July 1, 2016

VIA HAND DELIVERY

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

Re: AGREEMENT BETWEEN THE LOWER LACKAWANNA VALLEY SANITARY AUTHORITY, THE SCRANTON-DUNMORE SEWER AUTHORITY, AND THE BOROUGH OF TAYLOR, PENNSYLVANIA, DATED JANUARY 12, 1976, AS WILL BE ASSUMED AND ASSIGNED UPON CLOSING BY WRITTEN AGREEMENT IN A FORM SUBSTANTIALLY SIMILAR TO THE ATTACHED PRO FORMA ASSUMPTION AND ASSIGNMENT AGREEMENT

Docket No. U-2016-__________

Dear Secretary Chiavetta:

On behalf of Pennsylvania-American Water Company ("PAWC"), enclosed for filing with the Commission, in accordance with Section 507 of the Pennsylvania Public Utility Code, 66 Pa. C.S. § 507 (regarding "Contracts between public utilities and municipalities"), are copies of the above-referenced agreements. Please note that these agreements relate to the application proceeding currently pending before the Commission at Docket No. A-2016-2537209. PAWC seeks a Certificate of Filing which will allow PAWC to assume the underlying agreement upon closing of the transaction for which approval is requested at Docket No. A-2016-2537209.

Thank you for your attention to this matter. Please do not hesitate to contact me with any questions or concerns.

Sincerely,

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

DPZ/kmg
Enclosures
cc: Honorable David A. Salapa
Honorable Steven K. Haas
Per Certificate of Service

LEGAL\27133415\1
ASSIGNMENT AND ASSUMPTION AGREEMENT

This Assignment and Assumption Agreement is made and entered into as of the ___ day of ________, 2016, by and among The Sewer Authority of the City of Scranton, a municipality authority organized and existing under the laws of Pennsylvania ("SSA"), Lower Lackawanna Valley Sanitary Authority, a municipality authority organized and existing under the laws of Pennsylvania ("LLVSA"), the Borough of Taylor, Pennsylvania, a municipal corporation organized and existing under the laws of Pennsylvania ("Borough"), and Pennsylvania-American Water Company ("PAWC") (collectively, the "Parties").

WHEREAS, the SSA, which, as described below, was inadvertently referenced as the Scranton-Dunmore Sewer Authority ("SDSA"), LLVSA, and the Borough entered into an agreement as of January 12, 1976 providing for uniformity of charges applicable to residents of the Borough and to residents of the City of Scranton ("Uniformity Agreement");

WHEREAS, pursuant to the Uniformity Agreement, SDSA agreed to bill LLVSA, at the same rates applicable to other users of its system, for all users of its system located in the Borough;

WHEREAS, pursuant to the Uniformity Agreement, LLVSA agreed to bill SDSA, at the same rates applicable to other users of its system, for all users of its system located in the City of Scranton;

WHEREAS, pursuant to the Uniformity Agreement, it was anticipated that each user of a sewage collection system would be billed for such services by the authority created by the municipality in which the premises of such users are located, at the same rates applicable to all other users within the same municipality;

WHEREAS; the references in the Uniformity Agreement to SDSA were in error and the Uniformity Agreement instead should have referred to SSA;

WHEREAS, SSA and PAWC have negotiated and entered into an Asset Purchase Agreement dated as of March 29, 2016 (the "Asset Purchase Agreement"), pursuant to which the SSA will convey its assets that constitute the SSA’s sewer system, excluding the municipal separate storm water system, to PAWC and PAWC will assume certain sewer system liabilities (together, the "Transaction");

WHEREAS, SSA and PAWC have filed an Application with the Pennsylvania Public Utility Commission seeking approval of the Transaction;

WHEREAS, following closing of the Transaction and transfer of the sewer system to PAWC, SSA may decide to dissolve or otherwise cease to exist;

NOW THEREFORE, in consideration of the mutual understandings and covenants set forth in this Agreement, the sufficiency of which is hereby acknowledged, and intending to be legally bound, the Parties hereby agree; as follows:

RECEIVED

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU
1. SSA and PAWC shall provide written notice to the LLVSA and the Borough promptly upon Closing (as defined in the Asset Purchase Agreement) of the Transaction.

