that:

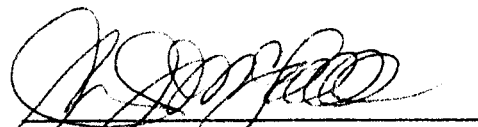
1. DELCORA Resolution 2002-01, which is attached hereto as Exhibit A, and which proposes to amend DELCORA's Articles of Incorporation to extend its term of existence until January 15, 2052 is hereby adopted by the County.

2. DELCORA's Articles of Incorporation shall be amended by adding the following provision as paragraph (g) thereof:

(g) The term of existence of said Authority shall be for a period ending January 15, 2052.

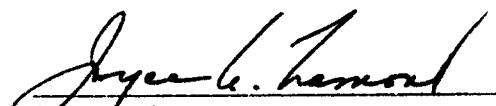
3. All ordinances, resolutions and parts of ordinances and resolutions, insofar as the same shall be inconsistent herewith, shall be and the same hereby expressly are repealed.

Ordained and enacted this 16 day of APRIL, 2002, effective ten (10) days from said date.



John J. McFadden
Chairman

ATTEST:



Joyce A. Lamont
County Clerk

EXHIBIT "A"

ARTICLES OF AMENDMENT

TO: THE SECRETARY OF THE COMMONWEALTH OF PENNSYLVANIA

In compliance with requirements of the Pennsylvania Municipality Authorities Act, 53 Pa. C.S. Ch. 56, (the "Authorities Act"), and pursuant to a resolution duly adopted by the Board of the **DELAWARE COUNTY REGIONAL WATER QUALITY CONTROL AUTHORITY** (the "Authority"), proposing an amendment to the Articles of Incorporation of the Authority, which proposed amendment has been submitted to and approved by the Council of the County of Delaware, Pennsylvania (the "County"), the governing body of the municipality composing the Authority, by a Resolution duly adopted, the Authority hereby files these Articles of Amendment to its Articles of Incorporation and certifies:

1. The name of the Authority is "Delaware County Regional Water Quality Control Authority" and the registered office of the Authority is located at 100 East Fifth Street, Chester, PA 19016.

2. The Authority was duly formed under, and is now governed by, the provisions of the Authorities Act.

3. As set forth in the Authorities Act, pursuant to appropriate action of the governing body of the County, the original Articles of Incorporation of the Authority were approved and filed in the Department of State of the Commonwealth on November 17, 1971.

4. A copy of the Resolution adopted by the Council of the County, said Council being the governing authority of the municipality composing the Authority, duly certified by the County Clerk of the County, adopting and approving the amendments herein set forth, is attached hereto and hereby is made a part of these Articles of Amendment.

5. The amendment proposed by the Board of the Authority and adopted and approved by the Council of the County, as aforesaid, is to amend the Authority's its Articles of incorporation by adding the following provision as paragraph (g) thereof:

"(g) The term of existence of the Authority shall be for a period ending on January 15, 2052."

IN WITNESS WHEREOF, Delaware County Regional Water Quality Control Authority has caused these Articles of Amendment to be executed by its Chairman or Vice Chairman and its official seal to be affixed hereto and attested by its Secretary, all as of the 15th day of January, 2002.

200204 5-1358

DELAWARE COUNTY REGIONAL WATER
QUALITY CONTROL AUTHORITY

By: _____
Stanley R. Kester, Chairman

[SEAL]

ATTEST:

David G. Gorbey
Secretary

200204 5-1359

COMMONWEALTH OF PENNSYLVANIA :
: SS
COUNTY OF DELAWARE :

On the _____ day of _____, 2002, before me, the undersigned officer, a Notary Public, personally appeared Stanley R. Kester and David G. Gorbey, who, in due form of law, acknowledged themselves to be Chairman and Secretary, respectively, of the **DELAWARE COUNTY REGIONAL WATER QUALITY CONTROL AUTHORITY** (the "Authority"), and who, in due form of law, further acknowledged the foregoing to be the act and deed of the Authority for purposes therein specified.

WITNESS my hand and official seal the day and year aforesaid.

NOTARY PUBLIC

My Commission Expires: _____

2002043-1362



COMMONWEALTH OF PENNSYLVANIA

Department of State

TO ALL WHOM THESE PRESENTS SHALL COME, GREETING:

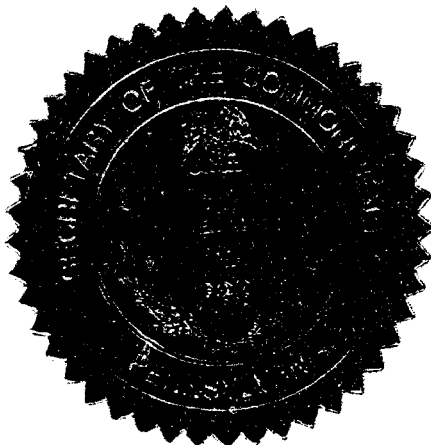
BE IT KNOWN THAT,

CERTIFICATE OF AMENDMENT

has been granted to;

DELAWARE COUNTY REGIONAL WATER QUALITY CONTROL AUTHORITY

whereby their term of existence of the Authority shall be for a period ending on January 15, 2052 under the authority of Act 22 of 2001, known as the Municipal Authority Act.



Filed this 8th day
of May, 2002

C. Michael Stewart

ACTING Secretary of the Commonwealth

sjk

pennccrp@pennccrp.pa.gov

ARTICLES OF AMENDMENT

TO: THE SECRETARY OF THE COMMONWEALTH OF PENNSYLVANIA

In compliance with requirements of the Pennsylvania Municipality Authorities Act, 53 Pa. C.S. Ch. 56, (the "Authorities Act"), and pursuant to a resolution duly adopted by the Board of the **DELAWARE COUNTY REGIONAL WATER QUALITY CONTROL AUTHORITY** (the "Authority"), proposing an amendment to the Articles of Incorporation of the Authority, which proposed amendment has been submitted to and approved by the Council of the County of Delaware, Pennsylvania (the "County"), the governing body of the municipality composing the Authority, by a Resolution duly adopted, the Authority hereby files these Articles of Amendment to its Articles of Incorporation and certifies:

1. The name of the Authority is "Delaware County Regional Water Quality Control Authority" and the registered office of the Authority is located at 100 East Fifth Street, Chester, Pennsylvania 19016, Delaware County.

2. The Authority was duly formed under, and is now governed by, the provisions of the Authorities Act.

3. As set forth in the Authorities Act, pursuant to appropriate action of the governing body of the County, the original Articles of Incorporation of the Authority were approved and filed in the Department of State of the Commonwealth on November 17, 1971.

4. A copy of the Ordinance adopted by the Council of the County, said Council being the governing authority of the municipality composing the Authority, duly certified by the County Clerk of the County, adopting and approving the amendment herein set forth, is attached hereto and hereby is made a part of these Articles of Amendment.

5. The amendment proposed by the Board of the Authority and adopted and approved by the Council of the County, as aforesaid, is to amend the Authority's Articles of Incorporation by adding the following provision to the existing Section (g) thereof:

"(g) In anticipation of the dissolution of the Authority and/or the transfer and sale of all or substantially all of the Authority's assets, property and projects in exchange for the receipt of a cash payment, the Authority and its Board, in addition to any other authority granted by applicable law, shall have the full authority, without limitation, to: (1) establish a trust or non-profit entity to exist for the benefit of rate payers to distribute to rate payers some or all of the proceeds received from any transfer and sale, in accordance with applicable law and any agreements concerning the transfer and sale of any assets and/or the Authority's dissolution; and (2) execute any necessary agreements to effectuate this purpose prior, during or after any transfer and sale and/or dissolution."



TCO191219JD0903

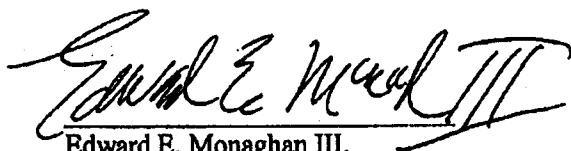
4813-9457-6046
2019 DEC 19 AM 9:45
PA. DEPT. OF STATE

IN WITNESS WHEREOF, Delaware County Regional Water Quality Control Authority has caused these Articles of Amendment to be executed by its Chairman or Vice Chairman and its official seal to be affixed hereto and attested by its Secretary, all as of the 18th day of December, 2019.

DELAWARE COUNTY REGIONAL
WATER QUALITY CONTROL
AUTHORITY

(SEAL)

ATTEST:



Edward E. Monaghan III,
Secretary

By: 
Stanley R. Kester, Chairman

COMMONWEALTH OF PENNSYLVANIA

SS:

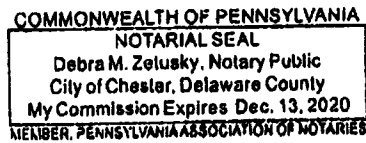
COUNTY OF DELAWARE

On this 18th day of December, 2019, before me, the undersigned officer, a Notary Public, personally appeared Stanley R. Kester and Edward E. Monaghan III, who, in due form of law, acknowledged themselves to be Chairman and Secretary, respectively, of the **DELAWARE COUNTY REGIONAL WATER QUALITY CONTROL AUTHORITY** (the "Authority"), and who, in due form of law, further acknowledged the foregoing to be the act and deed of the Authority for purposes therein specified.

WITNESS my hand and official seal the day and year aforesaid.


NOTARY PUBLIC

My Commission Expires: 12/13/2020



ORDINANCE 2019-4

AN ORDINANCE OF DELAWARE COUNTY, PENNSYLVANIA AUTHORIZING THE DELAWARE COUNTY REGIONAL WATER QUALITY CONTROL AUTHORITY TO AMEND ITS ARTICLES OF INCORPORATION TO PERMIT THE CREATION OF A TRUST OR NON-PROFIT ENTITY FOR THE PURPOSE OF STABILIZING RATES UPON THE DISSOLUTION OF THE AUTHORITY OR SALE OF ALL OR SUBSTANTIALLY ALL OF ITS ASSETS.

WHEREAS, the Delaware County Regional Water Quality Control Authority ("Authority") is a municipal authority, originally incorporated under the Municipal Authorities Act of 1945, as amended and supplemented, pursuant to appropriate action by this Council duly taken on October 20, 1971; and

WHEREAS, the Authority is governed by the Municipal Authorities Act, 53 Pa. C.S. § 5601 *et seq.* (the "Act"); and

WHEREAS, the Authority, by vote at a public meeting pursuant to its by-laws, authorized an amendment to its articles of incorporation to permit certain actions of the Authority in anticipation of the dissolution of the Authority and/or the transfer and sale of all or substantially all of the Authority's assets, property and projects; and

WHEREAS, §5605 of the Pennsylvania Municipal Authorities Act (the "Act") provides the process through which the Authority may amend its articles of incorporation; and

WHEREAS, §5605(b) of the Act provides that every amendment to the articles of incorporation shall first be proposed by the board of the Authority by the adoption of a resolution setting forth the proposed amendment and directing that it be submitted to the governing body which composed the authority, and

WHEREAS, pursuant to the Act, Delaware County Council is the governing authority that composed the Authority; and

WHEREAS, §5605(b) of the Act further provides that after the amendments have been submitted to the governing body, such governing body shall adopt or reject such amendment by resolution or ordinance; and

WHEREAS, this Ordinance shall authorize the amending of the articles of incorporation amended as provided herein subject to completion of the requirements of §5605 of the Act.

NOW THEREFORE, the Delaware County Council here ordains that:

1. The minutes of the board of the Authority proposing the amendment to the articles of incorporation, and the resolution of the Authority authorizing such amendment, are hereby adopted by Delaware County (the "County").

