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December 7, 2016

Ms. Barcy F. McNeal
Director, Office of Administration
Public Utilities Commission of Ohio
180 East Broad Street
Columbus, Ohio 43215

Re: *In re Application of Aqua Ohio, Inc. & Aqua Ohio Wastewater, Inc.*, Case Nos.
16-1848-ST-ACE & 16-1849-ST-ATC

Dear Ms. McNeal,

On September 9, 2016, Aqua Ohio, Inc. (Aqua) and Aqua Ohio Wastewater, Inc. (AWI) (collectively, the Companies) filed their application in the above-captioned cases. On September 27 and October 31, the Companies submitted revisions to the proposed tariff and other statements clarifying their application. By this letter, the Companies supplement the application by including the bill of sale and asset contribution agreement by which Aqua effected the transfer of the subject assets to AWI.

Please let me know if there are any questions.

Regards,

/s/ Andrew J. Campbell
Andrew J. Campbell

BILL OF SALE AND ASSIGNMENT AND ASSUMPTION AGREEMENT

This BILL OF SALE AND ASSIGNMENT AND ASSUMPTION AGREEMENT is made this 1st day of July, 2016, by and between AQUA OHIO, INC., an Ohio corporation ("Grantor") and AQUA OHIO WASTEWATER, INC., an Ohio corporation ("Grantee").

WHEREAS, Grantor and Grantee have entered into a certain Asset Contribution Agreement dated June 10, 2016; and

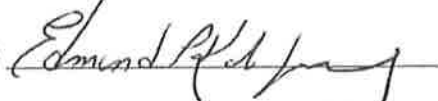
WHEREAS, the parties wish to implement and memorialize the transfer of certain assets as provided for by the Asset Contribution Agreement.

NOW, THEREFORE, in consideration of the sum of Ten Dollars (\$10.00) and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:


1. Grantor hereby grants, bargains, sells, transfers and assigns to Grantee, its successors and assigns, all of Grantor's right, title and interest in and to all personal property of any kind or character now or hereafter owned by Grantor as of the date written above, but excluding any proceeds held by Grantor from the sale of water utility assets, (the "Property"). Grantor represents and warrants that Grantor has title to the Property and is the lawful owner and possessor of the same; that Grantor has the good and lawful right to grant, bargain, sell, convey, warrant, transfer and assign the Property; and that the Property is free and clear of all liens and encumbrances.
2. Grantor hereby assigns, transfers and sets over to Grantee, its successors and assigns, to the extent such may be done by Grantor without the consent of a person other than Grantor: (a) all of Grantor's right, title and interest in, to and under any and all leases, which are now or hereafter entered into by Grantor, and all amendments, modifications, supplements and addenda thereto; (b) all of Grantor's right, title and interest in, to and under any and all service contracts, warranties and other agreements, which are now or hereafter entered into by Grantor, and all amendments, modifications, supplements and addenda thereto; and (c) all of Grantor's right, title interest in, to or under all authorizations, approvals, permits, variances, land use entitlements, licenses, franchises and agreements, which are now or hereafter held, possessed or entered into by Grantor, and all amendments, modifications, supplements and addenda thereto. All of the leases, service contracts, warranties, authorizations, approvals, permits, variances, land use entitlements, licenses, franchises and other agreements subject to the above-stated assignments are collectively referred to as the "Contracts".
3. Grantee hereby accepts ownership of the Property, as well as the foregoing assignments of the Contracts and assumes and agrees to perform all obligations of Grantor under each of the Contracts.

IN WITNESS WHEREOF, Grantor and Grantee has each caused this Bill of Sale and Assignment and Assumption Agreement to be executed on the day and year first above-written.

AQUA OHIO, INC.

By: 
Printed: Edmund P Kolodziej
Title: President

AQUA OHIO WASTEWATER, INC.

By: 
Printed: Edmund P Kolodziej
Title: President

ASSET CONTRIBUTION AGREEMENT

THIS ASSET CONTRIBUTION AGREEMENT (this "Agreement"), is made and entered into as of June 10, 2016, by and between Aqua Ohio Wastewater, Inc., an Ohio corporation ("Aqua Ohio Wastewater"), and Aqua Ohio, Inc., an Ohio corporation ("Aqua Ohio").

