February 11, 2022

PFM Financial Advisors LLC c/o
Garrett Moore
100 Market Street
Harrisburg, PA 17101

Re: Towamencin Sewer System Request for Bids

Dear Towamencin:

NextEra Towamencin Wastewater, LLC (the "Proposer") is including this side letter ("Letter") with its final, binding proposal ("Bid") to purchase the sanitary sewer collection, conveyance and treatment system operated by Towamencin to provide additional context regarding Proposer's Bid.

Refundable Additional Deposit

If selected as the successful bidder, Proposer is also willing to offer Towamencin a refundable deposit in the amount of Ten Million Dollars ($10,000,000) ("Additional Deposit"). The Additional Deposit would be payable to Towamencin upon the third (3rd) business day following the execution of the Asset Purchase Agreement ("APA") and would be applied against the purchase price at Closing. In the event that the APA is terminated for any reason, the Additional Deposit would be refundable to Proposer within thirty (30) days following the termination of the APA. This Additional Deposit is separate and distinct from the Deposit identified in the Asset Purchase Agreement.

Rate Mitigation Alternatives

As shown in Proposal Form 6A, Proposer is offering a two-year rate freeze and following that rate freeze period Proposer intends to phase-in over two years the rate increase resulting from Proposers first rate case. Recognizing that customer rates are an important consideration for Towamencin, Proposer is willing to engage in discussions with Towamencin to evaluate other potential rate mitigation alternatives.

Purchase Price and Fair Market Value

Proposer intends to utilize fair market value for the ratemaking rate base of the sewer system, commonly referred to as Section 1329. However, Proposer does not expect to recover the full amount of the proposed purchase price under the Section 1329 process. Proposer anticipates that the fair market value appraisals will be lower than our proposed purchase price, and therefore, future rates would not reflect a return on or of the full Purchase Price.

We are available to discuss the content of this Letter in greater detail with you and appreciate the opportunity to participate in this process.

Best Regards,

Eric S. Gleason
Vice President
NextEra Towamencin Wastewater, LLC