PENNSYLVANIA
AMERICAN WATER

Pennsylvania American Water Company
100 Cheshire Court, Suite 104
Coatesville, Pennsylvania 19320
ATTN: Keith E. Gabage

"RESPONSE TO TOWAMENCIN TOWNSHIP SEWER SYSTEM RFB"

Submitted: February 11, 2022

PENNSYLVANIA AMERICAN WATER

Section 1.0 Executive Summary

Proposal Form 1: Transmittal Letter

Proposal Form 2: Non-Collusion Affidavit

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Proposal Form 1 – Towamencin Township Sewer System RFB
Transmittal Letter

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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:

Pennsylvania American Water Company (the "Proposer") hereby submits the attached Proposal in response to Towamencin Township's Sewer System Request for Bids (the "RFB") issued by Towamencin Township ("**Towamencin**") on December 23, 2021, as amended.

The undersigned Proposer hereby unconditionally and irrevocably offers to enter into the Bidding Documents for identified sewer facilities owned and operated by Towamencin. Capitalized terms not otherwise defined in this Proposal have the meanings set forth in the Bidding Documents.

The Proposer, by its undersigned duly authorized representative, hereby covenants, certifies, represents, and warrants, as follows in connection with this Proposal:

1. ***RFB and Addendum Acknowledgement.*** The Proposer acknowledges receipt of the RFB and the following addenda to the RFB:

Addendum No.	Date
NONE	

2. ***Due Authorization.*** The submittal of the Proposal has been duly authorized by, and in all respects is binding upon, the Proposer.

3. ***Completeness; Warranty as to Proposal Information.*** The Proposer has submitted all Proposal Forms and such Proposal Forms are a part of this Proposal. All information and statements contained in the Proposal are current, correct, and complete, and are made with full knowledge that will rely on such information and statements in determining which Proposals are responsive and responsible, and in ultimately selecting the Proposal deemed most advantageous to Towamencin and executing the respective Bidding Documents.

4. ***Identity of Buyer***. The Buyer will be the Proposer, provided that the Proposer may, prior to the execution of the Bidding Documents pursuant to paragraph 8 below, create a subsidiary to be the Buyer (the "Subsidiary"), in which event the Subsidiary shall carry out all of the obligations of the Buyer under the Bidding Documents from and after such execution.

5. ***Final Agreements.*** The Proposer agrees to enter into the Bidding Documents in each case in the form identified as "Binding Proposal, Execution Copy" as posted in the Virtual Data Room for this Transaction (except for filling in indicated blanks and completion of Schedules as provided therein).

6. ***Purchase Price/Consideration.*** The amount of the Purchase Price/Consideration that Proposer will pay (inclusive of the escrow funds as described in Section 6.05(e) of the Bidding Documents) pursuant to Section 3.01 of the Bidding Documents will be the total set forth in either Proposal Form 6A or 6B.

7. ***Proposal Effective Period.*** This Proposal and offer shall remain in effect and irrevocable until 5:00 p.m. Eastern Time on June 1, 2022, unless extended to 5:00 p.m. Eastern Time on July 1, 2022, by Towamencin or unless further extended by mutual consent of both Towamencin and the Proposer (the "Termination Time"). In the event that the Proposal submission date is delayed, the Termination Time will be extended for the same such period. If Towamencin does not give written notice to the Proposer that Towamencin is prepared to enter into the Bidding Documents on or prior to the Termination Time, this offer, and the terms of this Proposal shall terminate at the Termination Time.

8. ***Agreement Execution.*** If at any time prior to the Termination Time, Towamencin gives written notice to the Proposer, at the address specified below, that they are prepared to enter into the Bidding Documents with the Proposer, the Proposer will, within two Business Days of its receipt of such notice, execute and deliver the Bidding Documents to Towamencin.

9. ***Debarment.*** Neither the Proposer, the Operator, nor any other member of Proposer's project team is currently suspended or debarred from doing business with any governmental entity.

10. ***Contract Disclosures.*** Except as disclosed in Proposal Form 5, neither Proposer nor any member of Proposer's team has entered into any arrangement with any person or entity involving a finder's fee, fee splitting, firm affiliation, or relationship with any broker-dealer, payments to consultants, lobbyists, or commissioned representatives or other contractual arrangements that could present a real or perceived conflict of interest.