WITNESSETH:

WHEREAS, Aqua Ohio, a subsidiary of Aqua America, Inc., is the parent company of Aqua Ohio Wastewater;

WHEREAS, Aqua Ohio has determined to reorganize its operations in the State of Ohio and, to that end, also determined to consolidate its Ohio regulated wastewater utility operations in Aqua Ohio Wastewater;

WHEREAS, pursuant to the consolidation all of the plant, property and other assets used by Aqua Ohio to provide wastewater utility services to the public (the "Contributed Assets" as defined below) should be transferred to Aqua Ohio Wastewater;

WHEREAS, Aqua Ohio desires to transfer the Contributed Assets as a contribution to Aqua Ohio Wastewater's capital on the terms of and subject to the conditions set forth herein; and

WHEREAS, Aqua Ohio Wastewater is willing to accept the transfer of the Contributed Assets; to treat such a transfer for all purposes as a contribution to Aqua Ohio Wastewater's capital; and to handle the same on the terms of and subject to the conditions set forth herein.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual benefits to be derived and representations and warranties, conditions and promises contained in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Aqua Ohio and Aqua Ohio Wastewater, intending to be legally bound hereby, agree as follows:

ARTICLE I
USAGE AND DEFINITIONS

Section 1.01. Definitions.

For purposes of this Agreement, capitalized terms shall have the meanings assigned to them. In addition, the following terms shall have the following meanings:

“Action” means any claim, action, suit, arbitration, inquiry, proceeding or investigation by or before any governmental authority.

“Closing Date” means June 30, 2016.

“Contributed Assets” means the real estate, improvements and fixtures, as well as the personal property, currently used or useful to the provision of wastewater utility services by Aqua Ohio, including but not those limited those listed on Exhibit A.

“Insolvent” means, with respect to any Person, where (i) such Person has made a general assignment for the benefit of creditors, (ii) any proceeding has been instituted against such Person seeking to adjudicate such Person as bankrupt or insolvent, or seeking such Person’s liquidation, winding up or reorganization, or seeking any arrangement, adjustment, protection, relief or composition of any of such Person’s debts under any requirements of law relating to bankruptcy, insolvency or reorganization; (iii) such Person is unable to pay such Person’s debts as they come due in the ordinary course of business; or (iv) such Person’s liabilities exceed its assets.

“Liability” means any debt, obligation, undertaking, responsibility, or duty, absolute or contingent, express or implied.

“Person” means any individual, firm, corporation, limited liability company, partnership, or other association or entity.

“Pre-Closing Date Liability” means any Liability arising from any event, occurrence or circumstance existing prior to the Closing Date, relating to or growing out of ownership of the Contributed Assets.

ARTICLE II
CONTRIBUTION

Section 2.01. Contribution on the Closing Date.

- (a) Subject to the terms and conditions of this Agreement, Aqua Ohio hereby irrevocably contributes, transfers, assigns and otherwise conveys to Aqua Ohio Wastewater, without recourse, and, subject to the satisfaction of the conditions set forth in Section 3.01 and the other terms and conditions of this Agreement, Aqua Ohio Wastewater acquires, accepts and receives as a capital contribution from Aqua Ohio, all right, title and interest of Aqua Ohio in the Contributed Assets (such transaction described in this Section 2.01, a "Contribution" with "Contribute" and "Contributed" having meanings correlative thereto). Aqua Ohio hereby relinquishes all legal and equitable interests and title in the Contributed Assets upon the Closing Date. The Contribution shall be made by such documents as Aqua Ohio and Aqua Ohio Wastewater agree are necessary to complete the transfers contemplated by this Agreement.
- (b) Effective from and after the Closing Date, Aqua Ohio Wastewater hereby assumes from Aqua Ohio and agrees to perform all continuing obligations (then existing or thereafter arising) of Aqua Ohio from ownership of the Contributed Assets, including all Pre-Closing Date Liability.

Section 2.02. Further Assurances.

Aqua Ohio shall from time to time, execute and deliver such documents, instruments, agreements, financing statements, and shall take all such other actions as are reasonably requested by Aqua Ohio Wastewater or its assignees from time to time hereafter that may be reasonably necessary, appropriate or desirable to ensure that Aqua Ohio Wastewater and its assignees have an enforceable ownership interest in the Contributed Assets or to enable Aqua Ohio Wastewater or its assigns to exercise or enforce any of their respective rights under this Agreement.

Section 2.03. Intent.

This Agreement is intended to effect an absolute, irrevocable transfer, conveyance, assignment and contribution, without recourse, of the Contributed Assets by Aqua Ohio to Aqua Ohio Wastewater, and immediately after giving effect to the transfer contemplated by Section 2.01(a) on the Closing Date, Aqua Ohio will have no further interest (legal or equitable) in the Contributed Assets and the Contributed Assets will not be

property of Aqua Ohio 's estate in the event of a bankruptcy of Aqua Ohio and Aqua Ohio Wastewater shall have the absolute right to take whatever action it may deem appropriate with respect to any Contributed Asset. The parties agree to treat each transfer pursuant to Section 2.01 for all purposes (including financial accounting purposes) as an absolute transfer on all relevant books, records, financial statements and other documents.