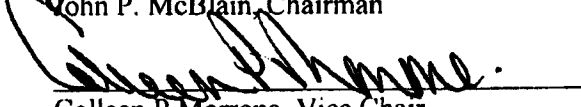
2. The County authorizes and approves an amendment to the articles of incorporation of the Authority by the addition of Section (g) as follows:

(g) In anticipation of the dissolution the Authority and/or the transfer and sale of all or substantially all of the Authority's assets, property and projects in exchange for the receipt of a cash payment, the Authority and its Board, in addition to any other authority granted by applicable law, shall have the full authority, without limitation, to: (1) establish a trust or non-profit entity to exist for the benefit of rate payers to distribute to rate payers some or all of the proceeds received from any transfer and sale, in accordance with applicable law and any agreements concerning the transfer and sale of any assets and/or the Authority's dissolution; and (2) execute any necessary agreements to effectuate this purpose prior, during or after any transfer and sale and dissolution.

3. All ordinances, resolutions and parts of ordinances and resolutions, insofar as the same shall be inconsistent herewith, shall be and the same hereby expressly are repealed.

ENACTED AND ORDAINED this 18th day of December 2019.


John P. McBlain, Chairman


Colleen P. Morrone, Vice Chair


Michael F. Cullen, Council Member

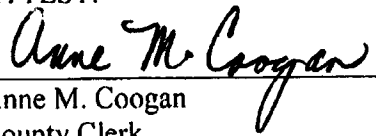
ABSENT

Kevin M. Madden, Council Member

ABSENT

Brian P. Zidek, Council Member

ATTEST:


Anne M. Coogan
County Clerk

**DELAWARE COUNTY REGIONAL WATER
QUALITY CONTROL AUTHORITY**

RESOLUTION NO. 2019-32

ADOPTED NOVEMBER 19, 2019

AMENDING ITS ARTICLES OF INCORPORATION

WHEREAS, the Delaware County Regional Water Quality Control Authority ("Authority") wishes to amend its Articles of Incorporation to permit certain actions of the Authority in anticipation of the dissolution of the Authority and/or the transfer and sale of all or substantially all of the Authority's assets, property and projects; and

WHEREAS, §5605 of the Pennsylvania Municipal Authorities Act (the "Act") provides the process through which the Authority may amend its Articles of Incorporation; and

WHEREAS, §5605(b) of the Act provides that every amendment to the Articles shall first be proposed by the Board by the adoption of a resolution setting forth the proposed amendment and directing that it be submitted to the governing authorities of the municipality or municipalities composing the authority, and

WHEREAS, §5605(b) of the Act also provides that every resolution shall contain the language of the proposed amendment to the Articles by providing that the Articles shall be amended so as to read as set forth in full in the resolution, that any provision of the Articles be amended so as to read as set forth in full in the resolution or that the matter stated in the resolution be added to or stricken from the Articles; and

WHEREAS, §5605(b) of the Act further provides that after the amendments have been submitted to the municipality or municipalities, such municipality or municipalities shall adopt or reject such amendment by resolution or ordinance;

WHEREAS, on September 17, 2019, the Authority passed a resolution approving a proposed amendment (the "Prior Amendment") to its Articles, and in accordance with the Act submitted same to its incorporating body, the County Council of Delaware County ("Council");

WHEREAS, Council has yet to take action on such proposed Prior Amendment; and

WHEREAS, the Authority wishes to submit a new proposed amendment, as detailed herein, for Council to consider if it determines it does not wish to adopt the Prior Amendment; and

WHEREAS, the Articles shall be amended as provided herein subject to completion of the requirements of §5605 of the Act.

NOW THEREFORE, be it RESOLVED by the Board of the Authority, as follows:

1. The Board authorizes and approves an amendment to the Articles of Incorporation by the addition of Section (g) as follows:

(g) In anticipation of the dissolution of the Authority and/or the transfer and sale of all or substantially all of the Authority's assets, property and projects in exchange for the receipt of a cash payment, the Authority and its Board, in addition to any other authority granted by applicable law, shall have the full authority, without limitation, to: (1) establish a trust or non-profit entity to exist for the benefit of rate payers to distribute to rate payers some or all of the proceeds received from any transfer and sale, in accordance with applicable law and any agreements concerning the transfer and sale of any assets and/or the Authority's dissolution; and (2) execute any necessary agreements to effectuate this purpose prior, during or after any transfer and sale and/or dissolution.

2. The Executive Director of the Authority is hereby authorized by the Board pursuant to §5605(b) of the Act, to provide this Resolution under cover letter of the Authority to the County Council of Delaware County for consideration and request that the County Council adopt this amendment to the Articles of Incorporation of the Authority by Ordinance at the soonest available public meeting of the County Council of Delaware County.

3. The Executive Director is authorized to take all actions reasonable, prudent and necessary to complete the intention of this Resolution to address any items required pursuant to this Resolution.

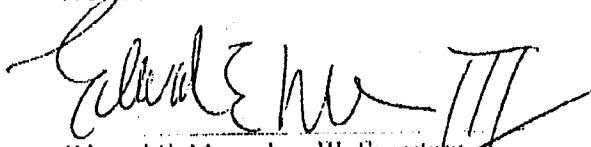
ENACTED and RESOLVED, this 19th day of NOVEMBER, 2019.

DELAWARE COUNTY REGIONAL
WATER QUALITY CONTROL AUTHORITY

[SEAL]

BY: 
Stanley R. Kester, Chairman

ATTEST:


Edward E. Monaghan III, Secretary

COMMONWEALTH OF PENNSYLVANIA

Department of State

TO ALL WHOM THESE PRESENTS SHALL COME, GREETING:

BE IT KNOWN THAT,

CERTIFICATE OF AMENDMENT

has been granted to;

DELAWARE COUNTY REGIONAL WATER QUALITY CONTROL AUTHORITY

whereby, Section G of the Articles of Incorporation has been amended to add, In anticipation of the dissolution of the Authority and/or transfer and sale of all or substantially all of the Authority's assets, property and projects in exchange for the receipt of a cash payment, the Authority and its Board, in addition to any other authority granted by applicable law, shall have the full authority, without limitation, to: (1) establish a trust or non-profit entity to exist for the benefit of rate payers to distribute to rate payers some or all of the proceeds received from any transfer and sale, in accordance with applicable law and any agreements concerning the transfer and sale of any assets and/or the Authority's dissolution; and (2) execute any necessary agreements to effectuate this purpose prior, during or after any transfer and sale and/or dissolution, under the authority of Act 22 of 2001 known as the Municipality Authorities Act.

Filed this Nineteenth day
of December, 2019



Katlynn Beckman

Secretary of the Commonwealth

EXHIBIT B

**DELCORA RATE STABILIZATION FUND
TRUST AGREEMENT**

between

**THE DELAWARE COUNTY REGIONAL
WATER QUALITY CONTROL AUTHORITY**

as SETTLOR

and

UNIVEST BANK AND TRUST CO.

as TRUSTEE

Effective Date: December 27, 2019

TABLE OF CONTENTS

	Page
ARTICLE 1. DEFINITIONS AND INCORPORATION BY REFERENCE.....	2
Section 1.1. Definitions.....	2
Section 1.2 Other Definitional Provisions	4
ARTICLE 2. ORGANIZATION	4
Section 2.1 Declaration of Trust	4
Section 2.2 Purposes of the Trust	4
Section 2.3 Appointment of Trustee	4
Section 2.4 Title to Trust Property.....	4
Section 2.5 Situs of Trust.....	5
Section 2.6 Use of Trust Assets	5
ARTICLE 3. CONTRIBUTIONS TO THE TRUST.....	5
Section 3.1 Initial Contribution.....	5
Section 3.2 Contribution of Sale Proceeds	5
Section 3.3 Additional Contributions	5
Section 3.4 Acceptance by the Trust.....	5
ARTICLE 4. DISTRIBUTIONS FROM THE TRUST.....	5
Section 4.1 Distributions.....	5
Section 4.2 No Right of Reversion	6
ARTICLE 5. THE TRUSTEE	6
Section 5.1 Trustee Resignation, Removal and Succession	6
Section 5.2 Duties of Trustee.....	7
Section 5.3 Acceptance of Trust and Duties.....	7
Section 5.4 Refrain from Certain Actions.....	10
Section 5.5 Reliance.....	10
Section 5.6 Compensation and Expenses.....	10
Section 5.7 Investment of Trust Assets.....	11
Section 5.8 Trustee Powers.....	11
Section 5.9 Indemnity of Trustee.....	12
Section 5.10 Interpretation and Direction.....	12
Section 5.11 Books and Records	12
Section 5.12 Accounting and Reports.....	13
Section 5.13 Third Party Reliance	13
Section 5.14 Interpretation; Rules.....	14

ARTICLE 6. POWER OF SUBSTITUTION.....	14
Section 6.1 Power of Substitution.....	14
Section 6.2 Confirmations	14
ARTICLE 7. TERMINATION.....	14
Section 7.1 Termination.....	14
Section 7.2 Trust Irrevocable.....	14
ARTICLE 8. AMENDMENTS	15
Section 8.1 Amendment of Agreement.....	15
ARTICLE 9. MISCELLANEOUS	15
Section 9.1 No Legal Title to Trust Property.....	15
Section 9.2 Limitations on Rights of Others.....	15
Section 9.3 Notices	15
Section 9.4 Counterparts.....	16
Section 9.5 Successors and Assigns.....	16
Section 9.6 Headings	16
Section 9.7 Governing Law	16
Section 9.8 Consent to Jurisdiction and Service or Process	17
Section 9.9 Tax Status of the Trust.....	17
Section 9.10 Entire Agreement.....	17
Section 9.11 Reliance on Trust Agreement	17

Exhibit A - Trustee Compensation and Reimbursement

**DELCORA RATE STABILIZATION FUND
TRUST AGREEMENT**

THIS DELCORA RATE STABILIZATION FUND TRUST AGREEMENT, dated as of the Effective Date, is by and between **THE DELAWARE COUNTY REGIONAL WATER QUALITY CONTROL AUTHORITY**, a body corporate and politic existing under the Pennsylvania Municipal Authorities Act, 42 P.S. 5601 *et seq.* (the "Settlor"), and **UNIVEST BANK AND TRUST CO.**, a Pennsylvania state-chartered bank and trust company, as trustee (the "Trustee").

WITNESSETH:

WHEREAS, the Settlor currently owns and operates a sewer system (the "Sewer System") serving various residential, commercial, industrial, and municipal customers in Delaware County, Pennsylvania (the "DELCORA Customers");

WHEREAS, pursuant to that certain agreement dated September 17, 2019 (the "Sewer System Sale Agreement") between the Settlor and Aqua Pennsylvania Wastewater, Inc. ("Aqua Wastewater"), the Settlor has agreed to sell the Sewer System to Aqua Wastewater;

WHEREAS, the Settlor has agreed to devote a majority of the proceeds which it receives from the sale of the Sewer System (the "Sale Proceeds") to stabilizing the amounts which the DELCORA Customers will pay for access to the Sewer System during a period of years following the closing under the Sewer System Sale Agreement (the "Closing Date");

WHEREAS, the Settlor and the Trustee desire to establish a trust for the benefit of the DELCORA Customers (the "Trust"), and the Trustee agrees to serve as trustee of such trust;

WHEREAS, the Settlor has entered into a Funding Agreement with the Trustee bearing even date herewith (the "Funding Agreement") pursuant to which the Settlor has agreed to contribute to the Trust a majority of the Sale Proceeds on the Closing Date, as well as any amounts which Settlor may receive under Section 9 of the Escrow Agreement;

WHEREAS, the Settlor and Aqua Resources, Inc., will enter into a rate stabilization agreement, of which Aqua Wastewater will be the designated third party Distribution Agent, pursuant to which (a) Aqua Wastewater will bill DELCORA Customers at reduced levels and (b) the Trust will reimburse Aqua Wastewater for such reductions, as and when so directed by the Settlor pursuant to Article 5 below; and

WHEREAS, the Settlor and the Trustee desire that the Sale Proceeds transferred to the Trust pursuant to this Agreement, together with all other funds transferred to the Trustee hereunder, be held and administered as an irrevocable trust for the benefit of the DELCORA Customers pursuant to the provisions of this Trust Agreement;

NOW, THEREFORE, in consideration of the foregoing premises and the mutual covenants expressed herein, and intending to be legally bound, the Settlor and the Trustee hereby agree as follows:

ARTICLE 1 DEFINITIONS

Section 1.1 Definitions. Except as otherwise specified herein, or as the context otherwise requires, the following terms have the respective meanings set forth below for all purposes of this Agreement, including, without limitation, the recitals hereto.