11. ***No Litigation.*** There is no action, suit or proceeding, at law or in equity, before any court or similar governmental body, against the Proposer, wherein an unfavorable decision, ruling or finding would have a materially adverse effect on the ability of the Proposer to perform its obligations under the Bidding Documents contemplated hereby, or which, in any way, would have a materially adverse effect on the validity or enforceability of the obligations proposed to be undertaken by the Proposer, or any Bidding Documents or instrument entered into by the Proposer in connection with the Transaction contemplated hereby.

12. ***Certain Representations.*** The Proposer represents and warrants that (1) Proposer has full power and authority to make this offer and submit this Proposal; (2) Proposer, or the Subsidiary, will have full power and authority to execute and deliver the Bidding Documents pursuant to the terms hereof; (3) such actions do not and will not violate the terms of any of the Proposer's or the Subsidiary's organizational documents or any agreement binding upon it or the terms of any Applicable Law; (4) no further consent to this offer or Proposal or to the execution of the Bidding Documents pursuant to the terms hereof is required to be obtained from any other Person or Governmental Authority; and (5) this offer and Proposal constitute, and the Bidding Documents, if executed pursuant to the terms hereof, will constitute duly authorized, valid and legally binding obligations of the Proposer, or the Subsidiary, enforceable in accordance with their respective terms, except as may be limited by bankruptcy, reorganization, insolvency, moratorium, fraudulent conveyance or transfers, or other laws affecting creditor's rights generally, and subject to general principles of equity (regardless of whether in law or in equity).

13. ***Material Changes.*** The Proposer has disclosed as an attachment to this Proposal all material changes from the information provided in the Proposer's RFQ Response.

14. ***Principal Contact.*** The principal contact person who will serve as the interface between the Governmental Party and the Proposer for all communications is:

PENNSYLVANIA AMERICAN WATER

NAME:	Keith E. Gabage
TITLE:	Senior Manager, Business Development
ADDRESS:	100 Cheshire Court, Suite 104
	Coatesville, Pennsylvania 19320
PHONE:	484-789-5733
FAX:	610-384-2996 (please call "PHONE" before faxing)
EMAIL:	Keith.Gabage@amwater.com

Submitted by:

Name of Proposer:	**Pennsylvania American Water Company**
Name of Designated Signatory	**Ann Weaver**
Signature	
Title:	**Vice President, Treasurer & Comptroller**

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Proposal Form 2- Towamencin Township Sewer System RFB
Non-Collusion Affidavit

STATE OF PENNSYLVANIA)

COUNTY OF CUMBERLAND)

I, Ann Weaver, a resident of Mechanicsburg, in the State/Commonwealth of Pennsylvania, of full age, being duly sworn according to law, on my oath depose and say that:

(1) I am the Vice President, Treasurer & Comptroller of Pennsylvania American Water Company, organized under the laws of the State/Commonwealth of Pennsylvania, the Proposer making the Proposal in response to the Towamencin Township Sewer System Request for Bids issued by Towamencin Township ("Towamencin") on December 23, 2021, as amended, and that I executed said Proposal with full authority to do so;

(2) The pricing and other information set forth in this Proposal have been arrived at independently without collusion, fraud, consultation, communication, or agreement, for the purpose of restricting competition, as to any matter relating to such pricing information with any other Proposer or anyone employed by or representing Towamencin;

(3) Unless otherwise required by law, the pricing information which has been quoted in this Proposal has not been knowingly disclosed by the Proposer and will not knowingly be disclosed by the Proposer, directly or indirectly, to any other Proposer or to any competitor prior to execution of the Bidding Documents; and

(4) No attempt has been made or will be made by the Proposer to induce any other person or entity to submit or not to submit a Proposal for the purpose of restricting competition.

I, hereby affirm under the penalties of perjury that the foregoing statements are true.

Pennsylvania American Water Company
Name of Proposer

Ann Weaver
Name of Designated Signatory

Signature

Vice President, Treasurer & Comptroller
Title

PENNSYLVANIA
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(Notary Public)

State/Commonwealth of PENNSYLVANIA

County of CUMBERLAND

On this 10th day of February, 2022, before me appeared **Ann Weaver**, who is Vice President, Treasurer & Comptroller of Pennsylvania American Water Company, a Pennsylvania corporation, personally known to me to be the person described in and who executed this Non-Collusion Statement and acknowledged that she/~~he~~ signed the same freely and voluntarily for the uses and purposes therein described.

