

affiliated regulated water utility for the purchase of treated water. This agreement, which expires February 27, 2021, provides for minimum purchase of 3.0 mgd of treated water with provisions for additional purchases.

### ***Tidewater System***

Our Tidewater System produced approximately 2.1 billion gallons in 2015 from 163 wells. Tidewater will submit applications to Delaware regulatory authorities for the approval of additional wells as growth, demand and water quality warrant. Tidewater augments its water production with annual minimum purchases of 15.0 million gallons of treated water under contract with the City of Dover, Delaware. Tidewater does not have a central water treatment facility for the 375 separate communities it serves. As the number has grown, many of Tidewater's individual systems have been interconnected forming several regional systems that are served by multiple water treatment facilities.

### ***Pinelands Water System***

Water supply to our Pinelands Water System is derived from four wells which produced approximately 151.9 million gallons in 2015. The pumping capacity of the four wells is 2.2 mgd.

### ***Pinelands Wastewater System***

The Pinelands Wastewater System discharges into the South Branch of the Rancocas Creek through a tertiary treatment plant that provides clarification, sedimentation, filtration and disinfection. The total capacity of the plant is 0.5 mgd, and the system treated approximately 102.0 million gallons in 2015.

### ***Bayview System***

Water supply to Bayview customers is derived from two wells, which produced approximately 7.3 million gallons in 2015.

### ***TESI System***

The TESI System is comprised of eight wastewater treatment systems in Kent and Sussex Counties, Delaware. The treatment plants provide clarification, sedimentation, and disinfection. The combined total treatment capacity of the plants is 0.7 mgd. The TESI System treated approximately 107.1 million gallons in 2015.

### ***Twin Lakes System***

Water supply to Twin Lakes' customers is derived from one well, which produced approximately 19.8 million gallons in 2015.

### **Employees**

As of December 31, 2015, we had a total of 293 employees. No employees are represented by a union. We believe our employee relations are positive. Wages and benefits are reviewed annually and are considered competitive within both the industry and the regions where we operate.

### **Competition**

Our business in our franchised service areas is substantially free from direct competition with other public utilities, municipalities and other entities. However, our ability to provide contract water supply and wastewater services and operations and maintenance services that are not under the jurisdiction of a state public utility commission is subject to competition from other public utilities, municipalities and other entities. Although Tidewater and TESI have been granted exclusive franchises for each of their existing community water and wastewater systems, their ability to expand service areas can be affected by the Delaware Public Service Commission awarding franchises to other regulated water and wastewater utilities with whom we compete for such franchises and for projects.