ARTICLE III
CONDITIONS PRECEDENT

Section 3.01. Conditions to Obligations of Aqua Ohio Wastewater.

The obligation of Aqua Ohio Wastewater to accept and acquire the Contributed Assets on the Closing Date is subject to the satisfaction of the following conditions:

- (a) **Representations and Warranties True.** Each of the representations and warranties of Aqua Ohio set forth in this Agreement shall be true and correct in all material respects as of the Closing Date (or such other date as of which such representations and warranties are made and/or deemed to be made), and Aqua Ohio shall have performed, in all material respects, the obligations to be performed by it under this Agreement on or prior to the Closing Date.
- (b) **Fraudulent Transfer, etc.** As of the Closing Date: (i) Aqua Ohio will not be Insolvent and will not become Insolvent as a result of the contribution of Contributed Assets on the Contribution Date, and (ii) the assets of Aqua Ohio remaining after the Contribution will not constitute unreasonably small capital to carry out its business as conducted.
- (c) **Documents to Be Delivered by Aqua Ohio .** On or prior to the Closing Date, Aqua Ohio shall have delivered copies of the proper quitclaim deeds, bill of sale (or other similar documents) that name Aqua Ohio as the grantor and Aqua Ohio Wastewater as the grantee with respect to the Contributed Assets or other similar instruments or documents, as may be reasonably necessary or, in Aqua Ohio Wastewater's reasonable opinion, desirable under applicable law to perfect Aqua Ohio Wastewater's ownership interest in all Contributed Assets.
- (d) **No Suit or Proceeding.** There shall be no suit or proceeding which seeks to restrain, prohibit, challenge or obtain damages or other relief in connection with this Agreement or the consummation of the transactions contemplated by this Agreement.

Section 3.02. Conditions to Obligations of Aqua Ohio .

The obligations of Aqua Ohio Wastewater to transfer and contribute the Contribution Assets on the Closing Date are subject to satisfaction of the following conditions:

- (a) **Representations and Warranties True.** Each of the representations and warranties of Aqua Ohio Wastewater set forth in this Agreement shall be true and correct in all material respects as of the Closing Date (or such other date as of which such representations and warranties are made and/or deemed to be made), and Aqua Ohio Wastewater shall have performed, in all material respects, the obligations to be performed by it under this Agreement on or prior to the Closing Date.
- (b) **No Suit or Proceeding.** There shall be no suit or proceeding which seeks to restrain, prohibit, challenge or obtain damages or other relief in connection with this Agreement or the consummation of the transactions contemplated by this Agreement.

ARTICLE IV **REPRESENTATIONS AND WARRANTIES**

Section 4.01. Representations and Warranties of Aqua Ohio.

Aqua Ohio hereby makes the following representations and warranties to Aqua Ohio Wastewater as of the Closing Date, which representations and warranties shall survive the contribution, transfer and assignment of the Contributed Assets by Aqua Ohio to Aqua Ohio Wastewater.

- (a) **No Litigation.** Except for approval of the transfer before the PUCO, there are no Actions pending or, to the knowledge of Aqua Ohio, threatened against or affecting Aqua Ohio, before or by any governmental authority having jurisdiction over Aqua Ohio or any of its properties or with respect to any of the transactions contemplated by this Agreement (i) asserting the illegality, invalidity or unenforceability, or seeking any determination or ruling that would affect the legality, binding effect, validity or enforceability of this Agreement, or (ii) which could reasonably be expected to have a material adverse effect on the aggregate value of the Contributed Assets hereunder.
- (b) **No Default.** Aqua Ohio is not in default under any material agreement, contract, instrument or indenture to which Aqua Ohio is a party or by which it or its properties are bound, or with respect to any order of any governmental authority; and no event has occurred which with notice or lapse of

time or both would constitute a default with respect to any such material agreement, contract, instrument or indenture, or with respect to any such order of any governmental authority.

Section 4.02. Representations and Warranties of Aqua Ohio Wastewater.