"Affiliate" means, with respect to any specified person, any other person controlling or controlled by or under common control with such specified person. For the purposes of this definition, "control" when used with respect to any specified person means the power to direct the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agreement" or "Trust Agreement" means this trust agreement between the Settlor and the Trustee, as such document is modified or reformed from time to time.

"Aqua Resources" means Aqua Resources, Inc., a Pennsylvania business corporation which is an Affiliate of Aqua Wastewater, and its successors and assigns.

"Aqua Wastewater" means Aqua Wastewater Pennsylvania, Inc., a Pennsylvania business corporation operating as a wastewater utility company, and its successors and assigns.

"Beneficiaries" shall refer to the DELCORA Customers.

"Calculation Agent" means the company engaged by the Settlor to provide calculation services in connection with the implementation of the Rate Stabilization Agreement.

"Closing Date" means the date of closing under the Sewer System Sale Agreement.

"Code" means the U.S. Internal Revenue Code of 1986, as amended, and all regulations promulgated thereunder. References to such Code shall be taken as references to any corresponding provisions of future law.

"County" means Delaware County, Pennsylvania.

"DELCORA Customers" means the customers connected to the Sewer System.

"Distribution Agent" shall refer to Aqua Wastewater or any successor thereto serving as the entity responsible for allocating rate reductions as provided under the Rate Stabilization Agreement to and among the Beneficiaries.

“Distributions” means distributions made by the Trustee to the Distribution Agent from time to time, as directed by the Settlor, pursuant to Article 4 below.

“Distribution Order” means a written direction delivered by an authorized representative of the Settlor to the Trustee instructing the Trustee to make a Distribution.

“Effective Date” means December 27, 2019.

“Escrow Agreement” means that certain Escrow Agreement among the Settlor, the Trustee (as escrow agent), and Aqua Wastewater dated as of December 27, 2019.

“Fund” or “Trust” means the Delaware County Regional Water Quality Control Authority Rate Stabilization Trust, which is the trust created pursuant to this Trust Agreement.

“Funding Agreement” means that certain agreement between the Settlor and the Trustee bearing even date herewith, pursuant to which the Settlor will be required to transfer a majority of the Sale Proceeds to the Trust on the Closing Date, as well as any amounts which Settlor may receive under Section 9 of the Escrow Agreement.

“Investment Guidelines” means such guidelines for the investment of the Trust assets as shall be provided from time to time by the Settlor to the Trustee.

“Permitted Investments” means investments which an authority constituted under the Pennsylvania Municipal Authorities Act, 42 P.S. 5601 *et seq.* is permitted to make under applicable law.

“Rate Stabilization Agreement” means the agreement to be entered into by and between the Settlor and Aqua Resources, with Aqua Wastewater as a designated third party Distribution Agent, pursuant to which (a) the Distribution Agent will agree to bill the Beneficiaries at reduced levels and (b) the Settlor will agree to direct the Trust to reimburse the Distribution Agent for such reductions, pursuant to Article 4 of this Trust Agreement.

“Settlor” means the Delaware County Regional Water Quality Control Authority and its successors (including the County upon termination of the Settlor).

“Sewer System” means the sewer system which is currently owned and operated by the Settlor and which will be sold by the Settlor to Aqua Wastewater, as improved by Aqua Wastewater subsequent to the Closing Date.

“Trust Assets” means the assets held from time to time by the Trustee in the Trust Fund.

“Trust Expenses” means the trustee compensation and any other expenses of the Trust, including, without limitation, amounts payable out of the Trust Fund pursuant to Section 5.6 below.

"Trustee" means Univest Bank and Trust Co., and its successors and permitted assigns.

"Trust Fund" means the trust estate managed, protected, and conserved pursuant to the terms and conditions of this Trust Agreement, which shall consist of the Sale Proceeds deposited by the Settlor hereunder, and any Additional Contributions made to the Trust under Section 3.3 hereof, together with any and all investment income earned from Permitted Investments made and held by the Trustee pursuant to this Trust Agreement.

Section 1.2 Other Definitional Provisions. (a) All references to Articles, Sections, and subsections are to Articles, Sections, and subsections of this Agreement unless otherwise specified. All terms defined in this Agreement shall have the defined meanings herein when used in any certificate, notice, or other document made or delivered pursuant hereto, unless otherwise defined therein.

(b) In the event of any change in the identity of the Settlor, Distribution Agent or Calculation Agent as defined above, whether by merger, incorporation or cessation of existence, written notice of the identity and contact information for the successor entity shall be provided in writing to the Trustee within ten (10) days of any change in accordance with the notice requirements of Section 9.3 below.

ARTICLE 2 ORGANIZATION

Section 2.1 Declaration of Trust. The name of the Trust shall be "The Delaware County Regional Water Quality Control Authority Rate Stabilization Trust." Effective as of the Effective Date, the Trustee shall have all of the rights, powers and duties set forth herein with respect to accomplishing the purposes of the Trust.

Section 2.2 Purposes of the Trust. The purposes of the Trust are to benefit the Beneficiaries by receiving Sale Proceeds deposited into the Trust Fund by the Settlor and any additional contributions made to the Trust under Section 3.3 hereof, investing and reinvesting such Sale Proceeds and any Additional Contributions, and making Distributions from time to time to the Distribution Agent for the benefit of the Beneficiaries, as directed by the Settlor pursuant to Article 4 below. The Distributions to the Distribution Agent are intended to reimburse the Distribution Agent for rate reductions which the Distribution Agent provides to the Beneficiaries pursuant to the Rate Stabilization Agreement. Neither the Distribution Agent nor any of its Affiliates is an intended beneficiary of the Trust.

Section 2.3 Appointment of Trustee. The Settlor hereby appoints the Trustee of the Trust, effective as of the Effective Date, to have all the rights, powers, and duties and all of the protections, indemnities, and immunities set forth herein. The Trustee hereby accepts such appointment.

Section 2.4 Title to Trust Property. Legal title to all the Trust Assets shall be vested at all times in the Trust as a separate legal entity, except where applicable law in any jurisdiction requires title to any part of the Trust Assets to be vested in the Trustee, in which case title shall

be deemed to be vested in the Trustee or a Trustee, as the case may be, *provided* that the Trustee shall have the power to cause legal title to any Trust Assets to be held by or in the name of the Trust, a custodian, sub-custodian, securities depository, or their respective nominee.

Section 2.5 Situs of Trust. The Trust shall be located in the Commonwealth of Pennsylvania, and questions pertaining to the validity and construction of this Agreement and with respect to the administration of the Trust shall be determined in accordance with the laws of the Commonwealth of Pennsylvania. The Trustee may, however, at any time and from time to time transfer the situs of the Trust to any other jurisdiction that the Trustee may deem appropriate.

Section 2.6 Use of Trust Assets. Trust Assets shall be used solely to carry out the purposes set forth in Section 2.2 above, and shall not be subject (in whole or in part) to voluntary or involuntary assignment, anticipation, legal process, or claims of creditors of the Settlor, the Distribution Agent, the Aqua Parent, any Beneficiary, or any other person or entity.

**ARTICLE 3
CONTRIBUTIONS TO THE TRUST**

Section 3.1 Initial Contribution. The Settlor shall transfer one thousand dollars (\$1000.00) in cash to the Trust on the Effective Date.

Section 3.2 Contribution of Sale Proceeds. On or as soon as practicable after the Closing Date, the Settlor shall transfer to the Trust (or direct Aqua Wastewater to transfer to the Trust on the Settlor’s behalf) that portion of the Sale Proceeds (comprising a majority of the Sale Proceeds) which the Settlor is required to contribute to the Trust pursuant to the Funding Agreement.

Section 3.3 Additional Contributions. In addition to the contributions described in Sections 3.1 and 3.2 above, the Trustee may receive such additional contributions as may be made to it from time to time by the Settlor or any other person in the form of cash, securities, or other property acceptable to the Trustee (the “*Additional Contributions*”). Such Additional Contributions may include (without limitation) funds released from time to time from one or more escrow accounts created under the Sewer System Sale Agreement. *Provided, however,* that the Trustee shall have no responsibility for collecting any such Additional Contributions.

Section 3.4 Acceptance by the Trustee. The Trustee hereby agrees to accept the contributions described in sections 3.1, 3.2, and 3.3 above for the benefit of the Beneficiaries, and agrees to use such funds pursuant to the terms of this Agreement.

**ARTICLE 4
DISTRIBUTIONS FROM THE TRUST**

Section 4.1 Distributions. (a) The Settlor shall direct the Trustee to make Distributions to Aqua Wastewater from time to time in accordance with the Rate Stabilization

Agreement. The Trustee shall have no duty to determine whether or not the amounts or timing of such Distributions are proper under the Rate Stabilization Agreement.

(b) The Trustee shall make Distributions to the Distribution Agent from time to time in accordance with written directions received by the Trustee from a duly authorized representative of the Settlor (each a "Distribution Order"). *Provided, however*, that the Trustee shall make such Distribution no later than ten (10) business days after the date on which the Trustee receives the Distribution Order. Such Distributions will be made to the Distribution Agent solely for the purpose of reimbursing the Distribution Agent for rate reductions made pursuant to the Rate Stabilization Agreement. For purposes of this Section 4.1, written notification of the identity and contact information of the duly authorized representative of the Settlor shall be provided to the Trustee in writing at least annually on January 1, or upon any subsequent change in such authorized representative, within five (5) days thereof, in accordance with the requirements of Section 9.3 below.

Section 4.2 No Right of Reversion. Under no circumstances shall the Settlor or any successor thereto have any rights of reversion under this Trust Agreement. All Trust Assets shall be disbursed in furtherance of the purposes set forth in Section 2.2.

ARTICLE 5 TRUSTEE

Section 5.1 Trustee Resignation, Removal, and Succession. (a) Any Trustee serving hereunder shall have the right, upon ninety (90) days' prior written notice delivered to the Settlor, to resign as Trustee of this Trust. At any time after the sixth (6th) anniversary of the Closing Date, the Settlor shall have the right, upon ninety (90) days' prior written notice to the Trustee, and upon payment of all amounts due and owing hereunder, to remove such Trustee as a trustee. Upon notice of such resignation or removal, the Settlor shall appoint a successor Trustee in writing within thirty (30) days of the expiration of the ninety (90) day notice period, such appointment to be accepted in writing by the successor trustee so designated. If the Settlor fails to appoint a successor trustee, the Trustee may secure the appointment of a successor trustee in any manner permitted by law, including by petition or application to the appropriate court of jurisdiction. The resignation or removal of Trustee shall only become effective upon the appointment and qualification of the successor trustee. *Provided, however*, that the entity serving as Trustee hereunder shall at all times be a corporate trustee having assets of no less than one billion dollars (\$1,000,000,000).