In witness thereof, I have hereunto set my hand and affixed my official seal the day and year last written above.

Emily T. Hicks
Notary Public in and for the State/Commonwealth of
Pennsylvania

Commonwealth of Pennsylvania - Notary Seal
Emily T Hicks. Notary Public
Cumberland County
My commission expires April 4, 2022
Commission number 1071377

(seal)

Emily T. Hicks
(Name printed)

Work ~~Residing~~ at 852 Wesley Drive
Mechanicsburg PA 17055
Commission Number 1071377

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Section 2.0 Project Team and Technical Capability Information

Proposal Form 3: Statement of Ownership - Proposer

Proposal Form 4: Operator Information

Proposal Form 5: Contract and Lobbyist Disclosure

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Proposal Form 3 – Towamencin Township Sewer System RFB
Statement of Ownership – Proposer

Name of Proposer: PENNSYLVANIA AMERICAN WATER COMPANY

Business Address: 852 WESLEY DRIVE, MECHANICSBURG, PA 17055

Legal Form of Proposer: PENNSYLVANIA CORPORATION

State of Incorporation or Organization: PENNSYLVANIA

If not organized in Pennsylvania, is Proposer authorized to do business in Pennsylvania? [ ] Yes [ ] No

List Names and Titles of All Principal Officers and Directors:

BOARD OF DIRECTORS:

Barbara B. Cross
Ronald W. Simms
James Runzer
Ashley Everette
Ann Weaver
Robert M. Ross
F. Michael Doran
Bruce Aiton
Diane Holder

OFFICERS:

F. Michael Doran, President
Bruce Aiton, Vice President of Engineering
Ann Weaver, Vice President, Treasurer and Comptroller
Andrew L. Swope, Vice President, General Counsel and Secretary
Thomas Chiomento, Vice President Business Development, External and Government Affairs
Diane Holder, Vice President Operations, Western PA
James Runzer, Vice President, Operations, Eastern PA
Ashley Everette, Assistant Treasurer
Susan S. Marsh, Assistant Secretary
Emily T. Hicks, Assistant Secretary
Lucas Bonstrom, Assistant Comptroller
David Bowler, Assistant Comptroller
Michael B. McKeever, Assistant Comptroller

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Significant Equity Owners of the Proposer:

List the names, business addresses and percentage ownership interests of all Persons (individuals or entities) who own, directly or indirectly, 10% or more of the capital stock, units, partnership or membership interests, or other equity interests or securities of the Proposer (including options, warrants and other rights to acquire such equity interests) (the "Significant Equity Owners"). If none, please state "NONE." If one or more such Significant Equity Owner(s) of Proposer is an entity, then list the names and addresses of all Significant Equity Owners of such entity; if none, please state "None." This disclosure shall be continued until names and addresses of every Significant Equity Owner exceeding the ten percent ownership criteria of each entity listed has been identified. Additional page s may be attached.

Name	Address	% Interest
American Water Works Company, Inc.	1 Water Street, Camden, NJ 08102	99.88%

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Proposal Form 4- Towamencin Township Sewer System RFB
Operator Information

If the Proposer is not the Operator, the Proposer must clearly identify the entity or entities that will serve as the Operator under the Bidding Documents. For the proposed Operator, please provide the following information.

1. **Name & Address of Proposed Operator**:
   Pennsylvania American Water Company
   852 Wesley Drive
   Mechanicsburg, Pennsylvania 17055

2. **Operator's Primary Representative**:
   For purposes of this Request for Bids, the Primary Representative is Keith E. Gabage, Senior Manager, Business Development

3. **Operator Experience (if not previously provided in response to the RFQ)**:
   Please see Pennsylvania American Water Company's Request for Qualifications Submission dated March 12, 2021, which was submitted in response to the RFQ for Sewer System Sale Exploration, dated February 12, 2021.

4. **Operator's References (if not previously provided in response to the RFQ)**:
   Please see Pennsylvania American Water Company's Request for Qualifications Submission dated March 12, 2021, which was submitted in response to the RFQ for Sewer System Sale Exploration, dated February 12, 2021.

