



March 30, 2016

VIA HAND DELIVERY

David P. Zambito
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CONTAINS CONFIDENTIAL INFORMATION

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
Harrisburg, PA 17120

Re: In re: Joint Application of Pennsylvania-American Water Company and the Sewer Authority of the City of Scranton for Approval of (1) the transfer, by sale, of substantially all of the Sewer Authority of the City of Scranton's Sewer System and Sewage Treatment Works assets, properties and rights related to its wastewater collection and treatment system to Pennsylvania-American Water Company, and (2) the rights of Pennsylvania-American Water Company to begin to offer or furnish wastewater service to the public in the City of Scranton and the Borough of Dunmore, Lackawanna County, Pennsylvania; Docket No. A-2016-_____

Dear Secretary Chiavetta:

Enclosed for filing with the Commission, please find the Joint Application of Pennsylvania-American Water Company and the Sewer Authority of the City of Scranton (the "Joint Applicants") in above-referenced proceeding. A copy of this document has been served in accordance with the attached Certificate of Service.

Please note that Exhibit F of the Joint Application is Confidential. It is being filed under seal and the Joint Applicants request that it be maintained in a non-public folder.

A check in the amount of \$350 is enclosed to cover the application filing fee.

If you have any questions regarding this filing, please direct them to me. Thank you for your attention to this matter.

Sincerely,

COZEN O'CONNOR

By: David P. Zambito
Counsel for *Pennsylvania-American Water Company*

DPZ/kmg
Enclosures
cc: Per Certificate of Service

LEGAL\26255094\1

CERTIFICATE OF SERVICE
In Re: Joint Application of Pennsylvania-American Water Company and
the Sewer Authority of the City of Scranton
Docket No. A-2016-_____

I hereby certify that I have this day served a true copy of the foregoing Joint Application of Pennsylvania-American Water Company and Sewer Authority of the City of Scranton (**without Confidential Exhibit F**), upon the parties, listed below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a party).

VIA FIRST CLASS MAIL:

Bureau of Investigation & Enforcement
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor West
P.O. Box 3265
Harrisburg, PA 17105-3265

Pennsylvania Department of Environmental
Protection
Rachel Carson State Office Building
400 Market Street
Harrisburg, PA 17101

Office of Consumer Advocate
555 Walnut Street
Forum Place, 5th Floor
Harrisburg, PA 17101-1923

Pennsylvania Department of Environmental
Protection
2 Public Square
Wilkes-Barre, PA 18711-0790

Office of Small Business Advocate
Commerce Building, Suite 202
300 North Second Street
Harrisburg, PA 17101-1303

VIA CERTIFIED MAIL, RETURN RECEIPT REQUESTED

The City of Scranton, Pennsylvania
Law Department
340 North Washington Avenue
Scranton, PA 18503

South Abington Township
South Abington Sewer Authority
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PO Box 259
Chinchilla PA 18410

Borough of Dunmore
Planning Commission
400 S. Blakely Street
Dunmore, PA 18512

Newton Township
1528 Newtown – Ransom Boulevard
Clarks Summit, PA 18411

County of Lackawanna, Pennsylvania
Planning Commission
Administration Building
200 Adams Avenue
6th floor
Scranton, PA 18503

Ransom Township
Sewage Enforcement Officer
2435 Hickory Lane
Clarks Summit, PA 18411

Taylor Borough
122 Union Street
Taylor, PA 18517

Moosic Borough
715 Main Street
Moosic, PA 18507


Dickson City Borough
901 Enterprise Street
Dickson City, PA 18519

Throop Borough
436 Sanderson Street
Throop, PA 18512

Roaring Brook Township
Roaring Brook Township Sewer Authority
430 Blue Shutters Road
Roaring Brook Township, PA 18444

Spring Brook Township
Spring Brook Township Sewer Authority
966 State Route 307
Spring Brook Township, PA 18444

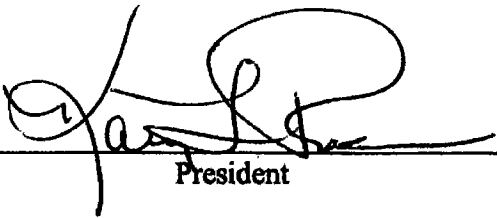
DATED: March 30, 2016



David P. Zambito, Esquire
Counsel for *Pennsylvania-American Water Company*

VERIFICATION

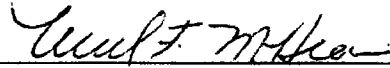
I, **Kathy L. Pape**, President of Pennsylvania-American Water Company, hereby state that facts set forth in the foregoing Joint Application are true and correct to the best of my knowledge, information and belief and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. §4904 (relating to unsworn falsification to authorities).



President

VERIFICATION

I, **Michael McHale**, Chairman of the Board of the Sewer Authority of the City of Scranton, hereby state that facts set forth in the foregoing Joint Application are true and correct to the best of my knowledge, information and belief and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. §4904 (relating to unsworn falsification to authorities).



Chairman of the Board

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

In re: Joint Application of Pennsylvania-American Water :
Company and the Sewer Authority of the City of Scranton for :
Approval of (1) the transfer, by sale, of substantially all of the :
Sewer Authority of the City of Scranton’s Sewer System and : Docket No. A-2016-_____
Sewage Treatment Works assets, properties and rights related to :
its wastewater collection and treatment system to Pennsylvania- :
American Water Company, and (2) the rights of Pennsylvania- :
American Water Company to begin to offer or furnish :
wastewater service to the public in the City of Scranton and the :
Borough of Dunmore, Lackawanna County, Pennsylvania.

TO THE HONORABLE PENNSYLVANIA PUBLIC UTILITY COMMISSION:

1. Pennsylvania-American Water Company (“Pennsylvania-American”) and the Sewer Authority of the City of Scranton (“Authority” or “SSA”) (Pennsylvania-American and the Authority, collectively the “Joint Applicants”) hereby respectfully request that the Pennsylvania Public Utility Commission (“Commission”) issue such Certificates of Public Convenience as necessary to evidence its approval under Section 1102(a) of the Pennsylvania Public Utility Code (“Code”), 66 Pa. C.S. § 1102(a), of: (1) Pennsylvania-American’s acquisition of substantially all of the assets, properties and rights of the Authority’s sewer system and sewage treatment works related to, or used in connection with, its wastewater collection and treatment system; and, (2) Pennsylvania-American’s right to offer, render, furnish and supply wastewater service in the areas served by the Authority (including approval to make effective upon closing the *pro forma* tariff supplement attached hereto as **Exhibit L**).

2. The name and address of the Joint Applicants are:

Pennsylvania-American Water Company
800 West Hershey Park Drive
Hershey, PA 17033

The Sewer Authority of the City of Scranton
312 Adams Avenue
Scranton, PA 18503

3. The names and address of the Joint Applicants' attorneys are:

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Attorneys for the Authority

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Buchanan Ingersoll & Rooney PC
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Harrisburg, PA 17101-1357

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4. Pennsylvania-American is a regulated public utility corporation duly organized and existing under the laws of the Commonwealth of Pennsylvania, and is engaged in the business of collecting, treating, storing, supplying, distributing and selling water to the public, and collecting, treating, transporting and disposing of wastewater for the public. Water and wastewater service is furnished by Pennsylvania-American to the public in a service territory encompassing more than 400 communities across the Commonwealth with a combined population of over 2,200,000. A description of Pennsylvania-American's existing certificated water and wastewater service territory is found in Exhibit A, along with a detailed corporate history, outlining all of the mergers, acquisitions and consolidations which have created Pennsylvania-American as it exists on the date of this Application.

5. Pennsylvania-American currently provides water service to the City of Scranton and Borough of Dunmore. A Certificate of Public Convenience was issued on December 14, 1995, at Docket No. A-212285F2002, to Pennsylvania-American for the purpose of supplying and furnishing water to the public and such individuals, partnerships or corporations residing or being in the certificated service territory of the former Pennsylvania Gas and Water Company, which included the City of Scranton and the Borough of Dunmore, Lackawanna County.

6. The Authority is a municipal authority organized and existing under the laws of the Commonwealth of Pennsylvania, situated in the City of Scranton, and Borough of Dunmore, County of Lackawanna and the Commonwealth of Pennsylvania. The Authority owns and operates a wastewater collection and treatment system ("System"), providing wastewater service to the public in the City of Scranton (the "City") and the Borough of Dunmore (the "Borough")

(the City and the Borough, together, the "Service Area"), in Lackawanna County, Pennsylvania.

7. The Authority furnishes wastewater service to approximately 31,000 residential and non-residential, including commercial, apartment, industrial and municipal, customers.

8. Pennsylvania-American currently furnishes wastewater service to 21,229 residential, commercial, industrial, municipal and bulk customers in Pennsylvania.

9. The Authority is a co-applicant in this Application to advise the Commission of its support for the below-defined Transaction and because of the substantial benefit the completion of this Transaction will confer on the long-term financial health of the City and Borough. The City has been operating under the protection of the Municipalities Financial Recovery Act, Act of 1987, P.L. 246, No. 47 ("Act 47") for the last twenty-five (25) years, during which the management of its business affairs has been under the review of an independent coordinator. Under Act 47, the Pennsylvania Department of Community and Economic Development has the responsibility to assist Pennsylvania municipalities that are experiencing severe financial difficulties in order to ensure the health, safety and welfare of their citizens. The sale of the System assets is anticipated to assist in the financial recovery of the City.

A. TRANSFER, BY SALE, OF ALL OF THE AUTHORITY'S ASSETS, PROPERTIES AND RIGHTS RELATED TO ITS WASTEWATER SYSTEM TO PENNSYLVANIA-AMERICAN (OTHER THAN THE EXCLUDED ASSETS)

Summary of the Transaction

10. On March 29, 2016, the Authority entered into an Asset Purchase Agreement, along with detailed schedules (collectively, the APA" or "Agreement") with Pennsylvania-American to sell all of the assets, properties and rights of the Authority's System (other than the Excluded Assets, as defined by the APA) (the "Transaction").

11. The Transaction will be completed in accordance with the APA.

12. Among other things, the APA: (i) requires the Joint Applicants to complete the Transaction after receipt of all governmental approvals (including from this Commission) and the satisfaction of all conditions precedent; and, (ii) obligates Pennsylvania-American to offer employment to eligible Authority employees, after closing of the Transaction. The Transaction is expected to help bolster employment in the area of the City and Borough.