(b) Upon the appointment, and timely written acceptance of the appointment of a successor trustee as provided herein, the Trustee shall transfer and convey to the successor Trustee all Trust Assets held by the Trustee. When such transfer and conveyance are completed, the Trustee shall be released and discharged from all liability relating to further administration and investment of the Trust.

(c) No Trustee taking office shall be liable in any way for the acts or omissions of any Trustee prior to such Trustee's assumption of office, or shall have any duty to review the performance of a Trustee prior to that date.

(d) Except as specifically authorized hereunder, all powers of the Trustee shall be exercised by the Trustee alone.

Section 5.2 Duties of Trustee. The Trustee undertakes to perform such duties, and only such duties, as are specifically set forth in this Agreement, subject to and in accordance with the provisions of this Agreement. No implied duties, covenants, or obligations shall be read into this Agreement against the Trustee, the Settlor, or any Affiliate of either the Trustee or the Settlor. The Trustee shall oversee the conduct of the activities of the Trust, make and execute contracts and other instruments on behalf of the Trust, and may sue and be sued on behalf of the Trust in the name of the Trust, subject to the terms of this Agreement.

Section 5.3 Acceptance of Trust and Duties. (a) Except as otherwise provided in this Article 5, in accepting the trust hereby created, the Trustee acts solely as trustee hereunder and not in its individual capacity, and all persons having any claim against the Trustee by reason of the transactions contemplated by this Agreement shall look only to the Trust Assets for payment or satisfaction thereof. The Trustee accepts the trust hereby created and agrees to perform its duties hereunder, but only in accordance with the express terms of this Agreement.

(b) In carrying out its duties hereunder, the Trustee shall exercise the rights and powers vested in it hereunder in good faith, but only on the terms expressly set forth herein. Neither the Trustee nor any of its officers, directors, employees, agents or affiliates shall have any implied duties (including fiduciary duties) or liabilities otherwise existing at law or in equity with respect to the Trust, which implied duties and liabilities are hereby eliminated. No provision of this Agreement shall be construed to relieve the Trustee from liability for its own grossly negligent action, its own grossly negligent failure to act, its own bad faith, its own breach of its representations, warranties or covenants given in its individual capacity or its own willful misconduct. In addition:

(i) The Trustee shall be liable for its willful misconduct or gross negligence in acting or failing to act, except that the Trustee shall not be liable with respect to any action taken, suffered or omitted to be taken by it in accordance with a direction received by it from the Settlor or Calculation Agent pursuant to this Agreement;

(ii) The Trustee shall not be liable for any error of judgment, or for any action taken, suffered or omitted to be taken by it, in good faith, nor for any act or omission of any predecessor and/or successor Trustee;

(iii) The Trustee shall not be deemed to have notice or knowledge of any matter unless written notice thereof is received by the Trustee in accordance with this Agreement;

(iv) The Trustee shall have no duty to monitor or supervise, or be liable for anything done or omitted by any other person, including the Settlor, the Distribution Agent or the Calculation Agent;

(v) The Trustee shall not be liable for the default or misconduct of the Settlor, the Distribution Agent, the Calculation Agent or any other person, and the Trustee shall not be deemed to have knowledge of any default on the part of any such person unless the Trustee receives written notice of such default in accordance with this Agreement; nor shall the Trustee be responsible for performing, monitoring or supervising the performance of any such person's obligations under this Agreement or any related agreement;

(vi) Under no circumstance shall the Trustee be liable for any representation, warranty, covenant, obligation or indebtedness of the Trust, or any other payment or distribution obligations evidenced by or arising under this Agreement;

(vii) The Trustee shall not be liable for or in respect of, and makes no representation with respect to, the validity or sufficiency of any provision of this Agreement, or the due execution hereof or thereof by any person, other than itself, or the value of the Trust Assets, or the efficacy of the Trust or its ability to generate the amounts intended to be distributed for the benefit of the Beneficiaries;

(viii) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, entitlement order, approval or other paper or document;

(ix) The Trustee shall not be liable for (x) any special, consequential or punitive damages, however styled, including, without limitation, lost profits, (y) the acts or omissions of any nominee, correspondent, clearing agency or securities depository through which it holds the Trust's securities or assets, or (z) any losses due to forces beyond the reasonable control of the Trustee, as applicable, including, without limitation, strikes, lockouts, riots, work stoppages, acts of war or terrorism, insurrection, revolution, nuclear or natural catastrophes or acts of God and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services; it being understood that the Trustee shall use commercially reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as reasonably practicable under the circumstances;

(x) Other than with respect to any report or information that the Trustee has an express duty to review under this Agreement, receipt by the Trustee of any report or other information delivered or otherwise made available to the Trustee pursuant to the terms of this Agreement or any other document related to the Trust shall not be deemed to constitute knowledge by the Trustee of such information, unless the Trustee receives written notice with respect thereto;

(xi) Except as otherwise expressly set forth in this Agreement, knowledge or information acquired by (x) Uninvest Bank and Trust Co. in any of its

respective capacities hereunder or under any other document related to this transaction shall not be imputed to Uninvest Bank and Trust Co. in any of its other capacities hereunder or under such other documents, and (y) any Affiliate of Uninvest Bank and Trust Co. shall not be imputed to Uninvest Bank and Trust Co. in any of its respective capacities hereunder and vice versa;

(xii) The right of the Trustee to perform any discretionary act enumerated in this Agreement or in any other document to which the Trust is a party shall not be construed as a duty, and the Trustee shall not be answerable for other than its gross negligence or willful misconduct in the performance of any such act; the Trustee shall be under no obligation to exercise any of the discretionary rights or powers vested in it by this Agreement;

(xiii) The Trustee shall have no duty to recompile, recalculate or otherwise verify the accuracy of any information provided to it by the Settlor except as otherwise expressly set forth in this Agreement, and may conclusively rely thereon in good faith;

(xiv) The Trustee may consult with counsel, accountants and other experts, and the Trustee shall not be liable for anything done, suffered or omitted in good faith by it in accordance with the advice or opinion of any such counsel, accountants, or other experts selected by it in good faith, and any opinion of counsel shall be full and complete protection in respect of any action taken or suffered or omitted by it under this Agreement in good faith and in accordance with such opinion of counsel;

(xv) The Trustee shall be under no obligation to institute, conduct or defend any litigation under this Agreement or otherwise in relation to the Trust at the request, order or direction of the Settlor or any other person, unless such requesting person(s) shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities that may be incurred therein or thereby;

(xvi) The Trustee may execute any of the trusts or powers under this Agreement, or perform any duties under this Agreement, either directly or by or through agents or attorneys or one or more custodians (any of which may be Affiliates of the Trustee) and the Trustee shall not be liable for the acts or omissions of any agent, attorney or custodian selected by such Trustee in good faith;

(xvii) The Trustee shall have no duty or obligation to manage, make any payment in respect of, register, record, sell, dispose of or otherwise deal with the Trust Assets, or to otherwise take or refrain from taking any action under, or in connection with, any document contemplated hereby to which the Trustee is a party, except as expressly provided by the terms of this Agreement; and

(xviii) The Trustee shall have no responsibility to record this Agreement, to prepare or file any financing or continuation statement in any public office at any time or otherwise to perfect or maintain the perfection of any ownership or security interest or

lien or to prepare or file any tax, qualification to do business or securities law filing or report except as expressly provided by the terms of this Agreement.

(c) Notwithstanding anything to the contrary in this Agreement, the Trustee shall not be required to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties under this Agreement, or in the exercise of any of its rights or powers, if there shall be reasonable grounds for believing that the repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it, and none of the provisions contained in this Agreement or any other document to which the Trust is a party, shall in any event require the Trustee, to perform, or be responsible for the manner or omission of performance of, any of the duties or obligations of the Settlor under any other agreement or document.

(d) Each of the parties hereto hereby agrees, and each Beneficiary, as evidenced by its acceptance of any benefits hereunder, understands and agrees, that the Trustee, in any capacity, has not provided and will not in the future provide, any advice, counsel or opinion regarding the tax, financial, investment, securities law or insurance implications and consequences of the formation, funding and ongoing administration of the Trust.

(e) Each of the parties hereto hereby agrees, and each Beneficiary, as evidenced by its acceptance of any benefits hereunder, understands and agrees, that that the Trustee, in any capacity, has not (i) made any investigation as to the accuracy of any representations, warranties or other obligations of the Trust under this Agreement or any other document contemplated hereby, and shall have no liability in connection therewith and (ii) prepared or verified, and shall have no liability for, any information, disclosure or other statement made in any document issued or delivered in connection with the transactions contemplated by this Agreement or any related document or agreement.

Section 5.4 Refrain from Certain Actions. The Trustee shall not be required to take any action under this Agreement if the Trustee shall have reasonably determined, or shall have been advised by counsel, that such action is likely to result in liability on the part of the Trustee, is contrary to the terms of this Agreement, or is otherwise contrary to applicable law.

Section 5.5 Reliance. The Trustee shall not incur any liability to anyone in acting upon any signature, instrument, notice, resolution, request, consent, order, certificate, report, opinion, bond, facsimile transmission, or other document or paper reasonably believed by it to be genuine and reasonably believed by it to be signed by an authorized representative of the proper party or parties, and need not investigate any fact or matter in any such document. As to any fact or matter the method of the determination of which is not specifically prescribed herein, the Trustee may for all purposes hereof rely on a certificate signed by an authorized officer of the Settlor, as to such fact or matter, and such certificate shall constitute full protection to the Trustee for any action taken or omitted to be taken by it in good faith in reliance thereon.

Section 5.6 Compensation and Expenses. (a) The Trustee shall be entitled to compensation and reimbursement from Trust Assets for all expenses incurred in the course of discharging its duties thereunder, as provided in the schedule attached hereto as Exhibit A.

(b) Trust Assets may be used to pay compensation and expenses of the Calculation Agent, upon receipt by the Trustee of written directions to this effect from the Settlor.

Section 5.7 Investment of Trust Assets. (a) The Trustee shall invest and reinvest the principal and income of the Trust Fund and keep the Trust Assets invested, without distinction between principal and income, in Permitted Investments that comply with the Investment Guidelines. The Trustee may, however, reserve from investment and keep, either as uninvested contributions or the proceeds of sale of investments, such amounts as it may from time to time it deems advisable in order to provide for anticipated Distributions or other expenditures from the Trust Fund, notwithstanding the provisions of 20 Pa. C.S. §7207. The Trustee does not guaranty any positive return on any such investment and the Trustee shall not be liable for any loss, including without limitation any loss of principal or interest, or for any breakage fees or penalties, in connection with the purchase or liquidation of any investment made hereunder.

(b) The Settlor shall provide a draft set of Investment Guidelines to the Trustee no later than February 28, 2020, and the parties shall mutually agree in writing on final Investment Guidelines no later than the Closing Date. Such final Investment Guidelines may be subsequently revised by mutual written agreement of the Settlor and the Trustee, but only with the written approval of Aqua Wastewater.

Section 5.8 Trustee Powers. Except as otherwise specifically provided in this Trust Agreement, the Trustee shall have authority; in addition to and not in limitation of any authority given it by law, but shall have no obligation to exercise the following powers:

(a) To acquire or dispose of Permitted Investments which may from time to time or at any time constitute the Trust Fund for such prices and on such terms as the Trustee may deem proper, and to make, execute, and deliver to the purchasers thereof good and sufficient deeds of conveyance therefor and all assignments, transfers, and other legal instruments, either necessary or convenient for passing the title and ownership thereto, free and discharged of all trusts and without liability on the part of such purchasers to see to the application of the purchase money.