5. **Material Change:** Any change in condition (financial or otherwise), development, occurrence or circumstance that could be materially adverse to the Operator that has arisen after the date of the RFQ, and which would have been responsive to the RFQ if such change, development, occurrence or circumstance had arisen prior to the Proposer's response to the RFQ.

   None.

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Proposal Form 5 – Towamencin Township Sewer System RFB
Contract and Lobbyist Disclosure

Proposer hereby certifies that except as listed below, neither Proposer nor any member of Proposer's team has entered into any arrangement with any person or entity involving a finder's fee, fee splitting, firm affiliation or relationship with any broker-dealer, payments to consultants, lobbyists, or commissioned representatives or other contractual arrangements that could present a real or perceived conflict of interest. (If there are no such arrangements, please write NONE)

Name of Person or Entity	*Disclosure and Description of Arrangement*
NONE	NONE

Pennsylvania American Water Company
Name of Proposer

Ann Weaver
Name of Designated Signatory

Signature

Vice President, Treasurer & Comptroller
Title

PENNSYLVANIA AMERICAN WATER

Section 3.0 Business Proposal

Proposal Form 6B: Business Proposal – No Rate Freeze

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Proposal Form 6B (Alternative Option) (No Rate Freeze) – Towamencin Township Sewer System RFB

Business Proposal

On this Proposal Form 6B, please provide your Purchase Price/Consideration assuming no rate freeze were to be imposed by Towamencin.

The amount of the Purchase Price/Consideration that Proposer offers to pay pursuant to Section 3.01 of the Bidding Documents is:

US $92,400,000, Ninety-Two Million Four-Hundred Thousand United States Dollars.

Proposers should ensure that the written and numerical Purchase Price/Consideration in this Proposal exactly match. Should this not be the case, the binding Purchase Price/Consideration will be assumed to be the lower of the two Purchase Price/Consideration numbers.

Please provide nonbinding indicative rates that relate to the Purchase Price/Consideration above. For the purposes of transparency, and to aid in comparing bids, please feel free to add any clarifying remarks in the area provided below.

For those submitting a bid on the APA, please specify, 1) the amount of subsidization, if any, you are assuming, via Act 11; 2) whether the rates provided below include any DSIC surcharge.

For those submitting a bid on the ALA, please complete Schedule 7.04 of the ALA and submit as part of your bid.

Please note, completion of the indicative rate section below is required for your bid to be deemed as "compliant".

Indicative residential monthly bills for the next 10 years assuming 4,000 gallons of usage per month:

Year 1: $37.50	Year 2: $48.75	Year 3: $48.75	Year 4: $48.75	Year 5: $60.16
Year 6: $60.16	Year 7: $60.16	Year 8: $74.23	Year 9: $74.23	Year 10: $74.23

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Description of rates outlined above:
Pennsylvania American Water Company ("PAWC") will adopt The Township/Authority's wastewater base rates for Towamencin's customers at Closing. Subsequent rate adjustments are subject to review and authorization by the Pennsylvania Public Utility Commission ("PaPUC"). PAWC has historically averaged filing rate cases every three years. PAWC recognizes that the PaPUC has also historically incorporated the principal of gradualism to future rate adjustments in acquisitions post-Closing. PAWC's indicative and non-binding rate projection assumes this rate case frequency and rate gradualism principal methodology will continue. In addition, PAWC's indicative and non-binding rate projection incorporates the effect of allocating a portion of the cost of service to PAWC's entire customer base. As the largest PaPUC-regulated water and wastewater utility operating in the Commonwealth, we believe PAWC can offer significant rate stabilization advantage to Towamencin's customers.

A DSIC surcharge is not included within the ten-year rate projection. However, our rates do include reasonable and necessary capital improvements over time and movement towards PAWC's statewide rates.

For more than 25 years, PAWC has been assisting low-income customers through its H2O Help to Others Program. Specifically for our wastewater customers, PAWC offers a 30% discount on the total wastewater charges, grants of up to $500 per year, and payment plans, when needed, to prevent an interruption in service and help customers pay their balance over time.

Pennsylvania American Water Company
Name of Proposer

Ann Weaver
Name of Designated Signatory

Ann Weaver
Signature