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Sent: Tuesday, July 21, 2020 6:11 PM
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Subject: [External] Follow up

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Michael,

Thanks again for taking the time to meet with us last week. I felt it was a great discussion and we look forward to taking the next steps with the City of Chester regarding the Chester Water Authority. As a follow up, I want to provide you with answers and supporting data for three questions you asked in the meeting.

- 1. Expected Capital Expenditures in the City of Chester:** In the event we are the winner bidder for the Chester Water Authority, we estimate capital spending of at least \$10M-\$13M over the next 5 years. This would largely consist of pipe replacement given CWA's water treatment plant is located outside the City, and this level of spending will likely increase once we conduct further due diligence. You will recall that due to the unusual circumstances, we do not have access to CWA records or internal capital plans. Through the acquisition of DELCORA, we expect to spend significantly more in the City - approximately \$150M over the next 10-15 years. This capital is needed to address the EPA's Long Term Control Plan related to the City's combined storm and sewer system.
- 2. Diversity at Essential/Aqua:** As an organization we are committed to supporting racial and gender diversity within our organization at all levels, making meaningful progress since 2016. Additionally, over that same time period, we have made great progress in enhancing diversity within our vendor network. Although we acknowledge that our work to promote racial and gender diversity is far from finished, we are proud of the progress we have made and are well ahead of our peers in this effort.
- 3. Overlap between Aqua (and DELCORA's) Operations and the CWA:** We already serve water to most of Delaware county and will also serve wastewater to much of the county once we acquire DELCORA. Because of this, there is significant geographic proximity and overlap with CWA's operations, and Aqua has four current interconnections. We are already a big part of the communities in and around the City of Chester, making Aqua the logical buyer of the asset. We are committed to SE Pennsylvania given we were founded here 130 years ago, and if we were to own CWA, we would be able to make a real difference in the City going forward.

Please reach out with any questions you have and I look forward to continuing our dialogue. In the meantime, we will provide an updated version of the Asset Purchase Agreement to you and the Chester City team within the next two days.

Best Regards,

Chris
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