(b) To cause any Permitted Investment to be registered in or transferred into (i) its name as the Trustee, (ii) the name of the Trust, or (iii) the name or names of their nominee or nominees or to retain same unregistered or in form permitting transfer by delivery, and to maintain all such investments through such agents, custodians, and other means as it deems appropriate, *provided* that the books and records of the Trustee at all times shall show that all such investments are part of the Trust Fund.

(c) To vote upon any stocks, bonds, or other securities, and to give general or special proxies or powers of attorney with or without power of substitution; provided that the Trustee shall vote in favor of management or recommended proposals in all instances unless otherwise directed in writing by the Settlor.

(d) To exercise any option, to accept in exchange or to subscribe for additional securities, to exercise any conversion privileges, and to make any necessary payments therefor.

(e) To keep such portion of the Trust Fund in cash or cash balances as the Trustee may, from time to time, deem to be in the best interests of the Trust, without liability for interest thereon.

(f) To make, execute, acknowledge, and deliver any and all documents of transfer and conveyance and any and all other instruments that may be necessary or appropriate to carry out the powers herein granted.

(g) To determine what is principal and what is income hereunder, and, in its sole discretion, to allocate or apportion gains and losses realized from the sale or other disposition of any assets between principal and income.

(h) Generally to exercise all rights of ownership and disposition over the Trust Fund and to do all acts and things which the Trustee may consider in the best interests of the Trust Fund.

Section 5.9 Indemnity of Trustee.

To the fullest extent permitted by applicable law, the Trustee and each of its directors, officers, employees, agents, affiliates, successors, assigns and legal representatives, (each an “Indemnified Person”) shall be indemnified, defended and held harmless by, and entitled to reimbursement from, the Trust out of Trust Assets with respect to any loss, liability, obligation, damages, penalty, tax, claim, action, investigation, proceeding, cost, expense or disbursement, including reasonable attorneys’, experts’ and other professionals’ fees and expenses of any kind or nature whatsoever (collectively “Costs”), arising out of or incurred in connection with this Agreement, the Trust Fund, the Trust Assets, the administration of the Trust Fund and the Trust Assets or any action or inaction of the Trustee hereunder, except to the extent that such Costs arise out of or result from the Trustee’s own willful misconduct, bad faith or gross negligence. The indemnities contained in this Section 5.9 shall survive the resignation or removal of the Trustee or the termination of this Agreement.

Section 5.10 Interpretation and Direction.

To the extent the Trustee determines that any substantial ambiguity exists in the interpretation of any definition, provision or term contained in this Agreement pertaining to the performance of its duties hereunder, or to the extent more than one methodology can be used to make any of the determinations or calculations to be performed by any Trustee hereunder, the Trustee may request written direction from the Settlor as to the interpretation or methodology it should adopt with respect thereto. The Settlor shall promptly provide such written direction, and the Trustee shall be entitled conclusively to rely upon, and shall be protected and held harmless in acting upon, such written direction.

Section 5.11 Books and Records. (a) The Trustee shall direct the preparation and maintenance of full and accurate accounts of all receipts, investments, disbursements, and other transactions of the Trust Fund. All such accounts, books, and records shall be open to inspection and audit at all reasonable times by any authorized representative of the Settlor.

(b) The Trustee shall retain records relating to the Trust Fund for as long as necessary for the proper administration thereof, and at least for any period required by applicable law.

Section 5.12 Accounting and Reports. (a) The Trustee shall provide to the Settlor customary quarterly or monthly written reports of all receipts and expenditures made from the Trust Fund during the month, in such detail and format as may be agreed upon by the Trustee and the Settlor from time to time. Unless otherwise determined by the Trustee, the Trustee shall (a) maintain (or cause to be maintained) the books of the Trust on a calendar-year basis and on the cash method of accounting. The financial records of the Trust shall be kept in conformity with generally accepted accounting principles applied on a consistent basis, and with such other requirements as may reasonably be required by the Trustee or the Settlor.

(b) The Trustee shall as soon as practicable, but in no event later than three (3) months after the end of each fiscal year of the Trust, provide to the Settlor or its designee (i) the Trust's revenue and expense statement for such fiscal year and (ii) the Trust's balance sheet as of the end of such fiscal year, each accompanied by the certificate or opinion of a firm of independent certified public accountants selected by the Trustee and approved by the Settlor.

(c) Within ninety (90) days after termination of the duties of the Trustee, and at such other times (if any) as the Settlor may determine in its discretion, the Trustee shall render to the Settlor or its designee a written account setting forth all transactions effected by the Trustee since the period covered by its last such preceding account and showing at its then fair market value all property held at the end of the accounting period. Upon the expiration of ninety (90) days from the date such account is rendered, the Trustee shall be released and discharged from accountability to the Settlor as respects the same, unless the Settlor shall have filed with the Trustee a written statement claiming gross negligence, willful misconduct, or lack of good faith by the Trustee with respect thereto. If any such objection is filed and is not satisfactorily adjusted by the parties, the Trustee shall have the right to apply to a court of competent jurisdiction for judicial settlement of such account at the sole cost and expense of the Trust. Neither the Settlor nor any other person shall have the right to demand or be entitled to any further or different accounting by the Trustee, except as may otherwise be required by law.

(d) The Trustee shall also furnish to the Settlor or its designee such other reports as may be reasonably requested by the Settlor; provided that any costs or expenses incurred by the Trustee in preparing, directly or through a third party subcontractor, any reports that are outside of the scope of the trustee's usual and customary reporting shall be borne solely by the Trust .

Section 5.13 Third Party Reliance. (a) No person having any dealing with the Trust Fund or the Trustee shall be bound to inquire of the duty, authority, or power of the Trustee to perform any act which it undertakes to perform. No person purchasing or acquiring property or lending money to the Trustee shall be bound to see to the application of the purchase money or other property transferred or loaned to the Trustee, or to inquire into the propriety or validity of the said sale, disposition, or loan by the Trustee.

(b) Every instrument executed by the Trustee shall be conclusive in favor of any person, partnership, corporation relying thereon that (a) at the time of the delivery of the instrument the

Trust was in full force and effect, (b) the instrument was effected in accordance with the terms and conditions of this Agreement, and (c) the Trustee was duly authorized and empowered to execute the instrument.

Section 5.14 Interpretation; Rules. The Trustee shall have the power to construe the provisions of this Agreement and the terms used in this Agreement, and any construction adopted by the Trustee in good faith consistent with the purpose of the Trust shall be binding upon all persons.

ARTICLE 6 POWER OF SUBSTITUTION

Section 6.1 Power of Substitution. (a) The Settlor shall have the right to acquire any asset of the Trust (an "*Acquired Asset*") by transferring to the Trustee in exchange for the Acquired Asset one or more other assets (collectively the "*Substituted Asset*") having a fair market value that is no less than the fair market value of the Acquired Asset.

(b) To the extent (if any) that the fair market value of the Substituted Asset exceeds the fair market value of the Acquired Asset, the Settlor shall be deemed to have made an Additional Contribution to the Trust under Section 3.3 above.

Section 6.2 Confirmations. (a) The Trustee shall take such reasonable steps as may be necessary in order to confirm, prior to the exchange of assets, that the fair market value of the Acquired Asset is no greater than the fair market value of the Substituted Asset. If the Trustee determines that the fair market value of the Acquired Asset is greater than the fair market value of the Substituted Asset, the Trustee shall not transfer the Acquired Asset to the Settlor or accept the Substituted Asset from the Settlor.

(b) The Trustee shall not accept any Acquired Asset in substitution for a Substituted Asset unless it has previously received written confirmation from the Calculation Agent that such substitution will not adversely affect the ability of the Settlor to fund Distributions (*e.g.*, due to a reduction in the liquidity of the Trust).

ARTICLE 7 TERMINATION

Section 7.1 Termination. The Trust shall terminate when all of the assets of the Trust have been exhausted in furtherance of the purposes set forth in Section 2.2 above.

Section 7.2 Trust Irrevocable. Neither the Settlor nor any other person is entitled to revoke or terminate the Trust.

**ARTICLE 8
AMENDMENTS**

Section 8.1 Amendment of Agreement. Notwithstanding the irrevocability of the Trust, the Trustee is authorized to institute a judicial proceeding in a court of competent jurisdiction to reform this Trust for the sole purpose of meeting any and all federal statutory or regulatory requirements which may affect the taxability of the Trust and which were enacted or instituted subsequent to the inception of the Trust. *Provided, however,* that this provision shall not apply if its existence would result in the overall loss of favorable tax treatment, thereby defeating the purpose of this right of reformation.

**ARTICLE 9
MISCELLANEOUS**

Section 9.1 No Legal Title to Trust Property. No transfer, by operation of law or otherwise, of any right, title, or interest in the Trust assets shall operate to terminate this Agreement or the Trust, or shall entitle any transferee to an accounting or to the transfer to it of legal title to any part of the Trust Assets.

Section 9.2 Limitations on Rights of Others. The provisions of this Agreement are solely for the benefit of the Settlor, the Trustee, and the Beneficiaries, and nothing in this Agreement, whether express or implied, shall be construed to give to the Distribution Agent, any Affiliate of the Distribution Agent, any other person any legal or equitable right, remedy, or claim in the Trust Assets or under or in respect of this Agreement or any covenants, conditions, or provisions contained herein.

Section 9.3 Notices. All demands, notices and communications upon or to the Settlor or the Trustee under this Agreement (including Distribution Orders) shall be in writing, personally delivered, sent by electronic facsimile (with hard copy to follow via first class mail), sent by email (with hard copy to follow via first class mail), or mailed by certified mail return receipt requested, and shall be deemed to have been duly given upon receipt, to the following address (or to such other address as the notice party may direct):

To the Settlor:

DELCORA
100 East Fifth Street
Chester, PA 19013
Attention: Executive Director

with copies to:

DELCORA
100 East Fifth Street
Chester, PA 19013

Attention: Solicitor

and

AQUA WASTEWATER PENNSYLVANIA, INC.
762 Lancaster Avenue
Bryn Mawr, PA 19010
Attention: General Counsel

To the Trustee:

Univest Bank and Trust Co.
14 North Main Street
PO Box 559
Souderton, PA 18964
Attention: John C. Kazary, Esq., CTFA – Vice President and Wealth Trust Advisor

with a copy to:

Univest Bank and Trust Co.
14 North Main Street
PO Box 64197
Souderton, PA 18964
Attention: Megan Duryea Santana, General Counsel

Section 9.4 Counterparts. This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument.

Section 9.5 Successors and Assigns. (a) Neither party hereto may assign any of its obligations or rights under this Agreement without the prior written consent of the other party except for obligations and rights delegated under 20 Pa. C.S. Section 7206.

(b) All covenants and agreements contained herein shall be binding upon and inure to the benefit of the Settlor, the Trustee, and their respective successors and permitted assigns.

Section 9.6 Headings, etc. Titles for sections are for general information only, and this Agreement shall not be construed by reference to such titles. Wherever required by context, the singular of any word used in this Agreement shall include the plural and the plural may be read in the singular. Words used in the masculine shall be read and construed in the feminine where they would so apply.

Section 9.7 Governing Law. This agreement shall in all respects be governed by, and construed in accordance with, the laws of the Commonwealth of Pennsylvania, including all matters of construction, validity, and performance.