2. Subject to and effective upon Closing of the Transaction, SSA hereby assigns, transfers and sets over unto PAWC, and PAWC hereby accepts, all of SSA’s rights, title and interest in and to the Uniformity Agreement, and LLVSA and the Borough each acknowledges and accepts this assignment of the Uniformity Agreement by SSA to PAWC.

3. Subject to and effective upon Closing of the Transaction, PAWC hereby assumes and agrees to perform all agreements and obligations of SSA pursuant to the Uniformity Agreement, as amended hereby, arising on or after Closing of the Transaction, and LLVSA and the Borough each acknowledges and accepts this assumption of the Uniformity Agreement by PAWC and releases SSA from all of its obligations under the Uniformity Agreement arising on and after Closing of the Transaction. PAWC does not hereby and shall not assume or in any way undertake to pay, perform, satisfy or discharge any liability or obligation of SSA existing before Closing of the Transaction or arising out of any transaction entered into, or any state of facts existing, before Closing of the Transaction, and LLVSA and the Borough each hereby acknowledges and agrees that PAWC shall not be liable or otherwise responsible for any such liability or obligation.

4. LLVSA and the Borough agree to adopt, enforce, and keep in full force and effect during the term of the Uniformity Agreement, following Closing of the Transaction, ordinances or resolutions, as appropriate, that:

   (a) Prohibit discharges into their sewer system of wastes prohibited to be discharged under PAWC’s Industrial Pretreatment Program;

   (b) Implement a program to regulate and control discharges of non-domestic waste that is at least as stringent as PAWC’s Industrial Pretreatment Program; and

   (c) Assure compliance with any Specific Pollutant Discharge Limitations (Local Limits) specified in PAWC’s Industrial Pretreatment Program.

5. The Parties agree that all references to SDSA in the Uniformity Agreement shall be understood as referring to, and are hereby changed to refer to, SSA.

6. This Assignment and Assumption Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute but one instrument.

7. The Parties acknowledge and agree that this Assignment and Assumption Agreement must be approved by the Pennsylvania Public Utility Commission and shall not become effective, and the Parties shall have no obligations hereunder, until such approval has been obtained and the Closing of the Transaction has occurred.
IN WITNESS WHEREOF, and intending to be legally bound, the duly authorized representatives of the Parties have caused this Agreement to be executed as of the date first written above.

[REMAINDER OF PAGE INTENTIONALLY BLANK]
AGREEMENT

THIS AGREEMENT made and concluded this 12 Day of JANUARY, 1976 by and between LOWER LACKAWANNA VALLEY SANITARY AUTHORITY, a Municipal Authority incorporated under the laws of the Commonwealth of Pennsylvania, maintaining offices at 133 Moosic Road, Old Forge, Pennsylvania, and SCRANTON-DUNMORE SEWER AUTHORITY, a Municipal Authority incorporated under the laws of the Commonwealth of Pennsylvania, maintaining offices at 307 NORTH Washington Avenue, Scranton, Pennsylvania, and the BOROUGH OF TAYLOR, a Municipal Corporation organized and existing under the laws of the Commonwealth of Pennsylvania.

WHEREAS, LOWER LACKAWANNA VALLEY SANITARY AUTHORITY has constructed a Sanitary Sewage Interceptor and Treatment System to serve the residents of Avoca, Dupont, Duryea, Old Forge and Taylor Boroughs and has executed Service Agreements with each such Borough, and

WHEREAS, SCRANTON-DUNMORE SEWER AUTHORITY has constructed a Sanitary Sewage Collection and Treatment System to serve the residents of the City of Scranton and the Borough of Dunmore and has executed Service Agreements with both of those Municipalities, and
WHEREAS, certain portions of the Taylor Borough Sewer Collection System is presently so constructed as to drain into the Scranton-Dunmore Sewer Authority Collection System and Treatment Plant, and

WHEREAS, it is anticipated that in the near future Taylor Borough will construct an extension of its Sewer Collection System which will provide an economical method for the transportation of sewage originating in a portion of the City of Scranton and treatment of such sewage by Lower Lackawanna Valley Sanitary Authority, and

