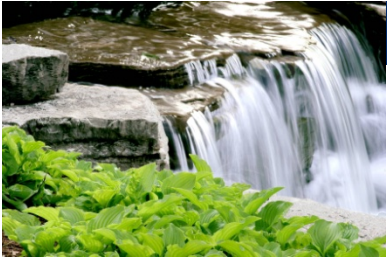


June 6, 2011

**Monumental
MARC 2011**



AQUA SM

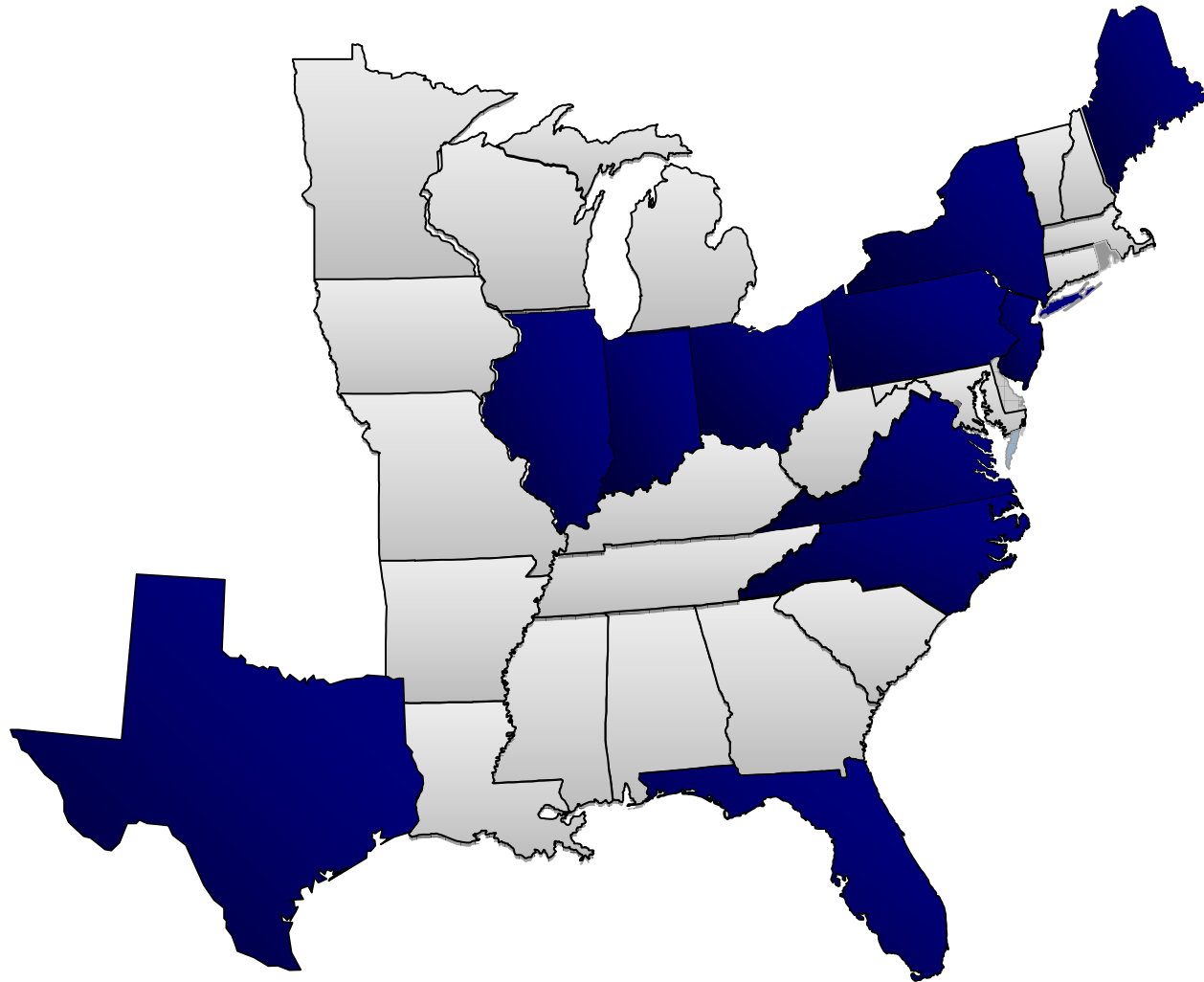


AQUASM

Monumental MARC 2011

**You Can Lead a Horse to Water,
But How You Gonna Pay for It?**

Aqua Operating Locations



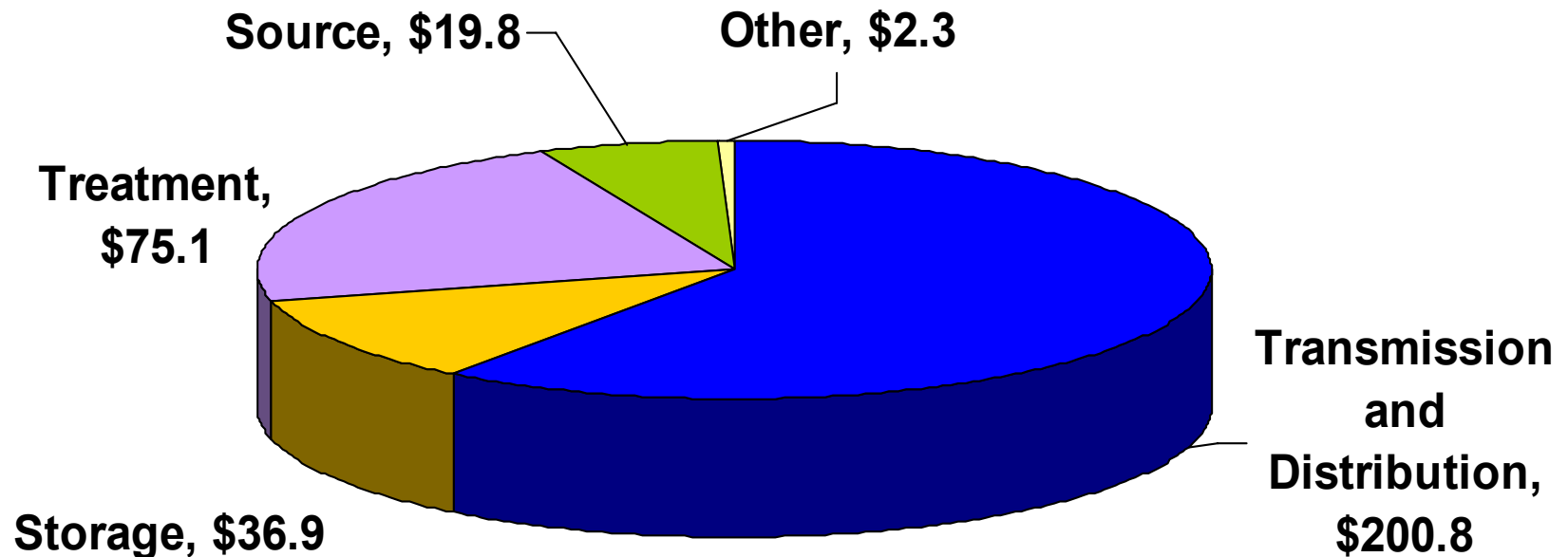
 Current operations

U.S. Water Industry Today



- Highly fragmented; few providers of scale
- No substitute product exists
- Only utility that is ingested
- Infrastructure concerns
 - EPA Needs Survey - \$335 billion over the next 20 years
- Water is subject to multiple state regulatory jurisdictions (**environmental & economic**)

EPA's Estimate of the National Need for Water Infrastructure Investment



\$335 Billion Needed Over the 2007-2027 period up from \$277 from 2003 Report to Ensure Compliance with Existing and Future Water Regulations

What can help?





The Honesdale Water System Example

Honesdale Background

- Small system, privately owned
- 3,000 customers
- High unaccounted for water
- Discolored water, taste and odor
- Quarterly billing



Troubled Water List



WATER COMPANY NAME	CLASS	SERVICE TERRITORIES		DEP REGION	REASON
		TWP OR BORO	COUNTY		
ALDICK ASSOCIATES, INC. - SWATARA VILLAGE	C	PINE GROVE TWP.	SCHUYLKILL	NORTHEAST	OL
CORNER WATER SUPPLY & SERVICE	B	ELK TWP.	CLARION	NORTHWEST	OL
EMLENTON WATER CO.	C	BOROUGH OF EMLENTON	VENANGO	NORTHWEST	BCS
GLENDALE YEAROUND WATER CO.	C	CHEST TWP.	CAMBRIA	SOUTHWEST	BCS
HIDDEN VALLEY WATER CO.	C	JEFERSON TWP.	SOMERSET	SOUTHWEST	BCS