Section 9.8 Consent to Jurisdiction and Service of Process. Each of the parties to this Agreement hereby irrevocably submits to the jurisdiction of any Pennsylvania state court sitting in Delaware County, Pennsylvania or the U.S. District Court for the Eastern District of Pennsylvania, and any appellate courts thereof, in any action or proceeding arising out of or relating to this Agreement, and each of the parties hereby irrevocably agrees, to the extent permitted by law, that all claims in respect of such action or proceeding may be heard and determined in such Pennsylvania state or U.S. federal court. Each of the parties hereby irrevocably waives, to the fullest extent it may effectively do so, the defense of an inconvenient forum to the maintenance of such action or proceeding and any right of jurisdiction in such action or proceeding on account of the place of residence or domicile of such party. A final judgment in any such action or proceeding shall, to the extent permitted by law, be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Each of the parties consents to the service of process by mail. Nothing herein shall affect the right of any party to serve legal process in any manner permitted by law or affect its right to bring any action in any other court.

Section 9.9 Tax Status of the Trust. The Trust is intended to be a “grantor trust” of which the Settlor is treated as the owner for federal income-tax purposes under Code Sections 671 *et seq.* The Trust is intended to qualify as a governmental entity for state and local tax purposes.

Section 9.10 Entire Agreement. This Trust Agreement shall not be deemed to be varied, altered or amended by any other statement, representation or agreement by or between any person or persons whomsoever, whether written, oral or implied in any way, except as provided in this Agreement.

Section 9.11 Reliance on Trust Agreement. Any person dealing with the Trustee may rely upon a copy of this Agreement and any amendments thereto certified to be true and correct.

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Agreement as of Effective Date.

SETTLOR:

DELAWARE COUNTY REGIONAL WATER
QUALITY CONTROL AUTHORITY

By: Robert J. Willmet

Name: Robert J. Willmet

Title: Executive Director

TRUSTEE:

UNIVEST BANK AND TRUST CO.

By: Matthew Holliday

Name: J. Matthew Holliday

Title: Sr. V.P. and Sr. Trust Officer

EXHIBIT A

TRUSTEE COMPENSATION AND REIMBURSEMENT

The Trustee shall be entitled to receive a monthly fee in an amount equal to one-twelfth of the product obtained by multiplying (a) 0.0006 by (b) the aggregate value of Trust Assets. The aggregate value of Trust Assets for any calendar month shall be equal to the sum of the average daily valuations of all Trust Assets for such month. The Trustee shall be permitted to deduct its fees and expenses from the Trust Assets.

The Trustee shall be reimbursed from the Trust Assets for third party tax preparation and filing fees and costs. Any and all taxes due shall be paid by the Settlor, provided, however, that in the event that the Trust is responsible for the payment of any taxes, such taxes shall be paid from the Trust Assets.

The Trustee shall be entitled to reimbursement for any and all Costs and other indemnity amounts from the Trust out of Trust Assets.

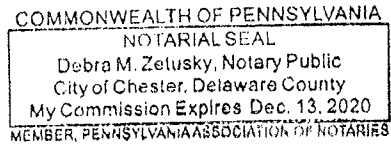
In addition, the Trustee shall have the right to be reimbursed from the Trust Assets for fees for extraordinary/administrative services, including, without limitation:

- Managing, selling or liquidating real estate
- Ascertaining the cost basis of securities for tax purposes
- Handling any assets outside the continental United States
- Assisting counsel with litigation
- Transferring securities from another account
- Preparation of court accountings and filings
- Preparation of any reports other than customary quarterly or monthly written reports

COMMONWEALTH OF PENNSYLVANIA :
: ss.
COUNTY OF :

On this, the 20th day of December 2019, before me, the undersigned officer, personally appeared Robert J. Willert, known to me, or satisfactorily proven, to be the person whose name is subscribed to the within instrument, and acknowledged that he executed the same on behalf of the Delaware County Regional Water Quality Control Authority for the purposes therein contained.

I have signed my name and affixed my seal.



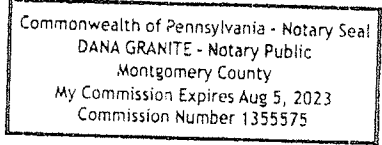
Debra M. Zelusky
Notary Public
My Commission expires:

COMMONWEALTH OF PENNSYLVANIA :
 :
 COUNTY OF : ss.
 :

On this, the 27th day of December 2019, before me, the undersigned officer, personally appeared J. Matthew Holliday who acknowledged himself to be a Senior Trust officer of Univest Bank, and that he as such Senior Trust officer being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by himself as trustee.

I have signed my name and affixed my seal.

Dana Granite
Notary Public



DELCORA

TRUST FUNDING AGREEMENT

This DELCORA Trust Funding Agreement, dated as of the 27th of December, 2019 (this "Funding Agreement"), is by and between The Delaware County Regional Water Quality Control Authority, a body corporate and politic existing under the Pennsylvania Municipal Authorities Act, 42 P.S. 5601, et seq. (the "Settlor"), and Univest Bank and Trust Co., as trustee (the "Trustee" and collectively, with the Settlor, the "Parties").

WITNESSTH:

WHEREAS, the Settlor currently owns and operates a sewer system (the "Sewer System") serving various residential, commercial, industrial, and municipal customers in Delaware County, Pennsylvania (the "DELCORA Customers");

WHEREAS, pursuant to that certain agreement dated September 17, 2019 (the "Sewer System Sale Agreement") between the Settlor and Aqua Pennsylvania Wastewater, Inc. ("Aqua Wastewater"), the Settlor has agreed to sell the Sewer System to Aqua Wastewater;

WHEREAS, the Settlor has agreed to devote a portion of the proceeds which it receives from the sale of the Sewer System to stabilizing the amounts which the DELCORA Customers will pay for sewer services during a period of years following the closing date under the Sewer System Sale Agreement (the "Closing Date");

WHEREAS, the Settlor and the Trustee have established the Delaware County Water Quality Control Authority Rate Stabilization Trust (the "Trust") by entering into the DELCORA Rate Stabilization Fund Trust Agreement bearing even date herewith (the "Trust Agreement") pursuant to which the Trustee will serve as trustee of the Trust;

WHEREAS, the Settlor and Aqua America, Inc. will enter into a rate stabilization agreement, of which Aqua Wastewater will be the designated third party distribution agent, pursuant to which (a) Aqua Wastewater will bill DELCORA Customers at reduced rates and (b) the Trust will reimburse Aqua Wastewater for such reductions, as and when so directed by the Settlor pursuant to the Trust Agreement; and

WHEREAS, the Settlor desires to contribute and transfer the Assets (as defined below) to the Trust on the Closing Date and wishes to obligate itself to the terms of this Funding Agreement;

NOW, THEREFORE, in consideration of the foregoing premises and the mutual covenants expressed herein, and intending to be legally bound, the Settlor and the Trustee hereby agree as follows:

1. **Contributions to the Trust.** Settler hereby obligates itself as follows:

(a) Settlor shall contribute and transfer to the Trust on the date of this Trust Agreement one thousand dollars (\$1000.00) in cash.

(b) Settlor hereby obligates itself to contribute and transfer to the Trust on the Closing Date an amount equal to the total proceeds the Settlor receives from the sale of the Sewer System under the Sewer System Sale Agreement, less all of the Settlor's liabilities and obligations, expenses, and reasonable reserves (the "Net Closing Proceeds").

(c) Settlor hereby obligates itself to contribute and transfer to the Trust such amount (if any) as the Settlor may receive as a final distribution under Section 9 of that certain Escrow Agreement among Settlor, Trustee (acting as escrow agent), and Aqua Pennsylvania Wastewater, Inc. dated December __, 2019 (the "Net Escrow Proceeds").

(d) The Trustee shall be entitled to rely, without independent investigation, on any notice or instruction received from the Settlor pursuant to this Section 1 and shall have no duty or obligation to verify the amount or nature of the Net Closing Proceeds or the Net Escrow Proceeds (if any) in any respect.

2. **Application of Assets.** The Trustee shall hold the Net Closing Proceeds and the Net Escrow Proceeds (if any) in trust and shall apply such Assets in accordance with the Trust Agreement.

3. **Limitation of Liability.** The Settlor is put on notice and hereby acknowledges and agrees that (a) this Agreement is executed and delivered on behalf of the Trust by Uninvest Bank and Trust Co. ("Uninvest") as trustee of the Trust, not individually or personally but solely as trustee of the Trust, in the exercise of the powers and authority conferred and vested in it, (b) each of the representations, undertakings and agreements herein made on the part of the Trust is made and intended not as a personal representation, undertaking or agreement of Uninvest, but is made and intended for the purpose of binding the Trust, (c) nothing herein contained shall be construed as creating any liability on Uninvest, individually or personally, to perform any covenant either expressed or implied contained herein of the Trust, all such liability, if any, being expressly waived by the parties hereto and by any person claiming by, through or under the parties hereto, (d) Uninvest has made no investigation as to the accuracy or completeness of any representations and warranties made by the Trust in this Agreement, and (e) under no circumstances shall Uninvest be personally liable for the payment of any indebtedness or expenses of the Trust or be liable for the breach or failure of any obligation, representation, warranty or covenant made or undertaken by the Trust under this Agreement or any other related document.

4. **Successors.** All covenants and agreements contained herein shall be binding upon and inure to the benefit of the Settlor, the Trustee, and their respective successors by operation of law.

5. **No Assignment.** The rights and obligations of the Parties under this Funding Agreement shall not be made subject to option or assignment, either by voluntary or involuntary assignment or by operation of law, and any action in violation of this Section 5 shall be void.

6. **Entire Agreement.** This Funding Agreement, together with the Trust Agreement, represents the entire agreement between the Parties pertaining to the subject matter hereof and supersedes all prior agreements, negotiations, discussions and understandings, written or oral, between the Parties relating to the subject matter hereof.

7. **Amendment.** The Parties may amend this Funding Agreement only by a written agreement signed by the Parties and Aqua Wastewater that identifies itself as an amendment to this Funding Agreement. Any waiver of, or consent to depart from, the requirements of any provision of this Funding Agreement will be effective only if it is in writing and signed by the Party giving it and by Aqua Wastewater, and only in the specific instance and for the specific purpose for which it has been given.

8. **Governing Law.** This agreement is governed by, and construed in accordance with, the laws of the Commonwealth of Pennsylvania, including all matters of construction, validity, and performance, including torts.

9. **Notices.** All demands, notices, and communications upon or to the Settlor and Trustee under this Funding Agreement shall be in writing, personally delivered, sent by electronic facsimile (with hard copy to follow via first class mail), or mailed by certified mail return receipt requested, and shall be deemed to have been duly given upon receipt, to the following address (or to such address as the notice party may direct):

To the Settlor:

DELCORA
100 East Fifth Street
Chester, PA 19013
Attention: Executive Director

with copies to:

DELCORA
100 East Fifth Street
Chester, PA 19013
Attention: Solicitor

and

AQUA WASTEWATER PENNSYLVANIA, INC.

762 W. Lancaster Ave.
Bryn Mawr, PA 19010
Attention: General Counsel

To the Trustee:

Univest Bank and Trust Co.
14 North Main Street
PO Box 559
Souderton, PA 18964
Attention: John C. Kazary, Esq., CTFA – Vice President and Wealth Trust Advisor

with a copy to:

Univest Bank and Trust Co.
14 North Main Street
PO Box 64197
Souderton, PA 18964
Attention: Megan Duryea Santana, General Counsel

10. **Headings, etc.** The section and paragraph headings in this Funding Agreement are for reference purposes only and do not affect the meaning or interpretation of this Funding Agreement.

