

CITY OF COATESVILLE



Acquisition produces economic stability, long-term infrastructure solution and \$39.5 million in proceeds

In March 2001, Pennsylvania American Water acquired the water and wastewater assets of the City of Coatesville Authority (CCA). The City of Coatesville gained long-term financial stability as a result of the sale. Funds from the sale, which exceeded \$39.5 million after the debt was paid, were placed in a reserve fund. These monies were invested by the city to maximize their return in the form of investment income. At the blended investment rate of 6.8 percent, the return on the reserve fund was a minimum of \$2.686 million annually, which was initially utilized for tax cuts and program enhancements.

Long-Term Infrastructure Investments

Since the acquisition, Pennsylvania American Water has invested tens of millions of dollars to upgrade the water and sewer systems serving Coatesville and the surrounding communities.

New \$55 Million Sewer Treatment Facility

Completed in 2010, the state-of-the-art Coatesville Wastewater Treatment Plant replaced an antiquated facility dating back to 1932. The upgrades were required to address environmental issues that the Pennsylvania Department of Environmental Protection had identified in a Consent Order dated November 30, 2005, pertaining to projected hydraulic overloads at the wastewater plant. The project also expanded the plant's treatment capacity from 3.85 million gallons per day to 7 million gallons per day.

(continued on reverse)



Award-Winning Partnership

Pennsylvania American Water and the City of Coatesville received a Project Award from the National Council for Public-Private Partnerships (NCPPP). This prestigious award recognizes companies and organizations that have successfully completed a unique and innovative public-private partnership.



Benefits of Asset Purchase

- Generates revenue from sale proceeds
- Avoids future capital expenditures for systems' upgrades and maintenance
- Ensures compliance with environmental regulations
- Provides professional management of water/wastewater operations
- Protects water/wastewater rates through single-tariff pricing, regulated by PA Public Utility Commission



Learn more

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Major \$24 Million Water Plant Upgrade

The Rock Run Water Treatment Plant, which serves approximately 12,000 western Chester County customers, underwent extensive renovations to improve treatment processes, as well as to increase service reliability, energy efficiency and public safety. The facility was built in the mid-1970s with a production capacity of 5 million gallons per day, which was expanded to 7 million gallons per day to meet customer demand. Completed in 2012, the upgrades also included:

- New chemical feed systems to ensure that the facility complies with current and future drinking water regulations
- Centralized data-monitoring system to enhance plant operations
- Emergency generator to operate the facility in case of power outages

In addition, Pennsylvania American Water has invested millions of dollar over the years to replace aging water and sewer lines throughout the systems. The new pipe helps to ensure adequate water pressure, increases flows for firefighting and improves reliability of water and wastewater service.

For more information about the benefits of asset purchase

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Wastewater Rate Changes in Coatesville and the Key Drivers

Below is a time line of the sewer rate changes that have occurred since the company acquired the system in 2001. Historical amounts below reflect the average residential customers' bill at the time of the rate change.

Year	Avg. Residential Wastewater Bill	Key Drivers
March 2001	\$15 per month	There was no change in rates when the company acquired the system. Rates remained the same as they were prior to the acquisition.
2008	\$27.43 per month	The company invested \$8.7 million in sewer treatment facility and collection system improvements in the Coatesville service area. NOTE: Prior to this rate change, Pennsylvania American Water had not requested a sewer rate change since acquiring the system. In fact, customers had not received a base rate increase for wastewater since October 1994.
2011	\$42.35 per month	The company invested approximately \$57.7 million for a major upgrade and expansion of the Coatesville wastewater treatment plant, as well as collection system improvements. The new treatment plant replaced an outdated facility dating back to 1932. The PUC approved a rate increase that was to be phased in through 2017.
2012	\$57.14 per month	
2013	\$67.50 per month	
2014	\$58.50 per month (decreased by 13%)	The PUC approved Pennsylvania American Water's request to decrease the community's wastewater rates by allocating a portion of the revenue requirement for its 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 service to customers.