Aqua Ohio Wastewater hereby makes the following representations and warranties to Aqua Ohio as of the Closing Date, which representations and warranties shall survive the contribution, transfer and assignment of the Contributed Assets by Aqua Ohio to Aqua Ohio Wastewater:

- (a) **No Litigation.** Except for approval of the transfer before the PUCO, there are no Actions pending or, to the knowledge of Aqua Ohio Wastewater, threatened against or affecting Aqua Ohio Wastewater, before or by any governmental authority having jurisdiction over Aqua Ohio Wastewater or any of its properties or with respect to any of the transactions contemplated by this Agreement (i) asserting the illegality, invalidity or unenforceability, or seeking any determination or ruling that would affect the legality, binding effect, validity or enforceability of this Agreement, or (ii) which could reasonably be expected to have a material adverse effect on the aggregate value of the Contributed Assets hereunder.
- (b) **No Default.** Aqua Ohio Wastewater is not in default under any material agreement, contract, instrument or indenture to which Aqua Ohio Wastewater is a party or by which it or its properties is or are bound, or with respect to any order of any governmental authority; and no event has occurred which with notice or lapse of time or both would constitute a default with respect to any such material agreement, contract, instrument or indenture, or with respect to any such order of any governmental authority.
- (c) **No Fraudulent Transfer.** Aqua Ohio Wastewater is not entering into this Agreement with the intent (whether actual or constructive) to hinder, delay or defraud its present or future creditors and is receiving fair consideration for the Contributed Assets.

Section 4.03. Representations and Warranties of Aqua Ohio with Respect to Contributed Assets.

Aqua Ohio hereby makes the following representations and warranties with respect to the Contributed Assets as of the Closing Date:

- (a) **Assignability.** Such Contributed Asset may be assigned in the manner that such asset is contemplated to be assigned pursuant to this Agreement.
- (b) **Ownerships.** Aqua Ohio is the sole owner of good and marketable title to such Contributed Assets free and clear of any lien or encumbrance of any Person claiming through or under Aqua Ohio. Aqua Ohio has not pledged any of its interest in the Contributed Assets.

ARTICLE V
COVENANTS OF THE PARTIES

Aqua Ohio hereby agrees with Aqua Ohio Wastewater as follows:

Section 5.01. Compliance with Law.

Aqua Ohio and Aqua Ohio Wastewater will comply with all material requirements of applicable law in connection with the execution and performance of this Agreement.

Section 5.02. Maintenance of Separateness.

Aqua Ohio and Aqua Ohio Wastewater covenant that:

- (a) the books and records of Aqua Ohio Wastewater will be maintained separately from those of each of Aqua Ohio and its other subsidiaries;
- (b) all financial statements of Aqua Ohio that are consolidated to include Aqua Ohio Wastewater that are distributed to any party will contain detailed notes clearly stating that (i) all of Aqua Ohio Wastewater's assets are owned by Aqua Ohio Wastewater (ii) indicating Aqua Ohio Wastewater's separateness from Aqua Ohio and Aqua Ohio's affiliates, and (iii) Aqua Ohio Wastewater is a separate entity and, as may be applicable, has creditors who have received interests in Aqua Ohio Wastewater's assets;
- (c) Aqua Ohio Wastewater will cause all Contributed Assets to also be listed on Aqua Ohio Wastewater's own separate balance sheet;
- (d) Aqua Ohio will observe corporate formalities, in its dealing with Aqua Ohio Wastewater;

- (e) Aqua Ohio will maintain arm's-length relationships with Aqua Ohio Wastewater and each of its other Affiliates
- (f) upon Aqua Ohio's knowledge that any of the foregoing provisions in this Section 5.02 has been breached or violated in any material respect, Aqua Ohio will take such actions as may be reasonable and appropriate under the circumstances to correct and remedy such breach or violation as promptly as is practicable under such circumstances.

ARTICLE VI
"AS IS" TRANSFER

Section 6.01. "As Is" Transfer of Contributed Assets.

Aqua Ohio makes no representations relating to the environmental conditions or operating condition of the equipment of the Contributed Assets. Aqua Ohio Wastewater, at its expense, has conducted all studies and tests it deems necessary to satisfy it regarding the condition of the Contributed Assets, including their environmental condition. Aqua Ohio Wastewater acknowledges and agrees that, except for Aqua Ohio's representations and warranties expressly provided for in Article V of this Agreement, Aqua Ohio Wastewater's acceptance of the Contributed Assets in an "AS IS" condition shall apply to, but shall not be limited to, the environmental condition of the Contributed Assets. AQUA OHIO WASTEWATER ACKNOWLEDGES THAT, EXCEPT AS PROVIDED IN THIS AGREEMENT, AQUA OHIO MAKES NO GUARANTEE, REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, REGARDING THE ENVIRONMENTAL CONDITION AND OTHER CONDITIONS OF THE CONTRIBUTED ASSETS AND AQUA OHIO DISCLAIMS ALL IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE AND AQUA OHIO EXPRESSLY DISCLAIMS ANY AND ALL OBLIGATION AND LIABILITY TO AQUA OHIO WASTEWATER REGARDING ANY PHYSICAL DEFECTS OR ENVIRONMENTAL CONDITIONS WHICH MAY EXIST WITH RESPECT TO THE CONTRIBUTED ASSETS. This Agreement is not contingent upon or subject to the findings of any inspections, examinations or reports requested by or on behalf of Aqua Ohio Wastewater.