11. **Third Party Beneficiary.** Aqua Wastewater Pennsylvania, Inc. is hereby designated as a third-party beneficiary of this Agreement.

12. **Counterparts.** This Funding Agreement may be executed by the Parties hereto in separate counter parts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument.

[Signature page follows]

IN WITNESS WHEREOF, the Parties hereto have duly executed this Funding Agreement the day and year first set forth above.

SETTLOR:

DELAWARE COUNTY REGIONAL WATER
QUALITY CONTROL AUTHORITY

By: *Robert J. Willmet*

Name: Robert J. Willmet

Title: Executive Director

TRUST:

DELCORA RATE STABILIZATION FUND
TRUST

By: Univest Bank and Trust Co., not in its
individual capacity but solely as Trustee

By: *J. Matthew Holliday*

Name: J. Matthew Holliday

Title: Sr. V.P. and Sr. Trust Officer

EXHIBIT C

EXHIBIT U2

TESTIMONY OF WILLIAM C. PACKER

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

AQUA PENNSYLVANIA WASTEWATER, INC.

DOCKET NO. A-2019-3015173

AQUA STATEMENT NO. 2

**DIRECT TESTIMONY OF
WILLIAM C. PACKER**

**With Regard To
Rate Impact
Implementation of Rates
Public Benefits of the Transaction
Summary of Public Benefits in the Application**

March 3, 2020

TABLE OF CONTENTS

I.	INTRODUCTION	1
II.	EXPLANATION OF ESTIMATED INCREMENTAL RATE IMPACT	3
III.	IMPLEMENTATION OF DELCORA RATES	4
IV.	PUBLIC INTEREST	8
V.	SUMMARY OF PUBLIC BENEFITS.....	13
VI.	CONCLUSION.....	14

AQUA PENNSYLVANIA WASTEWATER, INC.
DIRECT TESTIMONY OF WILLIAM C. PACKER

1 **I. INTRODUCTION**

2 **Q. Please state your name and business address.**

3 A. My name is William C. Packer. My business address is 762 West Lancaster Avenue,
4 Bryn Mawr, Pennsylvania 19010.

5
6 **Q. By whom are you employed and in what capacity?**

7 A. I am employed by Aqua Pennsylvania, Inc. (“Aqua PA”), as Vice President – Controller.
8 I also oversee certain financial operations for our parent company and its subsidiary Aqua
9 New Jersey, Inc. (“Aqua NJ”). Aqua PA is the parent company to Aqua Pennsylvania
10 Wastewater, Inc. (“Aqua” or the “Company”).

11
12 **Q. Please provide a brief description of your education and work experience.**

13 A. In April 2017, I was promoted to my current position of Vice President – Controller of
14 Aqua PA. I began my career at Aqua in March 2005 where I joined Aqua New Jersey,
15 Inc., as Assistant Controller. Since then I have held a variety of positions in finance and
16 accounting.

17 In addition to my corporate experience, I was elected as Mayor of the Borough of
18 Woodbury Heights in November of 2018 and was sworn in on January 5, 2019. The
19 Borough of Woodbury Heights is one of 565 municipalities in New Jersey and has a
20 population of approximately 3,000 residents.

21 I graduated from Richard Stockton College of New Jersey in 1998 with a
22 Bachelor of Science degree in Business Studies with a concentration in Accounting. I
23 began my 20 year career in the utility industry in September 1999, when I joined New

AQUA PENNSYLVANIA WASTEWATER, INC.
DIRECT TESTIMONY OF WILLIAM C. PACKER

1 Jersey American Water Company (“American”) as a General Staff Accountant and from
2 2001 to 2005 holding various positions in finance and accounting at American. At
3 American, I had the opportunity to support the rate-making process by working closely
4 with operating subsidiaries in 23 states, preparing schedules and answering
5 interrogatories.

6
7 **Q. Have you testified before the Pennsylvania Public Utility Commission (“PUC” or**
8 **the “Commission”) before?**

9 A. Yes, I have testified in several proceedings before the Commission, including Aqua PA’s
10 petition to charge a 7.5% Distribution System Improvement Charge (“DSIC”) at Docket
11 R-2008-2079310, Aqua PA’s last three rate cases at Docket Nos. R-2009-2132019, R-
12 2011-2267958, R-2018-3003558, and Aqua’s five previous Public Utility Code Section
13 1329 proceedings in Docket Nos. A-2016-2580061, A-2017-2605434, A-2018-3001582,
14 A-2019-3008491, and A-2019-3009052.

15
16 **Q. What is the purpose of your testimony?**

17 A. The purpose of my testimony is as follows: (1) to provide a description of the estimated
18 incremental rate impacts of the proposed sale of wastewater equipment and facilities
19 (“System”) owned by the Delaware County Regional Water Quality Control Authority
20 (“DELCORA”) to Aqua under an Asset Purchase Agreement dated as of September 17,
21 2019 (“Proposed Transaction”), (2) to discuss the implementation of DELCORA rates
22 following closing of the Proposed Transaction, (3) to explain the benefits of the Proposed

AQUA PENNSYLVANIA WASTEWATER, INC.
DIRECT TESTIMONY OF WILLIAM C. PACKER

1 Transaction, and (4) provide an overall summary of public benefits from the Application
2 and testimony.

3

4 **Q. Are you sponsoring any Exhibits with your testimony?**

5 A. Yes. Attached to my testimony as Appendix A is a schedule showing the revenue
6 deficiency and estimated incremental rate impacts of the proposed rate base addition
7 associated with Aqua's acquisition of the System. Attached to my testimony as
8 Appendix B is a pro-forma memorandum of understanding between Aqua and
9 DELCORA to facilitate payments from the DELCORA Customer Trust (the "Trust") to
10 be included on DELCORA customer bills as further described in my testimony.

11

12 **II. EXPLANATION OF ESTIMATED INCREMENTAL RATE IMPACT**

13 **Q. Please describe Aqua's plans to implement DELCORA rates.**

14 A. The Company will implement the existing rates of DELCORA, that have been previously
15 approved and authorized by the DELCORA Board. These rates are set forth in Exhibit G
16 to the Application. As set forth in the direct testimony of Mr. Pileggi (Aqua Statement
17 No. 6), the DELCORA Board approves new rates each year prior to December 1 for the
18 upcoming year's billing periods.

19

20 **Q. Please list the rate groups set forth in Aqua's proposed tariff included as Exhibit G
21 in the Application.**

22 A. DELCORA's rate groups are categorized into the following groups: (1) Chester Ridley
23 Creek, (2) Eastern Authority, (3) Edgmont, (4) Pocopson Preserve, (5) Pocopson

AQUA PENNSYLVANIA WASTEWATER, INC.
DIRECT TESTIMONY OF WILLIAM C. PACKER

1 Riverside, (6) Residential, Commercial, Marcus Hook, and Minimum Accounts, (7) Rose
2 Valley Area, (8) Western Wholesale, (9) Western Retail Industrial, (10) Western
3 Wholesale Industrial, and (11) Springhill Farms¹.

4
5 **Q. Have you calculated the estimated incremental rate impact of the Proposed**
6 **Transaction on Aqua’s existing customers and each of the DELCORA rate groups?**

7 Yes. The potential impact to DELCORA customers is 12.55%, the potential impact to
8 Aqua wastewater customers is 14.32%, and Aqua water customers is 4.58%. This
9 analysis is required by the Commission and I would note this does not include the effect
10 that the Trust will have to assist DELCORA customers in paying for their own cost of
11 service in their utility bills.

12
13 **Q. Have Aqua and DELCORA reflected these estimated rate impacts in notices to**
14 **customers?**

15 A. Yes. The Company has developed notices to customers included as Exhibit I1 through
16 Exhibit I12 to the Application.

17
18 **III. IMPLEMENTATION OF DELCORA RATES**

19 **Q. Will Aqua implement DELCORA’s existing base rates as described above after**
20 **closing?**

21 A. Yes.

22

¹ DELCORA currently has an agreement for the purchase of Springhill Farms which will conclude in 2020.

AQUA PENNSYLVANIA WASTEWATER, INC.
DIRECT TESTIMONY OF WILLIAM C. PACKER

1 **Q. Will Aqua propose to move the DELCORA customers to their full cost of service**
2 **based on the rate base addition determined in this proceeding in Aqua's first base**
3 **rate case following closing that includes DELCORA customers?**

4 A. Yes. The acquired DELCORA customers will be billed at the full Commission approved
5 rate from Aqua's base rate case. This rate will be stated in Aqua's tariff on file with the
6 Commission and available on Aqua's website.

7

8 **Q. How does DELCORA intend to use the proceeds of the Proposed Transaction?**

9 A. As set forth in the direct testimony of Mr. Willert (Aqua Statement No. 5) DELCORA is
10 proposing to take a portion of the proceeds of the Proposed Transaction and place them
11 into a trust for the benefit of the DELCORA customers, and has requested to apply
12 payments to DELCORA customers from the Trust through Aqua's billing process.

13

14 **Q. Does Aqua have any input on DELCORA's use of the proceeds of the Proposed**
15 **Transaction for?**

16 A. No. At closing of the Proposed Transaction, Aqua will pay DELCORA the agreed upon
17 purchase price, and Aqua will not have any control over the Trust.

18

19 **Q. What is the proposed method to convey the customer assistance amounts from the**
20 **Trust to DELCORA customers after closing of the Proposed Transaction?**

21 A. To address DELCORA's request for Aqua to apply customer assistance payments from
22 the Trust to DELCORA customers, the Company is proposing to include a payment line
23 item on the customer bill.

AQUA PENNSYLVANIA WASTEWATER, INC.
DIRECT TESTIMONY OF WILLIAM C. PACKER

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22

Q. Have there been other instances where third party payments are included on utility bills?

A. Yes. Through Aqua’s Helping Hand program, payments are made from a third-party community organization and applied to customer bills. These payments are presented as a line item on customer bills. In addition, there are also instances where a community organization will pledge a payment for a customer who needs financial assistance in paying their utility bills. I am also aware that for electric and gas utilities, financial assistance payments are included on bills for those who receive LIHEAP and CRISIS grants.

Q. If the Commission determines that Aqua cannot put the customer bill assistance payments from the Trust on the customer bills, does the Company have an alternative proposal?

A. Yes. The Company could include a check in each customer bill sent out or could send customer information to the Trust to provide the bills assistance by check to customers. However, as more fully described below, the preferred method would be to include the payment from the Trust on the customer bills.

Q. Please explain why including the bill assistance payment amount from the Trust on customer bills is the preferred method of distributing the proceeds of the Trust to DELCORA customers.

AQUA PENNSYLVANIA WASTEWATER, INC.
DIRECT TESTIMONY OF WILLIAM C. PACKER

1 A. By including the payment on the bill, the DELCORA customers will receive an
2 immediate benefit of the Trust proceeds, which is important given that a number of these
3 customers may already be low income payment troubled customers for whom these types
4 of bill assistance payments (i.e., LIHEAP, CRISIS, Helping Hand) are crucial to
5 managing their utility bills. There will not be a lag between when they are charged for the
6 utility service and receive the payment from the Trust. It will also ensure accuracy and
7 reduce chances of non-receipt of payment if an alternative method was used like
8 payments from the Trust to customers via check. If an alternative method was used, the
9 customer may not receive a check through mis-delivery of the check or if the customer
10 moves away during a billing period. It would also ensure that customers receive the
11 payment if they do not have a checking account or the ability to travel to a bank to cash
12 the check. Aqua will also have the customer information necessary to apply the Trust
13 payments to the acquired DELCORA customers' accounts. Applying the Trust payment
14 on the customer bill will reduce administrative issues and better ensure that customers
15 timely receive the benefit of the Trust payments.