HONESDALE CONS. WATER CO.	C	TEXAS TWP.	WAYNE	NORTHEAST	OL
HOPKINS & REEDY WATER CO.	C	WAYNE TWP.	SCHUYLKILL	NORTHEAST	BCS
LAKE SPANGENBERG WATER CO.	C	JEFFERSON TWP.	LACKAWANNA	NORTHEAST	OL
LAKESIDE WATER SYSTEMS, INC	C	PALMYRA TWP.	PIKE	NORTHEAST	BCS
LIGONIER MOUNTAIN LAND.(WATER)	C	JENNER	SOMERSET	SOUTHWEST	OL

Needed infrastructure upgrades

- Quarry well upgrade
- Widener well upgrade
- Storage facility cleaning
- Distribution system rehab
- RF Meters



Acquisition Adjustment Policy

Goal  foster regionalization

Requirements 

- Acquired system is not viable
- Improve service for the system
- < 3,300 customer connections
- Purchase price is fair and reasonable
- Addresses both positive & negative AAs

More best practices



Low interest financing

- Revolving fund loans
- PENNVEST
- Loan applications ranked by:
 - by health and safety
 - economic impact
 - environmental impact

Settlement Agreements

- Incentives to reach settlement agreements
- Certainty of approval

Quarry Well



Tank Cleaning

AQUASM



Aedge Equipment

AQUASM



Distribution pipe



DSIC Program Benefits

- ✦ Address aging infrastructure that presents water quality problems
- ✦ Proactively addresses main breaks (boil water notices)
- ✦ New mains installation to eliminate dead ends (facilitates looping projects)
- ✦ Replace fire hydrants and larger pipe for fire flows
- ✦ Provides economic reliability in the community
- ✦ Allows coordination with DOTs and local government



Don't forget about wastewater infrastructure improvement





Thank you!