

[REDACTED]

**From:** Franklin, Christopher H <CHFranklin@essential.co>  
**Sent:** Tuesday, November 10, 2020 4:14 PM  
**To:** Doweary, Michael <mdoweary@pa.gov>  
**Subject:** RE: [External] Follow up

Michael,

Thank you for your note a couple of weeks ago. I appreciate the sentiment and agree that all interactions should remain in prescribed channels.

The purpose of my note directly to you today is to acknowledge the legal argument put forth before Commonwealth Court today, which in our opinion, was compelling regarding the City's right to unilaterally repossess CWA's assets. I am hopeful that we will receive the court's decision by the end of the calendar year.

The second reason for my note is to request an update on the RFP process that the city initiated and in which Aqua participated. It is unusual that we would allow an offer of \$410 million including a \$12 million upfront payment to remain outstanding for an undefined period. Our last offer of \$410 million was made in June of this year so I'm sure you understand that the Essential board of directors is anxious for some feedback.

We appreciate the amount of diligence, legal and financial review that has been undertaken by the Office of the Receiver. Knowing the extent of work that had to be completed, we have waited patiently for a response from the city and Receiver. However, now that that Commonwealth Court argument has been completed, it is important that we receive some guidance on your timeline for a decision on the RFP.

Any direction you are willing to provide would be most appreciated.

Best Regards,  
Chris



Christopher Franklin  
Chairman & CEO  
O: 610.645.1081  
C: 610.324.1079

**From:** Doweary, Michael <mdoweary@pa.gov>  
**Sent:** Wednesday, July 22, 2020 9:54 AM

**To:** Franklin, Christopher H <CHFranklin@essential.co>  
**Cc:** Joel Frank Esq. (jfrank@lambmcerlane.com) <jfrank@lambmcerlane.com>; ken@schusterlaw.com; greenbergk@gtlaw.com; tkirkland@chestercity.com  
**Subject:** RE: [External] Follow up

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Good morning Chris,

It was a pleasure to meet you and Joel as well. We look forward to continued discussions and resolving the myriad of open matters as soon as possible.

Thank you for taking the time to meet and for providing the additional information. Despite the added complication of coordination with the Receiver's office, Kevin will continue to run point. We'll need a little time to digest the information provided in addition to getting up to speed on the terms in the latest offer. In the meantime, we appreciate your continued patience and look forward to connecting soon.

Best regards,

Mike

**Michael T. Doweary** | Receiver  
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**From:** Franklin, Christopher H <CHFranklin@essential.co>  
**Sent:** Tuesday, July 21, 2020 6:11 PM  
**To:** Doweary, Michael <mdoweary@pa.gov>  
**Cc:** Joel Frank Esq. (jfrank@lambmcerlane.com) <jfrank@lambmcerlane.com>; ken@schusterlaw.com; greenbergk@gtlaw.com; tkirkland@chestercity.com  
**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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