Applicable Legal Standards

13. Under Code Section 1103, the Joint Applicants must demonstrate that Pennsylvania-American is legally, technically, and financially fit. *Seaboard Tank Lines v. Pa. Pub. Util. Comm'n*, 502 A.2d 762, 764 (Pa. Cmwlth. 1985); *Warminster Township Mun. Auth. v. Pa. Pub. Util. Comm'n*, 138 A.2d 240, 243 (Pa. Super. 1958). As a currently certificated public utility, Pennsylvania-American's fitness is presumed by law to be continuing. *See e.g., South Hills Movers, Inc. v. Pa. Pub. Util. Comm'n*, 601 A.2d 1308, 1310 (Pa. Cmwlth. 1992).

14. The Commission may issue a certificate of public convenience upon a finding that "the granting of such certificate is necessary or proper for the service, accommodation, convenience, or safety of the public." 66 Pa. C.S. § 1103(a). Pennsylvania-American will "affirmatively promote the service, accommodation, convenience, or safety of the public in some substantial way." *City of York v. Pa. Pub. Util. Comm'n*, 449 Pa. 136, 151, 295 A.2d 825, 828 (1972). The "substantial public interest" standard is satisfied by a simple preponderance of the evidence of benefits. *Popowsky v. Pa. Pub. Util. Comm'n*, 594 Pa. 583, 611, 937 A.2d 1040, 1057 (2007).

Background Financial Information

15. Attached hereto is the unaudited internal balance sheet of the Authority as of December 31, 2015 (**Exhibit B**), and Pennsylvania-American's unaudited balance sheet as of December 31, 2015 (**Exhibit C**). Before its next base rate case, Pennsylvania-American will undertake an original cost study to determine the original cost and accumulated depreciation of the Authority's wastewater utility plant in service.

16. Attached hereto is the unaudited income statement of the Authority for the 12 months ended December 31, 2015 (**Exhibit D**), and Pennsylvania-American's unaudited income statement for the 12 months ended December 31, 2015 (**Exhibit E**).

17. All the annual reports, tariffs, certificates of public convenience, applications, securities certificates and similar documents filed with this Commission by Pennsylvania-American and its predecessors are made a part hereof by reference.

Terms and Impact of the Transaction

18. As noted above, this Application seeks, among other things, approval of the transfer to Pennsylvania-American of all of the assets, properties and rights of the Authority's System (other than the Excluded Assets, as defined by the APA). The terms and conditions of the transaction are contained in the executed Agreement between Pennsylvania-American and the Authority (**Exhibit F**) [CONFIDENTIAL].

19. Pennsylvania-American and the Authority are not affiliated with each other.

20. The Transaction is, and was negotiated, at arm's length.

21. Attached hereto is an unaudited *pro forma* balance sheet of Pennsylvania-American as of December 31, 2015, giving effect to the transfer (**Exhibit G**).

22. There is attached hereto an unaudited *pro forma* consolidated income statement of

Pennsylvania-American and the Authority for the 12 months as of December 31, 2015 (**Exhibit H**).

23. There is attached hereto a certified copy of the resolutions adopted by the Board of Directors of Pennsylvania-American authorizing the execution of the Agreement and the consummation of the proposed transfer (**Exhibit I**). A copy of the resolutions adopted by the Authority's Board authorizing the execution of the Agreement is attached as **Exhibit J**.

Transaction's Effect on Service and Rates and Other Affirmative Benefits

24. The Transaction will have no detrimental effect on the service provided to Pennsylvania-American's existing customers or the wastewater customers transferred to Pennsylvania-American by the Authority.

25. The Transaction will have a beneficial effect on the wastewater customers of the Authority in that they will receive the benefit of Pennsylvania-American's experience in managing and operating water and wastewater systems, which will result in efficiencies impacting rates in a beneficial way, and improvements in the service to the customers to be transferred. Pennsylvania-American's existing water and wastewater customers will benefit because the Transaction will expand the customer base over which existing costs are recovered, thereby stabilizing or reducing per-customer costs over the long-term.

26. The Transaction is in the public interest, will provide affirmative public benefits of a substantial nature, and satisfies the applicable standard of Code Section 1103, 66 Pa. C.S. § 1103, for, among other, the following reasons:

a. Pennsylvania-American has the managerial, technical and financial capabilities and fitness to safely and adequately operate the Authority's System in compliance with the Code, the Pennsylvania Clean Streams Law (35 P.S. §§ 691.1-691.801) and other

requisite regulatory requirements, and to make improvements as needed, on a short and long term basis.

b. The acquisition will further the Commission's goal of regionalization. *See* 52 Pa. Code § 69.721(a). The Authority's System will become part of a larger organization that is more viable from a costs and rates standpoint and is committed to providing improved service in the future.

c. The transferred wastewater customers will be served by a large, financially-sound company that has the capability to finance necessary capital additions. Given its size, access to capital and its recognized strengths in system planning, capital budgeting and construction management, Pennsylvania-American is well-positioned to ensure that high quality wastewater service meeting federal and state requirements is provided to the Authority's customers and maintained for Pennsylvania-American's existing customers.

d. The transferred wastewater customers will benefit from enhanced customer service in a number of areas, such as, but not limited to, additional bill payment options, extended customer service and call center hours, customer information and education programs, and Pennsylvania-American's customer assistance program.

e. The geographic overlap between the Authority's Service Area and Pennsylvania-American's certificated service territory, as well as existing operations, creates opportunities for functional and operational consolidation, and associated efficiencies and cost savings. The Authority is a stand-alone wastewater system within Pennsylvania-American's existing water system footprint and will be operated and managed in conjunction with Pennsylvania-American's existing Wilkes-Barre/Scranton water service operations.

f. The Transaction will offer expanded opportunities to the Authority's employees for career advancement and professional growth as part of Pennsylvania-American's staff. Additionally, Pennsylvania-American's commitment to employ the Authority's eligible employees, who have dedicated their working careers to providing wastewater service to the Authority's customers, will assure continued quality service to customers and operations of the System post-closing. These expanded opportunities and continuity of operations measures are substantial public benefits associated with the Transaction.

27. The Transaction will have no immediate effect on the rates for service to be charged to Pennsylvania-American's existing customers. With regard to the wastewater customers to be transferred by the Authority, Pennsylvania-American will adopt the Authority's customer and wastewater consumption charges existing at the time of closing of the Transaction; however, as shown in the *pro forma* tariff submitted with this Application, the Authority's current bi-monthly customer charge for residential customers will be converted into a monthly customer charge for consistency with Pennsylvania-American's current billing practices. The Authority's current bi-monthly and monthly rates and PAWC's proposed monthly rates are shown on **Exhibit K**. Additionally, immediately following closing of the Transaction, the customers in the Service Area will be subject to Pennsylvania-American's prevailing wastewater tariff on file with, and as approved by, the Commission with respect to all rates other than the customer charge (known under Pennsylvania-American's current tariff as "monthly service charge") and consumption charge, including but not limited to capacity reservation fees, tapping fees and the like, as well as non-rate related terms and conditions of service, including but not limited to, billing frequency, termination procedures, and the like. Pennsylvania-American respectfully requests approval from the Commission to make effective upon closing of the

Transaction its existing rules and regulations regarding conditions of service as revised with the proposed changes shown on the *pro forma* tariff supplement attached hereto as **Exhibit L**.

28. The Authority embarked on the sale and monetization of its assets to provide its wastewater customers with the best prospect for stable rates in the face of capital and operating expenditures required to be made to maintain the Authority's system and comply with environmental requirements over the next twenty-five years. After an extensive request for proposal process, Pennsylvania-American emerged as the successful bidder based on the Authority's assessment of Pennsylvania-American's knowledge and expertise in operating water and wastewater service in the Commonwealth at reasonable rates. Wastewater rates to the Authority's customers are expected to be below those that would have otherwise been charged by the Authority over the next ten years absent the Transaction. This is a substantial and material benefit of the Transaction, along with the City's potential ability to exit from the requirements of Act 47.

B. THE RIGHTS OF PENNSYLVANIA-AMERICAN TO OFFER OR FURNISH WASTEWATER SERVICE TO THE PUBLIC IN THE CITY OF SCRANTON AND BOROUGH OF DUNMORE, LACKAWANNA COUNTY, PENNSYLVANIA.

29. Pennsylvania-American is currently furnishing water service in the service territory outlined in Paragraph 5. The Authority currently provides wastewater service to approximately 31,000 customers in the Service Area.

30. The Authority's Service Area is shown on the map in **Exhibit M** and further described in **Exhibit N**.

31. No corporation, partnership or individual other than the Authority is now furnishing or has corporate or franchise rights to furnish service similar to that to be rendered by

Pennsylvania-American in the territory covered by this Application, and no competitive condition will be created. As part of this Application, Pennsylvania-American has requested approval to acquire, by purchase, all of the assets, properties and rights of the Authority's System (other than the Excluded Assets, as set forth in the APA). Upon closing of the Transaction, the Authority will permanently discontinue all wastewater service to the public.

32. The estimated annual revenues and expenses of Pennsylvania-American in the Service Area are set forth in **Exhibit O**.

C. FILING OF CONTRACTS PURSUANT TO CODE SECTION 507

33. As part of the Transaction, multiple contracts between the Authority and certain municipal corporations are being transferred to, and assumed by, Pennsylvania-American. The Joint Applicants will make a separate "U" docket filing regarding these contracts and the APA. The Joint Applicants reserve the right to request consolidation of such "U" docket filing with this application proceeding.

D. APPROVAL OF TARIFF SUPPLEMENT TO INCORPORATE INDUSTRIAL PRETREATMENT PROGRAM

34. Pennsylvania-American also intends to make a separate tariff supplement filing during the pendency of this proceeding to incorporate into its tariff an Industrial Pretreatment Program ("IPP"), which would be applicable to wastewater customers in the Service Area. Prior coordination with the Pennsylvania Department of Environmental Protection and the United States Environmental Protection Agency is required to define the parameters of the IPP. Pennsylvania-American reserves its right to seek consolidation of the IPP tariff supplement filing with the instant application proceeding.

E. NOTICE

35. As evidenced by the Certificate of Service accompanying this Application, the Joint Applicants are serving copies of this filing on the Office of Consumer Advocate, the Office of Small Business Advocate, the Commission's Bureau of Investigation and Enforcement, and the municipal entities required to be provided with copies by the Commission's regulations at 52 Pa. Code § 3.501(f). The Joint Applicants respectfully request the Commission publish notice of this filing in the Pennsylvania Bulletin as soon as possible, with a reasonable deadline for the filing of protests, interventions, etc. in this proceeding.

