

Customer Lead Service Line Replacement Program Fact Sheet



BACKGROUND – AQUA PA CUSTOMER LEAD SERVICE LINE REPLACEMENT PROGRAM

Lead is a naturally occurring metal that can cause a variety of adverse health effects. While the most common sources of lead exposure are soil, paint chips and dust, drinking water is another route of lead exposure, primarily as a result of corrosion of lead pipes and plumbing materials. The Pennsylvania General Assembly determined it is in the public interest for water utilities to assist customers in the replacement of customer-owned lead service lines throughout Pennsylvania.

The service line that provides water service to a property is made up of two parts: a Company-owned portion (which connects from the Company's main to the curb line) and a customer-owned portion (which connects from the curb line to a customer's structure). Customers are required to maintain and repair the customer-owned portion of the service line.

Aqua Pennsylvania, Inc. ("Aqua" or the "Company") now has been granted the authority to assist customers in replacing the customer-owned portion of the service line if that service line is identified as lead.

CUSTOMER-OWNED LEAD SERVICE LINE REPLACEMENT PROGRAM

Under the Customer Lead Service Line Replacement Program ("Replacement Program"), Aqua will identify customer-owned service lines that are lead, enter into an agreement with the customer to replace the customer-owned portion of the service line and restore the customer's property at no direct cost to the customer, dedicate the newly installed customer portion of the service line back to the customer, and provide a warranty on the work completed to replace the customer-owned lead service line.

Aqua's Replacement Program is made up of two parts:

Part 1: replacements in connection with a main replacement project

Part 2: replacements per customer request not associated with a main replacement project

Cap on Replacements Per Year

Aqua can perform up to 200 customer-owned lead service line replacements per year subject to a budgeted cap on total replacements.

Customer Agreement and Replacement

In order for Aqua to complete a replacement, the customer (or property owner, if the customer is not the property owner) must enter into an agreement with Aqua to replace the customer-owned lead service line. Aqua cannot replace the customer portion of a lead service line without first entering into

an agreement. The agreement provides that the customer (or property owner) will give access to Aqua, or Aqua's contractor, to complete the replacement. Following replacement, Aqua, or Aqua's contractor, will restore the property as reasonably as practicable to its former condition prior to the replacement of the customer-owned lead service line.

Dedication of Newly Installed Customer Portion of Service Line and Warranty

After the new customer-owned portion of the service line is installed, the customer-owned portion will be dedicated to the customer and ownership and responsibility for repair and maintenance of the customer-owned portion of the service line will remain with the customer as was the case prior to the replacement. A two-year warranty on the workmanship and materials of the installation shall be provided.

Coordination of Replacements

Aqua will strive to group Part 2 replacements (see above description of Part 1 and Part 2 of Aqua's Replacement Program) within its operating divisions to create efficiencies. However, Aqua may replace a customer's lead service line if projects cannot be grouped together in its discretion. No customer shall wait longer than one year for replacement of its lead service line once identified under the Part 2 replacement program.

Sampling and Testing

Prior to the replacement, Aqua will provide water sampling materials to customers that Aqua will collect, test, and provide the results to customers from those samples. If a customer has a verified customer-owned lead service line and the results from testing show that the customer has a lead level above the action level established by the United States Environmental Protection Agency and Pennsylvania Department of Environmental Protection, Aqua will provide the Customer with a National Sanitation Foundation approved water filter for lead.

After a replacement conducted through this program, Aqua will again provide water sampling materials to the property for additional testing.

Reimbursement for Customers that Have Already Replaced a Lead Service Line

As part of Aqua's Replacement Program, Aqua will provide a reimbursement to those customers that have replaced their customer-owned lead service line within certain time periods subject to certain requirements. Reimbursement will occur for those customers that provide documentation sufficient, in Aqua's sole discretion, to verify that the customer replaced the customer-owned lead service line within the time periods established below.

Part 1 Reimbursements

Starting on the effective date of Aqua's Replacement Program, if Aqua completed a main replacement project affecting the customer's property and the customer had previously replaced their customer-owned lead service line, the customer will be eligible for a reimbursement of the cost to replace their customer-owned lead service line, at the lower of the customer's actual cost or what it would have cost Aqua to replace the customer-owned lead service line, as follows:

- 100% if the customer replaced their customer-owned lead service line within one year prior to the commencement of the main replacement project
- 50% if the customer replaced their customer-owned lead service line within two years prior to the commencement of the main replacement project
- 25% if the customer replaced their customer-owned lead service line within three years prior to the commencement of the main replacement project

The above sliding scale will apply for three years from the effective date of Aqua's Replacement Program, after which, customers will only be eligible for reimbursement if the customer replaced their customer-owned lead service line within one year of the commencement of a main replacement project. This same sliding scale will apply to newly acquired systems and will expire after the third anniversary of the closing on the acquired system, after which, customers will only be eligible for reimbursement if the customer replaced their customer-owned lead service line within one year of the commencement of a main replacement project.

Part 2 Reimbursements

Starting on the effective date of Aqua's Replacement Program, Aqua will provide a reimbursement to customers, at the lower of the customer's actual cost or what it would have cost Aqua to replace the customer-owned lead service line, as follows:

- 100% if the customer replaced their customer-owned lead service line within one year prior to the effective date of Aqua's Replacement Program
- 50% if the customer replaced their customer-owned lead service line within two years prior to the effective date of Aqua's Replacement Program
- 25% if the customer replaced their customer-owned lead service line within three years prior to the effective date of Aqua's Replacement Program

The above sliding scale will apply for three years from the effective date of Aqua's Replacement Program, after which, no reimbursement will be provided. For acquired systems, the same sliding scale will apply until the third anniversary of the closing of the acquired system, after which, no reimbursement will be provided.

CONCLUSION

Aqua recognizes the importance of removing lead from water systems across Pennsylvania both on Aqua owned and customer-owned assets. Aqua looks forward to working with customers to achieve this goal.