ARTICLE VII
MISCELLANEOUS PROVISIONS

Section 7.01. Waivers; Amendment.

No failure or delay on the part of any party or any assignee thereof, in exercising any power, right or remedy under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any such

power, right or remedy preclude any other further exercise thereof or the exercise of any other power, right or remedy. The rights and remedies herein provided shall be cumulative and nonexclusive of any rights or remedies provided by law. Any provision of this Agreement may be amended only if such amendment is executed by the parties hereto in writing.

Section 7.02. Costs and Expenses.

Aqua Ohio will pay all expenses incident to the performance of its obligations incurred in connection with this Agreement, including fees and expenses of counsel, in connection with the perfection, recording and perfection as against third parties of Aqua Ohio Wastewater's right, title and interest in and to the Contributed Assets.

Section 7.03. Survival.

This Agreement will remain in full force and effect and not terminate so long as any obligation is outstanding. The respective representations and warranties made by the parties in this Agreement shall remain in full force and effect and will survive execution, delivery and Closing of this Agreement.

Section 7.04. Severability.

If any one or more of the covenants, agreements, provisions or terms of this Agreement shall be for any reason whatsoever held invalid, then such covenants, agreements, provisions or terms shall be deemed severable from the remaining covenants, agreements, provisions or terms of this Agreement and shall in no way affect the validity or enforceability of the other provisions of this Agreement.

Section 7.05. Counterparts.

This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument.

Section 7.06. Successors and Assigns.

All covenants and agreements contained herein shall be binding upon, and inure to the benefit of the

parties hereto and their respective successors and permitted assigns, all as herein provided. Any request, notice, direction, consent, waiver or other instrument or action by a party hereto shall bind the successors and assigns of such party.

Section 7.07. Entire Agreement.

This Agreement, together with the exhibits hereto, contains a final and complete integration of all prior expressions by the parties hereto with respect to the subject matter hereof and shall constitute the entire agreement among the parties hereto with respect to the subject matter hereof, superseding all previous oral statements and other writings with respect thereto.

Section 7.08. Limitations on Liability.

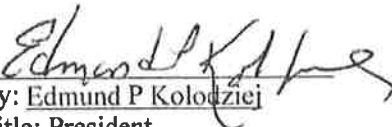
None of the officers, employees, agents, directors or managers, as applicable, of or in Aqua Ohio Wastewater or Aqua Ohio, past, present or future, shall be under any liability to Aqua Ohio Wastewater or Aqua Ohio, as applicable, any of their successors or assignees, or any other Person for any action taken or for refraining from the taking of any action in such capacities or otherwise pursuant to this Agreement or for any obligation or covenant under this Agreement, it being understood that this Agreement and the obligations created hereunder shall be, to the fullest extent permitted under applicable law, with respect to Aqua Ohio, solely the obligations of Aqua Ohio and with respect to Aqua Ohio Wastewater, solely the limited liability company obligations of Aqua Ohio Wastewater.

Section 7.09. Governing Law; Waiver of Jury Trial.

This Agreement shall be governed by and construed in accordance with the laws of the state of Ohio, without regard to principles of conflict of laws. Each of the parties hereto hereby irrevocably and unconditionally agrees to be subject to the jurisdiction of the courts of the state of Ohio and of the federal courts sitting in the State of Ohio.


IN WITNESS WHEREOF, the parties have caused this Asset Contribution Agreement to be executed as of the Effective Date.

AQUA OHIO WASTEWATER


By: Edmund P Kolodziej
Title: President

Dated: 6/10/16

AQUA OHIO, INC.


By: Edmund P Kolodziej
Title: President

Dated: 6/10/16

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in

Case No(s). 16-1848-ST-ACE, 16-1849-ST-ATC

Summary: Correspondence regarding application electronically filed by Mr. Andrew J Campbell on behalf of Aqua Ohio, Inc. and Aqua Ohio Wastewater, Inc.