F. CONCLUSION AND REQUEST FOR RELIEF

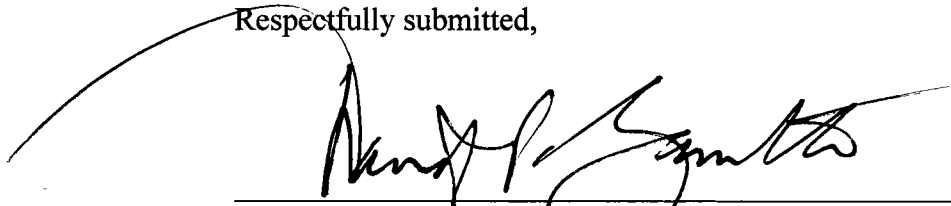
WHEREFORE, the Joint Applicants, Pennsylvania-American Water Company and the Sewer Authority of the City of Scranton, request the Pennsylvania Public Utility Commission approve the Joint Application and issue such Orders, Certificates of Public Convenience, and such other relief as may be necessary approving and authorizing:

- (a) the transfer, by sale, of substantially all the assets, properties and rights of the Sewer Authority of the City of Scranton related to or used in connection with its wastewater collection and treatment system to Pennsylvania-American Water Company in accordance with the Agreement;
- (b) the commencement by Pennsylvania-American Water Company of wastewater service to the public in the City of Scranton and Borough of Dunmore, Lackawanna County, Pennsylvania;
- (c) the adoption of the rates, and the rules and regulations regarding conditions of Pennsylvania-American's wastewater service as revised herein and set forth in the

pro forma tariff supplement attached as Exhibit L, to become effective upon closing of the Transaction; and,

- (d) the issuance of any other approvals or certificates appropriate, customary, or necessary under the Code to carry out the Transaction contemplated in this Application in a lawful manner.


Respectfully submitted,



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Attorneys for Pennsylvania-American Water Company



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(717) 237-4825

Attorneys for The Sewer Authority of the City of Scranton

Dated: March 30, 2016

Exhibit A

PENNSYLVANIA-AMERICAN WATER COMPANY

Pennsylvania-American Water Company, an investor-owned water company, with corporate offices at 800 West Hershey Park Drive, Hershey, is a subsidiary of American Water Works Company, Inc. On February 1, 1989, the then-existing Pennsylvania-American Water Company (the result of the January 1, 1987 merger of Riverton Consolidated Water Company with and into Keystone Water Company) was merged with and into Western Pennsylvania Water Company, and the name of the surviving corporation was changed to Pennsylvania-American Water Company. A brief summary of each of the three predecessor companies follows.

Riverton Consolidated Water Company was formed by the merger and consolidation of six operating water companies in 1904. It subsequently acquired seven additional systems, and at the time of its merger with Keystone, supplied water to 12 municipalities on the Harrisburg west shore, Cumberland County, and Fairview Township in York County.

Keystone Water Company resulted from the 1973 merger of 14 companies with and into White Deer Mountain Water Company. The Company later acquired four systems. It provided water service in 14 eastern Pennsylvania counties through the following distribution systems: Abington, Bangor, Berwick, Frackville, Hallstead, Hershey/Palmyra, Montrose, Moshannon Valley, Norristown, Northumberland, Susquehanna, Thompson, White Deer (Milton), and Yardley.

Western Pennsylvania Water Company was the product of the merger of 16 water companies with and into South Pittsburgh Water Company at various times from 1970 to 1973. WPW added seven water distribution systems, extending its service territory into portions of 12 western Pennsylvania counties. The company operated through the following district offices: Butler, Clarion, Connellsville, Ellwood, Indiana, Kane, Kittanning, McDonald, Mon Valley, New Castle, Pittsburgh, Punxsutawney, Uniontown, Warren, and Washington.

After the merger of Riverton and Keystone in 1987, the former Pennsylvania-American Water Company purchased five systems: Red Land Water Company in York County, Campbelltown Water Company in Lebanon County, and three systems in the Moshannon Valley area, Clearfield County - Woodland-Bigler Area Authority, Allport Water Authority, and Graham Water Association.

Since the merger of the former Pennsylvania-American Water Company (Riverton and Keystone) into Western Pennsylvania Water Company on February 1, 1989, the Company has acquired the following water and wastewater systems: Smith Township Municipal Authority system (Washington County, February 27, 1989); Abington Township system (Lackawanna County, August 5, 1989); Summit Township Municipal Authority system (Butler County, August 31, 1993); Skyline Water Company (Dauphin County, December 2, 1993); Gregg Township Municipal Authority system (Union County, April 25, 1994); P-F Area Water Association system (Washington County, October 1, 1994); Country Place Water Company, Inc. and Country Place Waste Treatment Company, Inc. (Monroe County, June 30, 1995); Hickory Water Company, Pocono Farms East Water Company, Inc., and Silver Water Company (Monroe and Pike Counties, December 21, 1995); the water utility assets of Pennsylvania Gas and Water Company (Lackawanna, Luzerne, Susquehanna and Wayne Counties, February 16, 1996); the Municipal Authority of the Township of Morris system (Clearfield County, April 24, 1996); Westford Water Company (Dauphin County, August 2, 1996); Lackawanna County Water System at Montage (Lackawanna County, April 11, 1997); Clarion Township General Authority (Clarion County, January 28, 1998); Fairview Water Company, National Utilities, Inc.-Pocono Division, and Pocono Mountains Industrial Park Authority (Monroe County, May 7, 1998); Coolbaugh Township-Fire System (Monroe County, July 28, 1998); Greene Valley Water Company (Lackawanna County,

August 28, 1998); Franklin Manor Utilities, Ltd. (Washington County, September 22, 1998); Taylor Township (Lawrence County, December 21, 1998); Evansburg Water Company (Montgomery County, December 30, 1998); Applewold Borough (Armstrong County, March 26, 1999); Cedar Grove Water Association (Washington County, July 8, 1999); Independence Township Municipal Authority (Washington County, July 8, 1999); Koppel Borough (Beaver County, November 5, 1999); Center Township (Butler County, December 30, 1999); Strattanville Borough (Clarion County, April 6, 2000); Franklin Township Municipal Authority (Beaver County, August 30, 2000); Elk Forest Estates (Wayne County, November 18, 2000); T.O.W. Associates (Butler County, February 13, 2001); City of Coatesville Authority (Chester and Lancaster Counties, March 22, 2001); Fox Knoll Water Company (Chester County, April 26, 2001); Butler Township Area Water and Sewer Authority (Butler County, April 27, 2001); Citizens Utilities Water Company of Pennsylvania (Adams, Berks, Chester, Monroe, Montgomery and Northampton Counties, January 15, 2002); LP Water & Sewer Company (Monroe and Pike Counties, April 3, 2002); Mid-Monroe Water Company (Monroe County, August 23, 2002); West Decatur Authority (Clearfield County, March 31, 2003); Rustic Acres Water Association (Pike County, September 30, 2003); Sandy Ridge Water Authority (Center County, October 14, 2003); Connoquenessing Borough Authority (Butler County, October 23, 2003); Skytop Water Company (Luzerne County, December 3, 2003); Sligo Borough Authority (Clarion County, August 31, 2004); Snowshoe at Mt. Pocono Condominiums, Inc. (Monroe County, February 24, 2005); Shipperville Municipal Authority (Clarion County, March 31, 2005); Blue Mountain Lake Associates, L.P. (Monroe County, October 31, 2005); East Fallowfield Township (Chester County, December 22, 2005); Stillwater Lakes Water Corporation (Monroe County, January 17, 2006); Winona Lakes Utilities, Inc. (Monroe and Pike Counties, January 26, 2006); Saville Rustin Water Company, Inc./Pine Ridge Community Association, Inc. (Pike County, March 29, 2006); Lexington Woods Corporation (Monroe County, July 24, 2006); Community Association of Pocono Farms, Incorporated (Monroe County, July 31, 2006); Redstone Water Company (Fayette and Washington Counties, March 20, 2007); Mountain Top Estates Property Owners Association (Monroe County, May 30, 2008); Claysville-Donnegal Joint Municipal Authority (Washington County, July 31, 2008); Three Lane Utilities, Inc. (Pike County, September 10, 2008); Clarion Area Authority (Clarion County, October 30, 2008); Boggs Township (Centre County, September 10, 2009); Amwell Township Water Authority (Washington County, September 23, 2009); Wallacetown Municipal Authority (Clearfield County, October 1, 2009); Saxonburg Area Authority (Butler County, October 28, 2009); Nittany Water Company (Centre and Clinton Counties, February 3, 2010); Sutton Hills Homeowners Association (Luzerne County, May 5, 2010); Birch Acres Water Works, Inc. (Monroe County, December 7, 2010); Helen Norella and Louis & Isabelle Norella (Lackawanna County, October 5, 2011); Wildcat Park Corporation (Schuylkill County, November 17, 2011); Estate of George Spangenberg d/b/a Lake Spangenberg Water Company (Lackawanna County, May 3, 2012); North Fayette County Municipal Authority-Balsinger Public Water System and Springfield Pike Public Water System (Fayette County, October 4, 2012); All Seasons Water Company (Pike County, December 20, 2012); Ha Ra Corporation-Fernwood Community Water System (Monroe County, December 31, 2012); Olwen Heights Water Service Company, Inc. (Lackawanna County, February 4, 2013); Indian Rocks Water Association (Wayne County, March 13, 2013); Koppel Borough (Beaver County, May 31, 2013); Pocono Mountain Lake Forest Community Association (Pike County, July 22, 2013); Clean Treatment Sewage Company (Pike County, August 21, 2013); Franklin Township Municipal Authority (Adams County, August 29, 2013); Berry Hollow Water Company (Northampton County, April 3, 2014); Scott Township (Lackawanna County, May 22, 2014); Paint-Elk Joint Sewer Authority (Clarion County, July 31, 2014); Hamiltonban Township Municipal Authority (Adams County, November 3, 2014); Abbey Woods Homeowners Association (Butler County, July 14, 2015); Shipperville Borough (Clarion County, August 4, 2015); Paint Township Municipal Water Authority (Clarion County, October 1, 2015); McEwensville Municipal Authority (Northumberland County, October 21, 2015) and Fairview Township (York County, December 22, 2015). On July 2, 1990, Brownsville Water Company (Fayette County) and California Water Company (Washington County) were acquired and merged into the Company. On June 16, 1992, the former Forge Road Acres water

Exhibit A

system (Cumberland County) was sold to South Middleton Township. On March 24, 2003, Salisbury Water Supply Company (State of Massachusetts) was acquired and merged into the Company.