16
17 **Q. Please describe the Memorandum of Understanding (“MOU”) attached to your**
18 **testimony as Appendix B.**

19 A. Appendix B includes a pro-forma MOU that will facilitate information sharing between
20 Aqua and DELCORA to effect the purposes of the Trust to provide payments to be put on
21 DELCORA customer bills from the Trust.

22

AQUA PENNSYLVANIA WASTEWATER, INC.
DIRECT TESTIMONY OF WILLIAM C. PACKER

1 **IV. PUBLIC INTEREST**

2 **Q. Please explain why the Proposed Transaction is in the public interest.**

3 A. The PUC has a long-standing record of support for consolidation/regionalization of
4 water/wastewater systems. As noted in the direct testimony of Mr. Lucca (Aqua
5 Statement No. 1) the PUC has encouraged consolidation of water and wastewater
6 systems. Through the acquisition of the DELCORA assets and merger of its operations,
7 Aqua will further the Commission's goals of regionalization. By creating a large scale,
8 concentrated wastewater operation in the Company's largest service area, this will likely
9 create efficiencies in operations through economies of scale. Ultimately, these benefits
10 inure to customers both existing and acquired. Although the Proposed Transaction does
11 not involve the acquisition of a smaller system, the principles noted by the Commission
12 in the aforementioned policy statement still apply, and Aqua PA has successfully
13 acquired numerous water/wastewater utilities in its over 130 years of operation.

14

15 **Q. Did the Commonwealth Court refer to the Commission's policy of**
16 **consolidation/regionalization and Aqua's expertise in system operations and ability**
17 **to raise capital in its opinion in *McCloskey v. Pa. P.U.C. (McCloskey)* addressing**
18 **Aqua's transaction with New Garden Township?**

19 A. Yes. Although I am not an attorney, I have read the Court's Opinion in the *McCloskey*
20 case. At the end of Section A of the Opinion, the Court refers to Commission findings
21 that Aqua, as owner of numerous water and wastewater systems in Southeastern
22 Pennsylvania, has sufficient expertise to operate a system and ability to raise capital to
23 support a system and that the Commission has a policy of consolidation and

AQUA PENNSYLVANIA WASTEWATER, INC.
DIRECT TESTIMONY OF WILLIAM C. PACKER

1 regionalization that allows for increased maintenance, upgrade and expansion of public
2 facilities. The Court concludes that the foregoing benefits are reasons of the type that the
3 Supreme Court in its *Verizon* decision held were sufficient to meet the public benefit
4 standard and substantial evidence to support the notion that there is a public benefit for
5 the transaction. This same analysis is sufficient to support the public benefit and
6 substantial evidence of public benefit in this proceeding.

7
8 **Q. Will Aqua’s existing customers benefit from the Proposed Transaction?**

9 A. Yes. The Proposed Transaction System will be an approximate 45% increase in Aqua’s
10 customer base on a customer connection basis. This acquisition will be a significant
11 addition to the Company’s wastewater business since its inception in 1996. Moreover,
12 this acquisition in relation to combined Aqua PA and Aqua is equally significant because
13 it establishes a large foundation in the sewer business, one that is comparable to Aqua
14 PA’s main division water business.

15 In past Section 1329 applications, I have compared the Company’s current rate
16 base per customer to the rate base per customer of the acquired system. For this
17 Application, this comparison needs further explanation because DELCORA contains
18 significantly more wholesale transmission and treatment services, compared to the
19 Company’s existing collection and treatment systems. This is demonstrated by the
20 amount of Equivalent Dwelling Units (“EDUs”) that are currently served by DELCORA
21 at approximately 197,000, compared to their connection count of approximately 16,000.

22 To provide a similar basis comparison to Aqua, I have looked at DELCORA’s
23 retail customers and the revenues they would generate compared to the overall revenues

AQUA PENNSYLVANIA WASTEWATER, INC.
DIRECT TESTIMONY OF WILLIAM C. PACKER

1 of the DELCORA system. The retail customer revenues are approximately \$9,363,764 of
2 the total revenue of DELCORA which is approximately \$70,978,127. Thus, the retail
3 revenue is approximately 13% of the total revenue. In taking 13% of the purchase price
4 of \$276,500,000 it results in an approximate purchase price of \$36,000,000 for the retail
5 related treatment and collection business. That equates to an approximate purchase price
6 per connection of \$2,250. The Company's current rate base per customer for its existing
7 systems included in its most recent rate case is \$7,750. Therefore, the Company is
8 acquiring these customers at less rate base per customer than its existing systems, which
9 indicates there are economies of scale that will be realized from this Proposed
10 Transaction.

11 In applying the entire revenue deficiency to the current average monthly bill of a
12 residential/commercial retail customer of DELCORA of approximately \$41.26 per month
13 using 6,660 gallons the adjusted average bill would increase to approximately \$46.44 per
14 month or a 12.55% increase. This is less than the Company's existing average
15 wastewater rates included in its most recent rate case at approximately \$68.27. The fact
16 that both the rate base, as described above, and rates are less than the Company's current
17 rates demonstrate that there are immediate economies of scale as a result of the Proposed
18 Transaction.

19 I note again that both Aqua and Aqua PA have developed into the utility they are
20 today by acquiring and operating smaller to large-sized systems. This progression has
21 successfully happened over the last several decades and took the form of acquiring both
22 viable and non-viable systems. Over the long term, this process has benefitted current
23 customers, future customers that were acquired, and the Commonwealth.

AQUA PENNSYLVANIA WASTEWATER, INC.
DIRECT TESTIMONY OF WILLIAM C. PACKER

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23

Q. Please further explain the benefits to existing customers from the Proposed Transaction.

A. Through the Proposed Transaction, Aqua will be acquiring a sizeable wastewater system and the existing experience and talent of the DELCORA employees. The Proposed Transaction will create the equivalent of Aqua PA’s main division for wastewater operations. Such a change will be significant for the Aqua wastewater business. Going forward, Aqua will be able to invest in its system and provide for greater cost spreading over the long term. Moreover, by merging the operations of Aqua and DELCORA, Aqua will gain several experienced wastewater professionals to bolster the Company’s wastewater operations.

Q. Please explain how the Proposed Transaction will benefit the acquired customers.

A. The DELCORA customers will become part of a larger-scale, efficiently operated, wastewater utility. The Company has operations that overlap and will be able to integrate the operations of DELCORA, fold them into a larger-scale, efficiently operated utility that over time will likely yield further operating efficiencies and improve long-term viability as envisioned in the PUC’s policy statement. The Proposed Transaction will not have any immediate impact on the rates of either the acquired DELCORA customers or the existing customers of Aqua. Aqua PA provides water service to several areas served by DELCORA and many of our customers are in Delaware and Chester Counties. Lastly, given the fact that there is a large scale capital investment plan, as noted in the testimony of Mark J. Bubel, Sr. (Aqua Statement No. 4), the customers of DELCORA will benefit

AQUA PENNSYLVANIA WASTEWATER, INC.
DIRECT TESTIMONY OF WILLIAM C. PACKER

1 greatly from the Company's technical experience and fitness in deploying resources
2 towards capital improvements. The combining of systems and customers provides
3 inherent stability in the day to day utility operations, in that, these systems do not all
4 require major capital investments at the same time and, therefore, consolidation spreads
5 the financial impacts over the long term operations of the utility.

6
7 **Q. In *McCloskey*, the Commonwealth Court concluded that the Commission must**
8 **address rate impact "in a general fashion" when deciding whether there is**
9 **substantial public benefit. Please address the rate impact of the transaction.**

10 A. As I mentioned previously, like all transactions, this Proposed Transaction is likely to
11 have an impact on rates. While the rates of the DELCORA customers are reasonably
12 expected to increase, either on their own, or whether acquired by the Company, when
13 part of Aqua, there is more flexibility and opportunity to deal with those impacts over a
14 much larger customer base. The Company's current rate base per customer for its
15 existing systems included in its most recent rate case is \$7,750. As calculated above, the
16 approximate purchase price per connection of DELCORA's retail customers is \$2,250.
17 Therefore, the Company is acquiring these customers at less rate base per customer than
18 its existing systems, which indicates there are economies of scale that will be realized
19 from this Proposed Transaction. This benefits both existing and acquired customers.

20
21 **Q. Is the impact on rates outweighed by other positive factors from the Proposed**
22 **Transaction?**

AQUA PENNSYLVANIA WASTEWATER, INC.
DIRECT TESTIMONY OF WILLIAM C. PACKER

1 A. Yes. While there is an expectation of increased rates as a result of the Proposed
2 Transaction, this is not unexpected. The possibility of increased rates is noted by the
3 Commonwealth Court in *McCloskey*. The positive factors from the Proposed Transaction
4 outweigh the possibility of increased rates. These types of transactions further a
5 recognized legislative objective and are consistent with the Commission's
6 consolidation/regionalization policy. The Company's application demonstrates that there
7 will be both tangible and intangible positive factors that are likely realized as a result of
8 the Proposed Transaction, including capital improvements and economies of scale.

9

10 **V. SUMMARY OF PUBLIC BENEFITS**

11 **Q. Please summarize the benefits of the Proposed Transaction as set forth in the**
12 **Application and the direct testimony in support of the Application.**

13 A. The Proposed Transaction will provide numerous public benefits to both existing
14 customers and the acquired DELCORA customers. The benefits below are summarized
15 from the Application and from direct testimony submitted in support of the Application:

- 16 • The majority of the sale proceeds will be placed in an irrevocable Trust that will
17 benefit DELCORA customers for years to come;
- 18 • Aqua is familiar with the DELCORA service areas and serves populations of nearly
19 500,000 in Delaware County and 200,000 in Chester County;
- 20 • Economies of scale will result from the these nearby and overlapping service areas;
- 21 • DELCORA customers will benefit from Aqua's experience in large-scale capital
22 planning and replacement programs;

AQUA PENNSYLVANIA WASTEWATER, INC.
DIRECT TESTIMONY OF WILLIAM C. PACKER

- 1 • DELCORA customers will benefit from customer protections provided by the
2 Commission’s regulations and the Company’s Helping Hand program;
- 3 • Aqua has committed to preserving the jobs of DELCORA employees;
- 4 • Aqua has a proven record of environmental stewardship of wastewater systems;
- 5 • Aqua’s expertise in implementing large scale projects and compliance with
6 Pennsylvania Department of Environmental Protection and US Environmental
7 Protection Agency regulations;
- 8 • The combining of systems and customers provides inherent stability in the day to day
9 utility operations, in that, these systems do not all require major capital investments at
10 the same time and, therefore, spreads the financial impacts over the long term
11 operations of the utility.
- 12 • DELCORA’s customers will become part of a larger-scale, efficiently operated, water
13 and wastewater utility.
- 14 • By virtue of the Company’s larger combined customer base, future infrastructure
15 investments across the Commonwealth, driven by normal replacement cycles,
16 emergency repairs, emergency response or compliance with new environmental
17 regulations, will be shared at a lower incremental cost per customer for all of Aqua’s
18 customers over time;
- 19 • The elimination of the treatment expense to PWD will allow DELCORA to control its
20 own destiny and offset the potential risk of future increases.

21

22 **VI. CONCLUSION**

23 **Q. Does this conclude your testimony?**

AQUA PENNSYLVANIA WASTEWATER, INC.
DIRECT TESTIMONY OF WILLIAM C. PACKER

1 Yes, it does. However, I reserve the right to supplement my testimony as additional
2 issues and facts arise during the course of this proceeding.