



In 2013, Pennsylvania American Water acquired two additional systems in Delaware Township, Pike County: Clean Treatment Sewage Company and the Pocono Mountain Lake Forest Estates water system.

The former Clean Treatment Sewage Company serves approximately 1,000 residents in the Marcel Lakes Estates development. Pennsylvania American Water already supplied drinking water service to residents of Marcel Lakes Estates.

Water and Wastewater Solutions for the Poconos

Regionalization provides tailored solutions for customers and communities

A Regional Solution

Pennsylvania American Water's regional approach is especially important for communities looking for sustainable water quality and capacity solutions. All of the Monroe and Pike operations are managed regionally, with shared equipment, resources and experienced management and personnel. This approach to public-private partnership delivers many benefits to customers, from better quality and more reliable service to stabilized rates and proactive investments in water and wastewater systems.

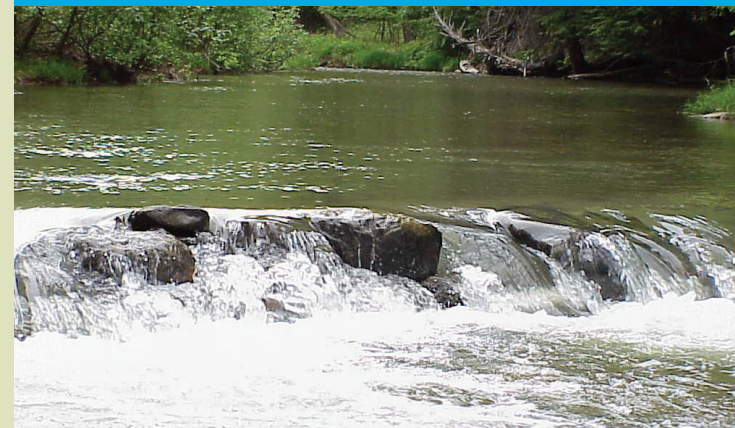
PUBLIC-PRIVATE PARTNERSHIPS

Benefits of asset purchase

- Proceeds from sale
- Avoid future capital expenditures
- Line extensions
- Compliance
- Full-time staffing
- Professional management
- Single tariff pricing (water)

Bulk water sales and wholesale wastewater treatment

- For systems adjacent to American Water systems
- No need to build treatment facilities
- No hassles with treatment facilities



Delivering Quality, Care and Value in Water and Wastewater Service



AT ABOUT A PENNY PER GALLON, WATER IS A REAL VALUE

ABOUT PENNSYLVANIA AMERICAN WATER

Pennsylvania American Water, a subsidiary of American Water, is the largest water utility in the state, providing high-quality and reliable water and/or wastewater services to approximately 2.1 million people.


ABOUT AMERICAN WATER

American Water is the largest publicly traded U.S. water and wastewater utility company. Headquartered in Voorhees, N.J., the company's 6,600 dedicated professionals provide drinking water and wastewater services to an estimated 14 million people in more than 40 states and parts of Canada.



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\$56 million in upgrades

Over the past decade, Pennsylvania American Water has invested nearly \$56 million in upgrades to water and wastewater treatment systems, water distribution infrastructure, and wastewater collection systems in Monroe and Pike counties. These upgrades include:

Pocono Country Place Wastewater Treatment Plant: Increased capacity and improved biological treatment to reduce reliance on chemicals.

Pine Ridge Community Association water system: Installed new water mains, replaced valves, rehabilitated existing wells to increase system capacity, and installed radio frequency based meters that enable meter reading without having to enter customers' homes.

Country Club of the Poconos (Mid-Monroe System): Increased source of supply capacity by over 100 percent, doubled the storage capacity, and improved fire protection capabilities.

Saw Creek Wastewater Treatment Facility: Replaced and upgraded outdated facilities, improved treatment and monitoring capabilities, and installed more energy-efficient and operator-friendly equipment.



Blue Mountain Lake Wastewater Treatment Facility: Increased capacity and installed centralized data monitoring to enhance monitoring and control of plant operations.

Systems we own and operate in Monroe and Pike Counties



Stabilizing Rates

In 2013, the Pennsylvania Public Utility Commission approved Pennsylvania American Water's request to decrease wastewater rates for residential customers in the Poconos area. The ruling allowed allocating a portion of the revenue requirement of company's wastewater operations to the water side of the business, as authorized by legislation (Act 11) passed in 2012. This change makes sense because Pennsylvania American Water operates as one company that provides water and wastewater services to customers. As a result, our Poconos area residential customers received a reduction in their monthly wastewater bill ranging from 6.6 percent to 18 percent.



Left: Blue Mountain Lakes Wastewater Treatment Facility, Stroud Township, Monroe County, underwent \$3 million in upgrades that includes improved treatment and reliability of service, and new technology that produces effluent quality to exceeds PA DEP and Delaware River Basin Commission requirements. **Above:** The facility's water quality lab was constructed to provide on-site testing capabilities. This allows plant operators to make better process control decisions based on water quality data.

Regionalization provides tailored water and wastewater solutions for communities in the Poconos

Pennsylvania American Water provides regional solutions for water and wastewater needs in two of the fastest-growing counties in the state. Since 1995, the company acquired numerous water and wastewater systems of various sizes, many in need of significant investment in systems' facilities, including:

- Upgrades to wastewater treatment plant upgrades
- Replacement of aging water main
- Updates to technology and storage facilities
- Interconnection and pipeline extensions
- New sources of supply
- Water and sewer line improvements

Until the mid-1990s, water and wastewater services in Monroe and Pike counties were fragmented comprising small, independently operated companies that, in some cases, were managed by absentee owners. Many of the systems were unable to maintain compliance or make necessary improvements to aging infrastructure. Customers experienced service outages and were plagued by a lack of adequate source water supply.

Trusted Local Water, Wastewater Provider

Pennsylvania American Water established its Pocono footprint in 1995 with the acquisition of the Pocono Country Place Water and Sewer Company, purchased at a bankruptcy auction. State regulators identified it as a "troubled system" that was not in compliance due to service-related issues. The following year, the company acquired Pocono Farms East, another troubled system with a history of service outages and no available storage to provide increased reliability.

Since 1995, Pennsylvania American Water broadened its scope of operations in the region through public-private partnerships. The company acquired private and public water and wastewater systems, including municipal, investor-owned and industrial park systems, as well as systems managed by homeowners associations. This approach expanded the company's footprint in Northeast Pennsylvania and resulted in increased service reliability along with 24/7 customer service for residents and business owners.

Pennsylvania American Water's footprint in Monroe and Pike counties continues to grow. Each system we acquired faced unique service issues and environmental challenges, ranging from lack of water supply to wells that were contaminated with gasoline, that required immediate investment.



Above: Saw Creek Wastewater Treatment Facility, Lehman Township, Pike County, installed a new Supervisory Control and Data Acquisition system (SCADA) as part of its \$2.5 million improvement project. This technology allows plant operators to monitor plant operations and control them from a centralized location, including chemical feed systems.



Above: A 100,000 gallon storage tank in Wild Acres Development was replaced in 2013 at an approximate cost of \$484,000 to increase reliability for customers.

For more information: To explore which public-private partnership opportunity makes most sense for your community in Pennsylvania, contact Bernie Grundusky at 717-790-3024.