As a result of the various mergers and acquisitions, the Company furnishes water service to about 651,188 customers in the following municipalities:

All, or portions of, the Townships of Mount Joy, Mount Pleasant and Straban in Adams County;

All, or portions of, the Cities of Clairton and Pittsburgh (16th, 18th, 19th, 20th, 23rd, 29th, 30th, 31st and 32nd Wards), the Boroughs of Baldwin, Bethel Park, Brentwood, Bridgeville, Carnegie, Castle Shannon, Crafton, Dormont, Dravosburg, Elizabeth, Glassport, Greentree, Heidelberg, Homestead, Ingram, Jefferson, Liberty, Lincoln, Mt. Oliver, Munhall, Pleasant Hills, Rosslyn Farms, Thornburg, West Elizabeth, West Homestead, West Mifflin, Whitaker and Whitehall and the Townships of Baldwin, Collier, Elizabeth, Forward, Mt. Lebanon, North Fayette, Robinson, Scott, South Fayette, South Park and Upper St. Clair in Allegheny County;

All, or portions of, the Boroughs of Appewold and Kittanning and the Townships of Manor and Rayburn in Armstrong County;

All, or portions of, the Boroughs of Big Beaver, Ellwood City, Frankfort Springs and Koppel and the Townships of Franklin, Hanover and North Sewickly in Beaver County;

All, or portions of, the Boroughs of Sinking Spring, St. Lawrence, West Lawn³ and Wyomissing² and the Townships of Amity, Cumru, Earl, Exeter, Lower Heidelberg, Ruscombmanor, South Heidelberg and Spring in Berks County;

All, or portions of, the Borough of Yardley and the Townships of Falls and Lower Makefield in Bucks County;

All, or portions of, the City of Butler, the Boroughs of Connoquenessing, East Butler and Saxonburg and the Townships of Butler, Center, Clinton, Connoquenessing, Donegal, Forward, Franklin, Jackson, Jefferson, Lancaster, Oakland, Penn and Summit in Butler County;

All, or portions of, the Boroughs of Philipsburg and South Philipsburg and the Townships of Boggs, Rush and Walker in Centre County;

All, or portions of, the City of Coatesville, the Boroughs of Atglen, Parkesburg, South Coatesville and Spring City and the Townships of Caln, East Coventry, East Fallowfield, East Pikeland, East Vincent, Highland, Sadsbury, Schuylkill, Valley, West Caln, West Sadsbury and West Vincent in Chester County;

All, or portions of, the Boroughs of Clarion, Shippenville, Sligo and Strattanville and the Townships of Clarion, Elk, Farmington, Highland, Knox, Limestone, Monroe, Paint and Piney in Clarion County;

All, or portions of, the Boroughs of Chester Hill, Osceola Mills and Wallaceton and the Townships of Boggs, Bradford, Decatur, Graham and Morris in Clearfield County;

All, or portions of, the Township of Porter in Clinton County;

Exhibit A

Page 3 of 6

All, or portions of, the Boroughs of Berwick and Briar Creek and the Township of Briar Creek in Columbia County;

All, or portions of, the Boroughs of Camp Hill, Lemoyne, New Cumberland, Shiremanstown, West Fairview¹ and Wormleysburg and the Townships of East Pennsboro, Hampden, Lower Allen, Silver Spring and Upper Allen in Cumberland County;

All, or portions of, the Townships of Conewago, Derry, Londonderry, South Hanover and West Hanover in Dauphin County;

All, or portions of, the Cities of Connellsville and Uniontown, the Boroughs of Brownsville and South Connellsville and the Townships of Brownsville, Bullskin, Connellsville, Dunbar, German, Jefferson, Luzerne, Menallen, North Union, Redstone and South Union in Fayette County;

All, or portions of, the Borough of Indiana and the Township of White in Indiana County;

All, or portions of, the Boroughs of Big Run and Punxsutawney and the Townships of Bell, Gaskill, Henderson, McCalmont and Young in Jefferson County;

All, or portions of, the Cities of Carbondale and Scranton, the Boroughs of Archbald, Blakely, Clarks Green, Clarks Summit, Dalton, Dickson City, Dunmore, Jermyn, Jessup, Mayfield, Moosic, Old Forge, Olyphant, Taylor, Throop and Vandling and the Townships of Abington, Carbondale, Fell, Glenburn, Jefferson, North Abington, Roaring Brook, Scott and South Abington in Lackawanna County;

All, or portions of, the Borough of Quarryville and the Townships of Bart, Colerain, Eden and Sadsbury in Lancaster County;

All, or portions of, the City of New Castle; the Boroughs of Ellport, Ellwood City, New Beaver and South New Castle and the Townships of Hickory, Mahoning, Neshannock, North Beaver, Perry, Shenago, Taylor, Union and Wayne in Lawrence County;

All, or portions of, the Borough of Palmyra and the Townships of Annville, North Annville, North Londonderry, South Annville and South Londonderry in Lebanon County;

All, or portions of, the Cities of Nanticoke, Pittston and Wilkes-Barre, the Boroughs of Ashley, Avoca, Courtdale, Dallas, Dupont, Duryea, Edwardsville, Exeter, Forty Fort, Hughestown, Kingston, Laflin, Larksville, Laurel Run, Luzerne, Nescopeck, Plymouth, Pringle, Shickshinny, Sugar Notch, Swoyersville, Warrior Run, West Pittston, West Wyoming, Wyoming and Yatesville and the Townships of Conyngham, Fairview, Hanover, Hunlock, Jackson, Jenkins, Kingston, Newport, Pittston, Plains, Plymouth, Rice, Salem, Union, Wilkes-Barre and Wright in Luzerne County;

All, or portions of, the Borough of Kane and the Township of Wetmore in McKean County;

All, or portions of, the Borough of Mount Pocono and the Townships of Coolbaugh, Hamilton, Middle Smithfield, Ross, Smithfield and Stroud in Monroe County;

Exhibit A

All, or portions of, the Boroughs of Bridgeport, Norristown and Royersford and the Townships of East Norriton, Limerick, Lower Pottsgrove, Lower Providence, Perkiomen, Plymouth, Skippack, Upper Merion, Upper Providence, West Norriton, Whitmarsh, Whitpain and Worcester in Montgomery County;

All, or portions of, the Boroughs of Bangor, Belfast, Nazareth, Pen Argyl, Roseto, Stockertown, Tatamy and Wind Gap and the Townships of Bushkill, Forks, Lower Mount Bethel, Lower Nazareth, Palmer, Plainfield, Upper Mount Bethel, Upper Nazareth and Washington in Northampton County;

All, or portions of, the Boroughs of McEwensville, Milton, Northumberland and Watsontown and the Townships of Delaware, East Chillisquaque, Point, Turbot, Upper Augusta and West Chillisquaque in Northumberland County;

Portions of the Townships of Delaware, Lehman and Westfall in Pike County;

All, or portions of, the Borough of Frackville and the Townships of Butler, Mahanoy, New Castle, Walker and West Mahanoy in Schuylkill County;

All, or portions of, the Boroughs of Forest City, Great Bend, Hallstead, Lanesboro, Montrose, Susquehanna and Thompson and the Townships of Bridgewater, Great Bend, Harmony and Oakland in Susquehanna County;

All, or portions of, the Borough of Lewisburg and the Townships of Buffalo, East Buffalo, Gregg, Kelly and White Deer in Union County;

All, or portions of, the City of Warren and the Townships of Conewango, Glade, Meade, and Pleasant in Warren County;

All, or portions of, the Cities of Monongahela and Washington and the Boroughs of Burgettstown, California, Canonsburg, Claysville, Coal Center, East Washington, Finleyville, Houston, McDonald, Midway, New Eagle, West Brownsville and West Middletown and the Townships of Amwell, Buffalo, Canton, Carroll, Cecil, Chartiers, Cross Creek, Donegal, East Finley, Fallowfield, Hanover, Hopewell, Independence, Jefferson, Morris, Mount Pleasant, North Franklin, North Strabane, Nottingham, Peters, Robinson, Smith, Somerset, South Franklin, South Strabane, Union and West Pike Run in Washington County;

Portions of the Townships of Clinton and Salem in Wayne County; and

All, or portions of, the Townships of Fairview and Newberry in York County.

As a result of acquisitions, the Company furnishes wastewater service to about 21,216 customers in the following municipalities:

All, or portions of, the Townships of Franklin, Hamiltonban and Highland, Adams County;

All of the Borough of Koppel in Beaver County;

All, or portions of, the City of Coatesville, the Boroughs of Parkesburg and South Coatesville and the Townships of Caln, East Fallowfield, Highland, Sadsbury, Valley, West Caln and West Sadsbury in Chester County;

All, or portions of, the Borough of Clarion and the Townships of Clarion, Elk, Monroe and Paint in Clarion County;

Portions of the Townships of Coolbaugh, Middle Smithfield, Smithfield and Stroud in Monroe County;

All of the Borough of McEwensville in Northumberland County;

Portions of the Townships of Delaware and Lehman in Pike County; and

All, or portions of, the Borough of Claysville and the Township of Donegal in Washington County.

¹ West Fairview Borough was merged into East Pennsboro Township in 1998.

² Wyomissing Hills was merged into Wyomissing Borough in 2002.

³ West Lawn was merged into Spring Township in 2006.

[405 municipalities in 36 counties.]