WHEREAS, it is in the best interest of all parties to this Agreement to have uniform rates applicable to all residents of the Borough of Taylor, and uniform rates applicable to all residents of the City of Scranton for the maintenance of their respective sewage collection systems and for the treatment of their sewage, and

WHEREAS, The Scranton-Dunmore Sewer Authority imposes a single charge for the maintenance of the Sewage Collection System, and the treatment of the sewage generated by that System and Lower Lackawanna Valley Sanitary Authority imposes a charge for treatment only, and it is anticipated that Taylor Borough will impose a separate charge in the near future for construction, rehabilitation, and maintenance of its Sewage Collection System,

NOW THIS AGREEMENT WITNESSETH that in consideration of the premises and to promote cooperation among the respective parties hereto and uniformity of charges applicable to all residents of
each Municipality, it is mutually agreed by and between the parties
hereeto as follows:

1. Commencing January 1, 1976 the Scranton-Dunmore Sewer
Authority will bill Lower Lackawanna Valley Sanitary Authority, at
the same rates applicable to other users of its system, for all
users of its system who are located in the Borough of Taylor, Lacka-
wanna County, Pennsylvania, and effective that date the Scranton -
Dunmore Sewer Authority shall have no responsibility whatever for
the maintenance of the Sewer Collection System physically located
within the Borough of Taylor.

2. Commencing January 1, 1976 Lower Lackawanna Valley Sanitary
Authority will bill the Scranton-Dunmore Sewer Authority, at the
same rates applicable to other users of its system, for all users of
its system who are located in the City of Scranton.

3. It is anticipated that each user of a Sewage Collection and
Treatment System will be billed for such services by the Authority
created by the Municipality in which such users premises are located
and at the same rates as are applicable to all other users located
within the same Municipality.

4. In those instances in which a user's property is located
partly in Taylor and partly in Scranton, billing will be made by
the Authority into whose Treatment Plant the sewage flows.

5. At such time as the Borough of Taylor or its Sewer
Authority shall initiate the imposition of charges for the construction, rehabilitation or maintenance of its Sewage Collection System, such rates shall be imposed irrespective of the Treatment Facility utilized by the users of the system.

6. This Agreement shall continue in full force and effect until any one of the parties hereto shall give six months advance notice in writing to the other parties indicating the intention to terminate this Agreement.

IN WITNESS WHEREOF and intending to be bound hereby, the parties hereto have caused these presents to be duly executed the day and year first above written.

LOWER LACKAWANNA VALLEY SANITARY AUTHORITY

[Signature]
CHAIRMAN OF THE BOARD

ATTEST

[Signature]
SECRETARY

SCRANTON-DUNMORE SEWER AUTHORITY

[Signature]
CHAIRMAN OF THE BOARD

ATTEST

[Signature]
SECRETARY

BOROUGH OF TAYLOR

[Signature]
MAYOR
CERTIFICATE OF SERVICE

AGREEMENT BETWEEN THE LOWER LACKAWANNA VALLEY SANITARY AUTHORITY, THE SCRANTON-DUNMORE SEWER AUTHORITY, AND THE BOROUGH OF TAYLOR, PENNSYLVANIA, DATED JANUARY 12, 1976, AS WILL BE ASSUMED AND ASSIGNED UPON CLOSING BY WRITTEN AGREEMENT IN A FORM SUBSTANTIALLY SIMILAR TO THE ATTACHED PRO FORMA ASSUMPTION AND ASSIGNMENT AGREEMENT

Docket No. U-2016-_________

I hereby certify that I have this day served a true copy of the filing of the above-referenced agreement, 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:

Allison C. Kaster, Esquire
Gina L. Lauffer, Esquire
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

Sharon E. Webb, Esquire
Office of Small Business Advocate
Commerce Building, Suite 202
300 North Second Street
Harrisburg, PA 17101-1303

Christine Maloni Hoover, Esquire
Erin L. Gannon, Esquire
Office of Consumer Advocate
555 Walnut Street
Forum Place, 5th Floor
Harrisburg, PA 17101-1923

John F. Povilaitis, Esquire
Alan Michael Seltzer, Esquire
Buchanan Ingersoll & Rooney PC
409 North Second Street, Suite 500
Harrisburg, PA 17101

DATED: July 1, 2016

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