



Aqua America, Inc.
762 W. Lancaster Avenue
Bryn Mawr, PA 19010

www.aquaamerica.com

August 17, 2012

Sent via e-mail: shearers@pfm.com & brockmanj@pfm.com

Public Financial Management
One Keystone Plaza, Suite 300
North Front & Market Streets
Harrisburg, PA 17101-2044

Dear Technical Evaluation Committee:

In accordance with the terms and conditions of the "REQUEST FOR QUALIFICATION FOR WATER AND SEWER CONCESSION" ("RFQ") issued on July 19, 2012, Aqua Pennsylvania, Inc., ("Aqua"), submits this "Request for Qualifications Submission" ("RQS") for consideration by the Technical Evaluation Committee ("TEC") as it relates to the RFQ. Aqua's resources and that of its' parent, Aqua America, Inc, one of our Nation's largest publicly-traded water and wastewater utilities, should, as a "Prospective Proposer", meet or exceed all of TEC's criteria for the selection of a "Concessionaire" for the "Concession Assets" and final negotiations of the "Concession Agreement" as contemplated in the RFQ:

- Aqua has a long history of technically and financially managing, operating and maintaining system(s), while efficiently providing clean, safe and adequate water and wastewater service within thirty (30) counties throughout Pennsylvania, including Lehigh and neighboring Montgomery, Carbon, Berks, Bucks, Northampton and Schuylkill County.
- Aqua's team structure includes several hundred water and wastewater professionals in various disciplines that elevate the level of competency to provide sufficient assurances that technical and financial obligations will be met over the life of the term of the Concession Agreement, while meeting or exceeding the goals and objectives outlined in the RFQ relating to the employees and customers.
- Aqua's technical capability of its Team Members include proficiency and expertise in: **i)** operation and maintenance of water and sewer systems; **ii)** customer service improvements and enhancements; **iii)** customer and employee safety, security and environmental responsibilities; **iv)** the ability to execute an efficient, timely and seamless transitional plan for transactions it is a party to; **v)** the capability to plan and implement required capital planning relating to water and sewer systems; and **vi)** the experience and ability through its knowledge of technologies to offer a number of system enhancements to meet regulatory requirements in an ever changing environmental climate.
- Aqua is a financially stable company with over 125 years of experience and environmental expertise in owning, operating, and maintaining system(s) similar to that owned by Allentown.

Company Experience and Strength: Aqua is a long-standing water and wastewater utility owner and operator that possesses financial strength, management experience, and environmental expertise in the operation and maintenance of water and wastewater systems, and in the integration of systems into its operations. With over 125 years of experience in owning, maintaining, repairing, and replacing the components of systems throughout Pennsylvania, the citizens of the City of Allentown will uniquely benefit with Aqua as a partner in their community.

Aqua is headquartered in Bryn Mawr and is a subsidiary of, Aqua America, Inc., one of the largest publicly-traded water and wastewater companies. Aqua America, Inc.'s subsidiaries provide water and

wastewater service to almost 3 million residents in 9 states. In Pennsylvania, Aqua owns 105 community water and 25 wastewater systems that collectively serve greater than 1.4 million people throughout thirty (30) counties in Pennsylvania. Within both environmental and rate regulatory fields throughout the states in which it operates, Aqua is a well-respected utility whose primary business is the provision of safe reliable service. It is a highly regarded service provider by the United States Environmental Protection Agency ("EPA"), Pennsylvania Department of Environmental Protection ("DEP"), and Pennsylvania Public Utility Commission ("PUC").

Aqua America, Inc. is lead by its Chief Executive Officer, Nicholas DeBenedictis, a former Pennsylvania Secretary of Environmental Protection. Under Mr. DeBenedictis' leadership, Aqua possesses a vast amount of experience in preparing, executing, and obtaining regulatory approval. Further, Aqua commits to finalizing the terms of the Concession Agreement and related documents so as to bring additional financial value to the City of Allentown. As such, Aqua believes that it will be able to achieve closure within the time frame outlined in the RFQ, while at the same time preparing for a smooth transition for the employees and customers of the systems. Aqua's experience in regulatory matters and integrating the operations of systems into its operations is unparalleled.

Financial Value: Aqua and AA's corporate rating with Standard & Poor's coupled with their decades of profitability will only inure to those benefiting from Aqua's involvement in the provision of water and/or wastewater service within their communities. Aqua's ability to raise capital will also benefit the citizens of the City of Allentown and surrounding communities that rely upon the system(s) for clean, safe and adequate water service as well as reliable wastewater service provided by the Concession Assets.

Capital Planning, Environmental Compliance and Operations: Aqua is committed to investing the appropriate level of capital needed to address the system(s) in concert with the City of Allentown and its other municipally related entities, as well as an appropriate maintenance plan that will enable the system(s) to be maintained within federal and state regulatory compliance, all of which are aimed at the objective of providing clean, safe, adequate and reliable service to the customers served by the system(s) owned by the City of Allentown.

Aqua will work with the City of Allentown to assure that the current employees will not be displaced as they would be folded into the Aqua organization in some form or fashion. Aqua's current employee base within close proximity to the City of Allentown includes licensed operators, emergency personnel, meter installers and readers, distribution operators and technicians, water quality technicians, and customer service representatives. A majority of these employees are headquartered in Aqua's Montgomery and Luzerne County Operations Centers, which are the same employees who currently serve Aqua's customers in Lehigh and neighboring Berks, Bucks, Carbon, Montgomery, Northampton and Schuylkill Counties. In addition to Aqua's field operations, Aqua supports its Pennsylvania operations through management, environmental, and other utility professionals located in Bryn Mawr, Montgomery County, Pennsylvania.

Aqua appreciates the opportunity to provide the enclosed Submission to the City of Allentown. Because of the expertise, talent, and experience that Aqua's employees collectively bring, and because of the financial strength and stability of Aqua, we believe that we are the best choice for Allentown to select as the right Interested Party. Should you have any questions, please contact me at 610-645-1068.

Respectfully submitted,



Karl M. Kyriss
Executive Vice President