12/31/2015

Exhibit B

Scranton Sewer Authority
Balance Sheet
December 31, 2015
(Dollars in thousands)

	December 31, 2015 (Unaudited)	
Assets		
Cash and cash equivalents	\$	35,987
Other current assets	\$	9,314
Total property plant and equipment	\$	78,463
Other L/T Assets	\$	1,065
Total Assets	\$	124,830
Capitalization and liabilities		
Short Term Debt	\$	261
Other current liabilities	\$	2,823
Total Long-term Debt	\$	60,841
Stockholder's equity	\$	60,905
Total Capitalization and liabilities	\$	124,830

Exhibit B

Exhibit C

PA American Water
Balance Sheet
December 31, 2015
(Dollars in thousands)

December 31,
2015
(Unaudited)

Assets

Cash and cash equivalents	\$	(6,117)
Other current assets	\$	89,427
Total property plant and equipment	\$	3,568,250
Regulatory assets & other L/T Assets	\$	242,477
Total Assets	\$	3,894,037

Capitalization and liabilities

Short Term Debt	\$	66,393
Other current liabilities	\$	136,015
Total Long-term Debt	\$	1,167,236
Regulatory & other Long Term Liabilities	\$	1,131,606
Stockholder's equity	\$	1,392,787
Total Capitalization and liabilities	\$	3,894,037

Exhibit C

Exhibit D

Scranton Sewer Authority
Estimated Annual Income Statement
(Dollars in thousands)

	Annual (Estimated)	
Operating revenues	\$	23,200
Operating expenses		
Operation and maintenance	\$	11,800
Depreciation and amortization	\$	4,525
General Taxes and Other	\$	740
Total Operating Expenses	\$	17,065
Operating income	\$	6,135
Other income/(expenses)		
Interest expense, net	\$	(4,130)
Total Other Expenses	\$	(4,130)
Income before income taxes	\$	2,005
Provision for income taxes	\$	830
Net income	\$	1,175

Exhibit D

Exhibit E

PA American Water
Income Statement for the 12 Months Ended December 31, 2015
(Dollars in thousands)

	12 Months Ended December 31, 2015 (Unaudited)	
Operating revenues	\$	613,698
Operating expenses		
Operation and maintenance	\$	199,425
Depreciation and amortization	\$	95,589
General taxes and other	\$	11,447
Total Operating Expenses	\$	306,461
Operating income	\$	307,237
Other income/(expenses)		
Other income, net	\$	(197)
Interest expense, net	\$	(65,379)
Total Other Expenses	\$	(65,577)
Income before income taxes	\$	241,660
Provision for income taxes	\$	98,801
Net income	\$	142,859

Exhibit E

Exhibit G

PA American Water & Scranton Sewer Authority
Pro-Forma Balance Sheet
December 31, 2015
(Dollars in thousands)

	PA American Water December 31, 2015 (Unaudited)	Scranton Sewer Authority December 31, 2015 (Unaudited)	Pro-Forma Combined December 31, 2015
Assets			
Cash and cash equivalents	\$ (6,117)	\$ 35,987	\$ 29,870
Other current assets	\$ 89,427	\$ 9,314	\$ 98,741
Total property plant and equipment	\$ 3,568,250	\$ 78,463	\$ 3,646,713
Regulatory assets & other L/T Assets	\$ 242,477	\$ 1,065	\$ 243,542
Total Assets	\$ 3,894,037	\$ 124,830	\$ 4,018,867
Capitalization and liabilities			
Short Term Debt	\$ 66,393	\$ 261	\$ 66,654
Other current liabilities	\$ 136,015	\$ 2,823	\$ 138,838
Total Long-term Debt	\$ 1,167,236	\$ 60,841	\$ 1,228,077
Regulatory & other Long Term Liabilities	\$ 1,131,606	\$ -	\$ 1,131,606
Stockholder's equity	\$ 1,392,787	\$ 60,905	\$ 1,453,692
Total Capitalization and liabilities	\$ 3,894,037	\$ 124,830	\$ 4,018,867

Exhibit G

Exhibit H

PA American Water & Scranton Sewer Authority
Pro-forma Combined Income Statement
(Dollars in thousands)

	PA American Water 12 Months Ended December 31, 2015 (Unaudited)	Scranton Sewer Authority Annual Estimated	Pro Forma Combined Income Statement
Operating revenues	\$613,698	\$ 23,200	\$ 636,898
Operating expenses			
Operation and maintenance	\$199,425	\$ 11,800	\$ 211,225
Depreciation and amortization	\$95,589	\$ 4,525	\$ 100,114
General taxes and other	\$11,447	\$ 740	\$ 12,187
Total Operating Expenses	\$306,461	\$ 17,065	\$ 323,526
Operating income	\$307,237	\$ 6,135	\$ 313,372
Other income/(expenses)			
Other income, net	(\$197)	-	\$ (197)
Interest expense, net	(65,379)	\$ (4,130)	\$ (69,509)
Total Other Expenses	(65,577)	\$ (4,130)	\$ (69,707)
Income before income taxes	\$241,660	\$2,005	\$ 243,665
Provision for income taxes	\$98,801	\$ 830	\$ 99,631
Net income	\$142,859	\$ 1,175	\$ 144,034

EXHIBIT H

Exhibit I

PENNSYLVANIA AMERICAN WATER

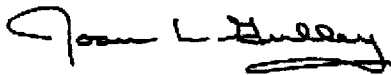
Unanimous Consent of Directors

The undersigned, being all of the Directors of Pennsylvania American Water, a Pennsylvania corporation (the "Company"), do hereby approve, adopt and consent to the following resolutions and agree that said resolutions shall have the same force and effect as though duly adopted at a meeting of the Board of Directors duly called and held:

RESOLVED, that the proper officers of the Company be, and hereby are, authorized and directed to execute and deliver to the Scranton Sewer Authority an agreement to purchase assets of the Scranton Sewer Authority's wastewater system; and

RESOLVED, that the proper officers including but not limited to the President or a Vice President of the Company be, and hereby are, authorized and directed to execute and deliver any and all documents, make all filings and do any other thing which they may deem necessary, proper or desirable to effectuate the purposes of the foregoing resolution, and to carry out the closing of the purchase of the Scranton Sewer Authority's wastewater system.

All signatures need not appear on the same copy of this consent.



J.L. Gulley 03.15.2016 1:30 PM



R.W. Simms 03.14.2016 3:34 PM



K.L. Pape 03.21.2016 9:14 AM



W.M. Varley 03.18.2016 10:31 AM



R.M. Ross 03.14.2016 3:56 PM

Exhibit J

RESOLUTION
OF THE BOARD OF
THE SEWER AUTHORITY OF THE CITY OF SCRANTON,
PENNSYLVANIA
MARCH 28, 2016

**SELLING THE ASSETS, AND SELLING ALL RIGHT,
TITLE AND INTEREST IN THE ASSETS, THAT CONSTITUTE
AND COMPRISE THE WASTEWATER COLLECTION SYSTEM
AND WASTEWATER TREATMENT PLANT OF THE SEWER
AUTHORITY OF THE CITY OF SCRANTON AND CONVEYING
THEREWITH ALL PERMITS, REVENUES, REAL ESTATE,
OBLIGATIONS AND LIABILITIES OF THE SEWER
AUTHORITY OF THE CITY OF SCRANTON**

A RESOLUTION AUTHORIZING THE SALE OF THE SEWER AUTHORITY OF THE CITY OF SCRANTON'S WASTEWATER COLLECTION SYSTEM AND WASTEWATER TREATMENT PLANT; AUTHORIZING THE ENTERING INTO OF AN ASSET PURCHASE AGREEMENT AS THE SOLE AND SINGULAR MEANS OF CONVEYANCE OF SAID COLLECTION SYSTEM AND TREATMENT PLANT; AND AUTHORIZING THE OFFICERS OF THE BOARD OF DIRECTORS OF THE SEWER AUTHORITY OF THE CITY OF SCRANTON TO SIGN AN ASSET PURCHASE AGREEMENT AND ANY AND ALL DOCUMENTS NECESSARY TO EFFECTUATE THE TRANSACTION CONTEMPLATED IN SAID ASSET PURCHASE AGREEMENT.

WHEREAS, The Sewer Authority of the City of Scranton, Pennsylvania (the "Authority"), a public body, body corporate, body politic, and extension of the Commonwealth, created and existing under the Municipality Authorities Act of 1945, as amended and supplemented; and

WHEREAS, the Authority, which primarily services the residents and ratepayers of the City of Scranton and the Borough of Dunmore, acting by and through a Board of Directors, owns and operates a wastewater collection system and wastewater treatment plant (the "System"); and

WHEREAS, the collection system is a 100 year-old, gravity fed, combined sewer and stormwater, conveyance system with a 60 MGD capacity, wastewater treatment plant built in 1969-1970; and

WHEREAS, as a result of litigation brought by the United States Department of Justice (“USDOJ”) on behalf of the United States Environmental Protection Agency (“USEPA”), (United States of America v. The Sewer Authority of the City of Scranton, Civil Action No. 3:CV-09-1873) for combined sewer overflow events in wet and dry weather scenarios alike, the Authority entered into a Consent Decree with DOJ, dated November 15, 2012 and signed by DOJ on December 13, 2012, and, thereunder, the Authority has committed to a 25 year, Long Term Control Plan, infrastructure improvement obligation to minimize, and to a certain extent in a majority of the system eliminate, combined sewer overflows at estimated construction costs of 140 million, said improvements requiring a series of rate increases; and

WHEREAS, the Authority, after thorough investigation and significant deliberation, has determined that the synergies, economies of scale, multiple abilities to raise capital, and expertise of a nationwide water and sewer public utility are the best way to accomplish the environmental goals contemplated by the Consent Decree and are in the best interests of the ratepayers of the City of Scranton and the Borough of Dunmore; and

WHEREAS, the Authority issued on March 3, 2015, a Request for Proposals (“RFP”) regarding the management and/or sale of the System, as it explored ways to achieve operating efficiencies, to improve wastewater service, to keep future customer rates as low as possible and to raise the capital necessary to fund and implement the important, necessary, and federally mandated infrastructure improvements; and

WHEREAS, Pennsylvania American Water Company (“PAWC”), among other potential buyers, responded to the RFP and, subsequently, to the Authority’s request for Best and Final Offers (“BAFO”), and engaged in extensive discussions with the Authority which resulted in the Authority and PAWC entering into a Memorandum of Understanding (“MOU”), dated December 15, 2015, which was modified on March 14, 2016, for the sale and transfer of the System; and

WHEREAS, the Authority, on January 14, 2016, hired the law firm of Buchanan Ingersoll & Rooney to aid in the transaction contemplated herein, to draft a definitive agreement that encapsulates the terms of the MOU and the subsequent agreements between the parties, and to file a joint application to the Pennsylvania Public Utility Commission (“PAPUC”) with PAWC; and

WHEREAS, the Authority and PAWC, since executing the MOU, have engaged in extensive due diligence, discussions and negotiations and have agreed upon terms for an Asset Purchase Agreement (“APA”) in substantially the same form presented to the Authority and its Board of Directors herewith; and

WHEREAS, in reliance upon the representations, warranties and covenants of the Authority set forth in the APA, the Authority shall (i) sell, transfer, assign and deliver to the PA WC all the

assets of the Sewer System (other than excluded assets) and in connection therewith and II transfer certain ongoing obligations and liabilities to PAWC (which they agree to assume) that relate to the operation of the system, all on the terms and subject to the condition set forth in the APA; and

WHEREAS, pursuant to the terms of the APA, the customers of the System will experience in the first ten years after the transaction a significant reduction in the Authority's currently planned sewer rates, meaning that, as per the terms of the APA, the sewer rates will not increase to the extent that the Authority, acting on its own, would require; and

WHEREAS, the APA sets forth that during the first ten years of ownership PAWC may not raise the sewer rates more than an average of 1.9% compound annual growth rate ("CAGR") per year; and

WHEREAS, the APA will shift to PAWC the obligations of Consent Decree compliance and Long Term Control Plan implementation currently estimated to be at or near \$140,000,000; and

WHEREAS, the purchase price for the sale, transfer, assignment, conveyance and delivery of the assets shall be One Hundred Ninety-Five Million Dollars (\$195,000,000.00) subject to the adjustments contemplated in the APA; and

WHEREAS, in the opinion of the Board of Directors of the Authority, it is in the best interests of the Authority, the ratepayers, the stakeholders, the City of Scranton and the Borough of Dunmore, to sell the Authority's assets pursuant to the terms of the APA;

NOW THEREFORE, BE IT RESOLVED by the Board of Directors of The Sewer Authority of the City of Scranton, Pennsylvania hereby authorizes to the Authority enter into execute and deliver the APA and other related documents and take all necessary actions necessary to close the transaction herein contemplated and be it;

1. TRANSACTIONS

FURTHER RESOLVED, In reliance upon the representations, warranties, and covenants of the Authority set forth in the Asset Purchasing Agreement, the authority shall sell, transfer, assign, and deliver to PAWC all the assets of the Sewer System (other than excluded assets) and in connection therewith, to PAWC. The Authority shall transfer certain ongoing obligations and liabilities to PAWC (which the agree to assume) that relate to the operation of the System, all on the terms and subject to the conditions set forth in the Asset Purchasing Agreement; and be it

2. SALE PRICE

FURTHER RESOLVED, The Authority of the City of Scranton shall enter into an Asset Purchase Agreement with the PAWC in the gross total price of 195,000,000. Said price shall be reduced by the amount necessary to bring closing Cash Balance to 38,340,626.00 Further, at closing there will be a cost of full defeasances of the total amount of the outstanding

indebtedness as of the closing effective time; and be it

3. REDUCTIONS IN SALE PRICE:ESCROW

FUTHER RESOLVED, Authority agrees that an Escrow in the amount of Five Million (\$5,000,000) Dollars shall be held for a period of eighteen months to ensure the representations and warranties made by the Authority. Further, Authority shall be responsible to secure a policy of insurance for other representations and warranties to secure any and all amounts above the five million dollar escrow not to exceed 12.5 million dollars; and be it

4.TRANSFER TAXES

FURTHER RESOLVED, the Authority agrees to pay Twenty-Five (25%) percent of said transfer tax, not to exceed \$100, 562.28 of the estimated transfer tax. (estimated to be \$403,000.00) ; and be it

5. ASSETS TO BE TRANFERRED

FURTHER RESOLVED, the Authority shall transfer all assets, properties, business, goodwill and rights of the Authority of every kind and description, whether tangible or intangible, real, personal, leased or owned, which are used for the operation of the system shall be transferred unless specifically excluded.

FURTHER RESOLVED, that the Authority shall transfers its cash and cash equivalents, including certain accounts receivable, assigned contracts, supplies, equipment, machinery, system pipes, plants and plant equipment security deposits, files and records, license and permits, combined sewer system assets and goodwill, and any other assets as defined by the APA; and be it

6. EXCLUDED ASSETS

FURTHER RESOLVED, that the Authority shall exclude from the sale all storm water system assets; all insurance policies and rights to applicable claims thereunder- certain equipment and machinery necessary to operate the storm water system, excluded accounts receivable and liens held by the Authority which are not assignable as a matter of law, as provide in the APA; and be it

7.ASSUMED LIABILITIES

FURHTER RESOLVED, that the Authority by way of the APA and as a fundamental condition to this Resolution and the execution of the APA shall be discharged from and PAWC shall assume all liabilities and obligations under what is commonly referred to as the "Consent Decree." PAWC shall assume responsibilities for any obligations regarding implementation of the CSO Control Measures to be performed after closing; and be it

8. WASTE WATER RATES

FURTHER RESOLVED that the Authority is authorizing the transaction with the express understanding that (i) PAWC will not implement any rate increase for the Service Area wastewater customers that would effective prior to January 1, 2018, (ii) PAWC will not implement a rate increase for the Service Area wastewater customers greater than the average 1.9% CAGR over the initial ten (10) year period, and (iii) the APA sets forth additional restrictions for rate increases for years eleven(11) through thirteen (13); and be it

9. EMPLOYMENT MATTERS

FURTHER RESOLVED that the Authority is entering this transaction with the understanding that PAWC will offer employment to Union and Non-Union personnel with overall benefits and at a rate of compensation that is substantially comparable to the compensation offered by the Authority, as of April 1, 2016; and be it

10. COOPERATION

FURTHER RESOLVED that the Authority shall cooperate with PAWC to effectuate the transaction herein contemplated, including but not limited to; (i) filing with any Court and the Pennsylvania Public Utility Commission, and(ii) filing a joint motion with the United States Department of Justice in the United States District Court for the Middle District of Pennsylvania; and be it

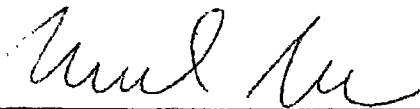
11. AUTHORIZATION

FURTHER RESOLVED, that the Authority hereby authorizes and directs any of its officers to execute, and to deliver the Asset Purchase Agreement in substantially the form provided to the Board of Directors with such changes as approved by the Authority Solicitors. and such other documents and to do such other things as may be necessary to carry out the purposes of the Asset Purchase Agreement.

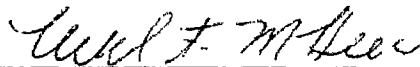
Adopted this 25TH day of March 2016.

ATTEST:

THE SEWER AUTHORITY OF THE CITY OF SCRANTON, PENNSYLVANIA



SECRETARY



CHAIRMAN

(AUTHORITY SEAL)

Exhibit K

Rate Schedule

Residential:

	<u>Sewer Authority of The City of Scranton</u>	<u>Scranton under PAWC</u>
Customer Charge	\$39.00 Bi-Monthly	\$19.50 Monthly
Consumption Charge	\$5.00 (per 1,000 gallons)	\$0.50 (per 100 gallons)
Flat Rate	\$43.07 Bi-Monthly	\$21.53 Monthly

Non Residential - Commercial Apartments:

	<u>Sewer Authority of The City of Scranton</u>	<u>Scranton under PAWC</u>
Customer Charge	\$19.50 Monthly	\$19.50 Monthly
Consumption Charge	\$5.00 (per 1,000 gallons)	\$0.50 (per 100 gallons)

Non Residential - Commercial Other than Apartments, Industrial & Municipal:

	<u>Sewer Authority of The City of Scranton</u>	<u>Scranton under PAWC</u>
Customer Charge	\$19.50 Monthly	\$19.50 Monthly
Consumption Charge		
Up to 5,000 gallons	\$5.00 (per 1,000 gallons)	\$0.50 (per 100 gallons)
All over	\$7.75 (per 1,000 gallons)	\$0.775 (per 100 gallons)

Exhibit L

RATES FOR RATE ZONE 11 - The rates as set forth below will be in effect for all Scranton Sewer wastewater customers. (C)

Metered Charges (Based on Water Usage or Sewage Flows, determined at PAWC's discretion)

All metered customers shall be subject to a monthly service charge per equivalent dwelling unit (EDU).

A. Residential

Service charge per month:	\$19.50
Usage charge per 100 gallons:	\$.50
Flat Rate	\$21.53

B. Commercial - Apartments

Service charge per month:	\$19.50
Usage charge per 100 gallons:	\$.50

C. Commercial Other than Apartments, Industrial and Municipal

Service charge per month:	\$19.50
Usage charge per 100 gallons	
First 5,000 gallons per month	\$.50
All Over 5,000 gallons per month	\$.775

Issued:

Effective:

RULES AND REGULATIONS

PART II: DEFINITIONS

The following words and phrases, when used in this tariff, shall have the meanings assigned below unless the context clearly indicates otherwise:

1. **Applicant:** A person, association, partnership, corporation, municipality, authority, state or federal governmental agency or other entity who applies to become a customer of the Company in accordance with Part III, Section A, of this tariff.
2. **B.O.D. (Biochemical Oxygen Demand):** The quantity of oxygen, expressed in milligrams per liter, utilized in the biochemical oxidation of organic matter under the standard laboratory procedure for five (5) days at twenty (20) degrees Centigrade. The standard laboratory procedure shall be that found in the latest approved edition of "Standard Methods for the Examination of Water and Sewage" published by the American Public Health Association, the American Water Works Association, and/or the Water Pollution Control Federation. (C)
3. **Capacity Reservation fee:** A fee charged by the Company for the allocation of capacity on a per EDU basis.
- 3a. **Combined Sewer:** A sewage collection system which conveys both sanitary sewage and storm water flow. (C)
4. **Commission:** The Pennsylvania Public Utility Commission.
5. **Company:** Pennsylvania-American Water Company and its duly authorized officers, agents and employees, each acting within the scope of his authority and employment.
6. **Company Service Line:** Company owned wastewater service line from the sewer main of the Company which connects to the Customer Service Line at the edge of the right-of-way or actual property line.
7. **Customer:** A person or entity who is an owner, occupant or who contracts with the Company for or who takes or receives wastewater collection, treatment and/or disposal service.
8. **Customer Service Line:** Customer owned wastewater service line extending from the end of the Company Service Line or connection to and within the customer's premise.

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9. **Domestic Wastewater:** The liquid waste or liquid borne waste: (1) resulting from the non-commercial preparation, cooking and handling of food; (2) consisting of human excrement; or (3) consisting of wastewater, non-commercial laundering water, domestic housekeeping wastewater, and similar types of wastes from sanitary uses, whether generated in residences or sanitary facilities in commercial or industrial facilities, but does not include any storm water or ground water introduced from facilities such as roof leaders, sump pumps, floor drains or industrial wastewater. ~~Domestic Wastewater includes sanitary wastes having suspended solids (SS) less than 300mg/L, 5 day Biochemical Oxygen Demand (BOD₅) less than 300 mg/L, and a chlorine demand less than 25mg/L.~~ (C)
10. **Dwelling Unit:** A structure or dwelling intended to be occupied as a whole by one family.
11. **Equivalent Dwelling Units (EDU):** The EDU is a measure based upon the estimated average daily wastewater flow for the type of business, as calculated by the PaDEP Regulation at 25 Pa Code: 73.17 divided by the typical estimated average daily wastewater flow from a current single-family unit. ~~(One EDU shall be equal to 225 gallons per day of sewage for a single family unit, unless modified by the Company).~~ (C)
12. **Garbage:** The solid wastes from domestic cooking and dispensing of food, and from the handling and storage of produce.
13. **Garbage Properly Shredded:** The term "Properly Shredded Garbage", as used herein, shall mean the wastes from the preparation, cooking, and dispensing of food that have been shredded to such degree that all particles will be carried freely under the flow conditions normally prevailing in public sewers, with no particle greater than one-half inch in dimension.
14. **Grinder pump:** Any mechanical or powered device, owned by the Customer, used to grind, macerate or fluidize garbage so that it can be discharged into the Sanitary Sewer.
15. **Industrial/Commercial Wastes:** Any liquid, gaseous or water borne wastes from industrial processes or commercial establishments, as distinct from domestic wastewater.
16. **Industrial/Commercial Waste Permit:** A wastewater permit issued as required by the Company to an Industrial/Commercial user which discharges Industrial/Commercial Waste.

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17. **Industrial/Commercial Waste Pretreatment Program:** A program established by the Company that requires industrial and commercial dischargers to monitor, test, treat and control as necessary pollutants in their wastewater prior to discharge into the Sanitary or Combined Sewer. (C)
18. **Line extension (for line extension purposes):** An addition to the Company's main line which is necessary to serve the premises of a Customer. Refer to Section G.
19. **Main:** The Company's pipe, excluding service connections, located in a public highway, street, alley or private right-of-way which pipe is used in transporting wastewater.
20. **Meter:** Any device supplied by the Company or other for the purpose of measuring water consumption or wastewater discharge.
21. **Nonresidential Service:** Wastewater service supplied to a commercial or industrial building, including a hotel or motel, or to a master-metered trailer park or multi-tenant apartment building, or to any customer who purchases wastewater service from the Company for the purpose of resale.
22. **Pretreatment:** The application of physical, chemical and/or biological processes to reduce the amount of pollutants in, or alter the nature of the polluting properties of, an industrial/commercial process wastewater prior to discharging such wastewater into the Sanitary or Combined Sewer. (C)
23. **Public Utility:** Persons or corporations owning or operating equipment or facilities in this Commonwealth for water, electric or wastewater collection, treatment, or disposal for the public for compensation.
24. **Residential Service:** Wastewater service supplied to an individual single-family residential dwelling unit.
25. **Regulatory Agency:** Agencies, including but not limited to the Commission, the Pennsylvania Department of Environmental Protection (DEP), U.S. Environmental Protection Agency (EPA), which have authority over the operations of and/or discharges into and/or from the Company's treatment facilities.

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26. **Sanitary Sewer:** A sewer which primarily carries sanitary wastewater, together with such storm, surface and ground water as may be present.
27. **Storm Sewer:** A sewer which carries surface, ground water, or storm water from the buildings, ground, streets, or other areas.
28. Storm Water Flow: Any flow occurring during or following any form of natural precipitation, and resulting from such precipitation, including snowmelt. (C)
298. Suspended Solids: Solids that either float on the surface of, or are in suspension in water, wastewater, or other liquids, and which are largely removable by filtration. (C)
3029. Tariff: All of the service rates, rules and regulations issued by the Company, together with any supplements or revisions thereto, officially approved by the Commission and contained in this document. (C)
310. Toxic Substances: Any substances where gaseous, liquid or solid waste which, when discharged to a public sewer in sufficient quantities, will be detrimental to any biological wastewater treatment process, constitute a hazard to human beings or animals, inhibit aquatic life, or create a hazard to recreation in receiving waters of the effluent from a wastewater treatment plant, or as defined pursuant to PL 92500 (Federal Water Pollution Control Act Amendments of 1972) or its amendments. (C)
321. Wastes: Any liquid, gaseous, or solid substances or combination thereof which are discarded, leached, or spilled substances or combination thereof including sanitary wastewater but excluding storm-water. (C)
332. Wastewater: The liquid and water-carried wastes from dwellings, commercial facilities, industrial facilities and institutions, together with any groundwater, surface water, and storm water that may be present, whether treated or untreated, in the Company's sewer system. (C)

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Effective:

PART III: RULES AND REGULATIONS

Section A - Applications for Service

1. **Service Application Required:** All applications for service must be in writing on a form provided by the Company and signed by the owner or owners of the property to which wastewater collection service will be provided; except that where a lessee of property occupies or uses the property under a lease having a fixed term of more than six (6) months, the lessee may request service as an applicant. The Company may, at its sole discretion, require that a separate contract for service be signed by the applicant.

Non residential service customers which desire to discharge Industrial/Commercial Wastes into the Sanitary Sewer or existing industrial/commercial users which desire to commence operations of a new facility or a new or different process that will affect the characteristics of the wastewater discharging into the Sanitary Sewer, shall notify the Company prior to the commencement of the new or different operations at the facility and provide such other information regarding the proposed discharge as the Company may request, including an application for an Industrial Waste Discharge Permit when deemed necessary.

2. **Change in Ownership or Tenancy:** A new application must be made to the Company upon any change in ownership where the owner of the property is the Customer, or upon any change in the identity of a lessee where the lessee of the property is the Customer. The Company shall have the right to discontinue or otherwise interrupt wastewater collection service upon three (3) days notice if a new application has not been made and approved for the new customer.
3. **Acceptance of Application:** An application for service shall be considered accepted by the Company only upon ~~oral~~ or written approval by the Company. ~~The Company may provide service to the applicant pending formal review and acceptance of the application.~~ (C)
4. **Temporary Service:** In the case of temporary service for less than a 12-month period, the Company may require the Customer to pay all costs of making the service connection and for its removal after the service has been discontinued, or to pay a fixed amount in advance to cover such expenses. If the actual costs differ from the estimate, the Applicant will pay to the Company any excess amount due or the Company will refund to the Applicant any excess amount paid.

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Section F- Wastewater Control Regulations

1. General Prohibitions:

- (a) No storm water from pavements, area ways, runoff basins, roof runoff water, foundation drains, subsurface drains, water from springs, cooling water, basement sump pumps, unpolluted industrial or commercial process water or other sources shall be admitted to the Company Sanitary Sewer.
- (b) The discharge of garbage to the Sanitary or Combined Sewer is expressly prohibited. Properly shredded biodegradable garbage may be discharged into the Sanitary or Combined Sewer with no particle greater than one-half inch in dimension. (C)

2. Sampling and Analysis:

- (a) All measurements, tests and analyses of the characteristics of waters and wastes to which reference is made in the Company's rules may be determined in accordance with the latest DEP and EPA approved editions of "Standard Methods for the Examination of Water and Wastewater" under Act 252 as prepared by DEP and approved and published jointly by the American Public Health Association, the American Water Works Association, and/or the Water Pollution Control Federation or other reference sources specified by regulatory agency requirements, such as "Methods for Chemical Analysis of Water and Wastes," U.S.E.P.A. 1974 or its subsequent updated version.
- (b) All measurements, test, inspections and analyses deemed by the Company to be necessary under this Section or any other part of the Rules and Regulations of the Company, shall be done by the Company or its agents, employees or contractors. If the measurements, test, inspections and/or analyses determine that a customer has created a situation which is in violation of any statute, ordinance, rule or regulation then the customer shall be required to pay all costs incurred in order to measure, test, inspect, analyze and remedy the situation. Otherwise, the costs involved are to be borne by the Company. Costs assessed against a Customer pursuant to this Section shall be in addition to any other fees charged by the Company. The costs shall be payable within 30 days of presentation of a bill for such costs by the Company to the Customer(s).

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- (c) Where the Company deems it advisable, it may require any customer discharging wastes to install and maintain, at his or her own expense, in a manner approved by the Company or its representative, a suitable device to continuously measure and record the pH of the wastes so discharged.
- (d) In the event any person, firm or corporation producing any industrial wastes otherwise excluded from the Sanitary or Combined Sewer, desires to discharge the same into any portion of the Company's sanitary or Combined sewer system, the Company may at its option, consent to such discharge at a charge in accordance with the Company's established Schedule of Rates, Surcharges and discounts applicable to such Industrial/Commercial Wastes, as provided in Section K.8 entitled "Surcharge for Industrial Wastes." Such consent may be made contingent upon the applicant providing and maintaining apparatus for regulating the rate of discharge and/or treating the wastes at his or its expense prior to discharge as the Company may deem necessary. Such consent will stipulate the location and type of metering device to be used for measuring the quantity of such wastes discharged to the sewage system, and will also stipulate the method and frequency of sampling such wastes. Each analysis will be made on a composite of twenty-four (24) hourly (or a larger number of more frequent) samples of wastes collected over a singly twenty-four (24) hour day; the volume of each of the samples will be proportional to the rate of Waste flow. The average suspended solid content or acid equivalent of the wastes for the quarter will be calculated in such a manner as to be as truly representative of the entire quarterly flow and composition of the waste as possible. Particular care will be exercised to insure that the difference in character or composition of the wastes during the week ends or nights when industrial operations are at a minimum, are properly considered in arriving at quarterly averages. (C)

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3. **Prohibited Discharges:** The Company reserves the right to refuse connection to its Sanitary or Combined Sewer and/or to compel the discontinuance of the use of any system, or to require pre-treatment of Wastes by any Customer, in order to prevent the discharge of any Wastes to the Sanitary or Combined Sewer system which may be deemed harmful to the Sanitary or Combined Sewer system, or to have an adverse effect on the sewage treatment processes. Except from the written consent of the Company, there shall be excluded from the sewage system but not limited to, any wastes having suspended solids ~~(SS) in excess of 300 mg/L, 5 day Biochemical Oxygen Demand (BOD5) in excess of 300 mg/L, a chlorine demand,~~ and ammonia concentrations in excess of effluent limits set forth in industrial/commercial waste permits in excess of 25 mg/L and Wastes having any or all of the following characteristics: (C)
- (a) Wastes containing any gasoline, naphtha, fuel, oil or other liquids, solids or gases which by reason of their nature or quality may cause fire or explosion or be in any other way injurious to persons, the structures of the wastewater system or its operation.
 - (b) Wastes having a temperature in excess of 120 degrees F. or less than 32 degrees F that enters the Sanitary or Combined Sewer or Wastes entering the plant that increase the temperature of the Wastewater at the headworks of the plant to exceed 104 degrees F.
(C)
 - (c) Wastes having a pH lower than 6.0 or higher than 9.0, or having any corrosive property capable of causing damage or hazards to structures, equipment or personnel of the wastewater system.
 - (d) Wastes containing any noxious or malodorous gas or substance that either singly or by interaction with sewage or other wastes is likely in the opinion of the Company to create a public nuisance or hazard to life or prevent entry to sewers for their maintenance and repair.
 - (e) Wastes containing ashes, cinders, sand, mud, straw, shavings, metal, glass, rags, feathers, tar, plastics, wood, hair, chemical or paint residues, greases, paunch, manure, dairy products, cotton, wool, plastic or other fibers, lime, slurry or any other solid or viscous material of such character or in such quantity as in the opinion of the Company may cause an obstruction to the flow in sewers or otherwise interfere with the proper operation of the sewer system.
 - (f) Wastes containing insoluble, non-flocculent substances having a specific gravity in excess of 2.65.

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- (g) Wastes containing soluble substances in such concentrations as to cause the specific gravity to be greater than 1.1.
- (h) Wastes containing any substances which may affect the effluent and may cause violation of the National Pollutant Discharge Elimination System Permit.
- (i) Wastes containing other matter detrimental to the operation of a sewage treatment plant or Sanitary or Combined Sewers causing erosion, corrosion or deterioration in sewers, equipment and structures of a sanitary or sewage treatment plant. (C)
- (j) Wastes containing fats, wax, tar, grease or oil of petroleum origin, whether emulsified or not, in excess of one hundred mg/L, or petroleum oil, non biodegradable cutting oil or petroleum products of mineral oil origin in amounts that will cause interference or pass through at the wastewater treatment facilities.
- (k) Wastes containing an average concentration of oils and greases, of the Hydrocarbon variety or any Freon extractables which are not biodegradable in excess of 10 mg/L.
- (l) Wastes containing more than 10 mg/L of any of the following gases: hydrogen sulfide; sulfur dioxide; nitrous oxide; or any of the halogens.
- (m) Wastes containing a toxic or poisonous substance, in a sufficient quantity to injure or interfere with any sewage treatment process, constitute a hazard to humans or animals or create any hazard in the sewer system operation or exceed the limitation set forth in a National Categorical Pretreatment Standard. Toxic pollutants or substances shall include but not limited to Wastewater containing cyanide, chromium, cadmium, mercury, copper, nickel, or materials listed as hazardous materials. (C)
- (n) Any waste containing toxic substances in quantities sufficient to interfere with the biochemical/biological processes of the sewage treatment works or that will pass through the sewage treatment works and exceed the state and/or federal requirements in respect thereof.
- (o) Any waste containing radioactive isotopes or other radioactive materials.

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(p) Sludges resulting from the treatment of concentrated solutions that are not acceptable for discharge to the Sanitary or Combined Sewer.

~~(s)~~(q) Waste introduced into the Sanitary or Combined Sewer with any pollutants which cause pass through or interference; whether or not the customer is subject any other national, state, or local pretreatment standards or requirements.

~~(t)~~(r) Waste containing any color which may not be removed in the wastewater treatment process.

~~(e)~~ Effluent limitations promulgated as categorical standards, 40 C.F.R. Chapter 1, Subchapter N and 40 C.F.R. 403.6 shall apply in any instance where they are more stringent than those in this section.

~~(r)~~The local limits in this section may be supplemented with more stringent limitations if the Company determines that the limitations in subsection (a) through (p) above may not be sufficient to protect the operation of the sewerage system or to enable the water pollution control plant to comply with water quality standards or effluent limitations specified in the Company's NPDES permit. (C)

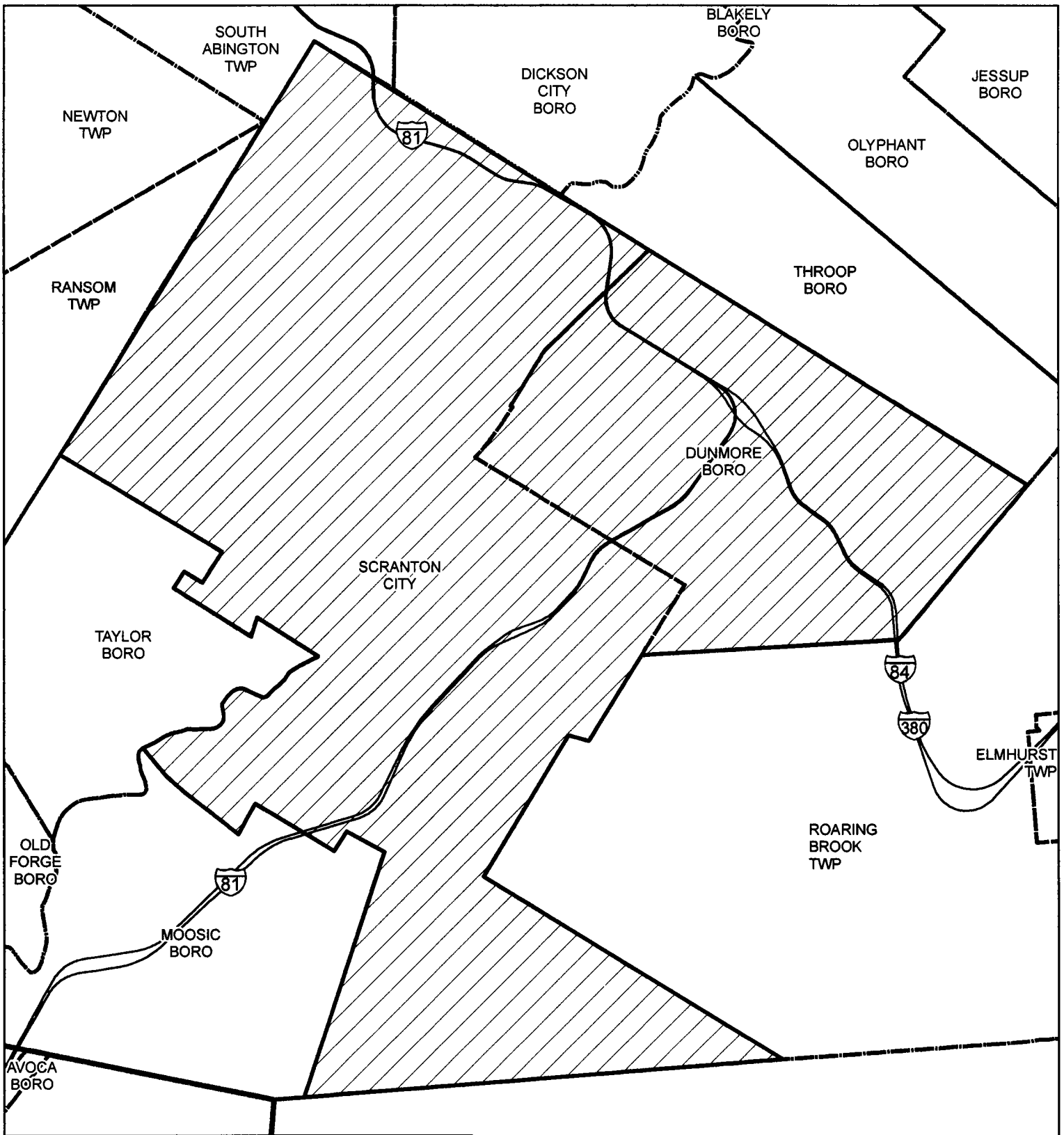
4. **Disposal of Wastes From Septic Tanks and Cesspools:** No person shall dispose of wastes from septic tanks, cesspools, or other such sources of sanitary sewage to the Company's Sanitary or Combined Sewer, except as designated by the Company. (C)
5. **Penalties:** The Company reserves the right to terminate water and/or wastewater service for violation of any provision of these regulations, subject to PUC rules and regulations.
6. **Damages:** In the event of any damage to the Company's wastewater system caused by a Customer, or a Customer's representative, such damage shall be immediately reported to the Company and said Customer shall reimburse the Company for the costs of such repairs, testing, consulting and all other costs associated with the damage.

Any user violating any of the provisions of these Rules and Regulations shall become liable to the Company for all expenses, losses, or damages occasioned by the Company by reason of such violation, whether incidental or consequential.

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Exhibit M





Pennsylvania American Water Company
Wilkes-Barre Scranton Operating Area
Proposed Service Area - Scranton Wastewater System
 Approximately 21,930 Total Acres
 City of Scranton & Dunmore Borough,
 Lackawanna County

SPRING
 BROOK
 TWP


**PENNSYLVANIA
 AMERICAN WATER**
 Pennsylvania American Water
 800 West Hersheypark Drive
 Hershey, PA 17033
 Date: 3/17/2016

Legend

-  Applied for Service Territory
-  Municipality

TO BE USED FOR REFERENCE ONLY
 Although every effort has been made to ensure the accuracy of the information, errors, and conditions originating from physical sources to develop the Certified Service Territory may be reflected in the data supplied.



1 in = 6,000 Ft

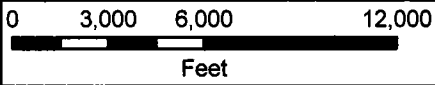


Exhibit N

Description

The sewer system is located North and West of Interstate 81 and 84 and Southwest of the Pennsylvania Turnpike (I476). The Lackawanna River, Stafford, Meadowbrook and Roaring Brook Creeks are the principal tributaries that traverse the service territory.

Exhibit N

Exhibit O

**PAWC Application Territory Estimated Annual Revenues and Expenses
(Dollars in thousands)**

	Annual (Estimated)	
Operating revenues	\$	23,200
Operating expenses		
Operation and maintenance	\$	11,800
Depreciation and amortization	\$	4,525
General taxes and other	\$	740
Total Operating Expenses	\$	17,065
Operating income	\$	6,135
Other income/(expenses)		
Interest expense, net	\$	(4,130)
Total Other Expenses	\$	(4,130)
Income before income taxes	\$	2,005
Provision for income taxes	\$	830
Net income	\$	1,175

Exhibit O