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December 15, 2020

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

Re: Pennsylvania Public Utility Commission v.
Indian Springs Water Company
Docket Nos. M-2019-3011972 and C-2019-3012933

Dear Secretary Chiavetta:

Enclosed for filing with the Pennsylvania Public Utility Commission ("Commission") is the Joint Petition for Approval of Settlement of All Issues ("Settlement") between Pennsylvania-American Water Company, Indian Springs Water Company, The Glen Summit Company, the Office of Consumer Advocate, and the Commission's Bureau of Investigation and Enforcement (together, the "Joint Petitioners"). By the Settlement, the Joint Petitioners resolve all issues arising in connection with this proceeding.

Copies of the Settlement are being served on the Presiding Officer, Administrative Law Judge Steven K. Haas, and on all parties, as indicated on the enclosed Certificate of Service. Please note that, due to the COVID-19 Pandemic, the Confidential Attachment will be E-Mailed separately to you. Due to the proprietary nature of that document, we ask that it be kept in a non-public folder.

Thank you for your attention to this matter. If you have any questions, please contact me.

Sincerely,

A handwritten signature in blue ink that reads "Elizabeth Rose Triscari".

Elizabeth Rose Triscari

cc: Honorable Steven K. Haas
Parties of Record

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

PENNSYLVANIA PUBLIC UTILITY COMMISSION	:	
	:	
	:	Docket No. M-2019-3011972
v.	:	Docket No. C-2019-3012933
	:	
INDIAN SPRINGS WATER COMPANY	:	

CERTIFICATE OF SERVICE

I hereby certify and affirm that I have this day served copies of the **Joint Petition for Approval of Settlement of All Issues** in the above-referenced proceedings on the following persons, in the manner specified below, in accordance with the requirements of 52 Pa. Code § 1.54:


VIA ELECTRONIC MAIL

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Pennsylvania Public Utility Commission
Office of Administrative Law Judges
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Dated: December 15, 2020

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Administrative Law Judge Steven K. Haas

Pennsylvania Public Utility Commission,	:	
	:	Docket Nos. M-2019-3011972
v.	:	C-2019-3012933
	:	
Indian Springs Water Company	:	

**JOINT PETITION FOR APPROVAL OF
SETTLEMENT OF ALL ISSUES**

TO THE HONORABLE ADMINISTRATIVE LAW JUDGE STEVEN K. HAAS:

I. INTRODUCTION

Pennsylvania-American Water Company (“PAWC”), The Indian Springs Water Company (“ISWC”), The Glen Summit Company (“Glen Summit”), the Office of Consumer Advocate (“OCA”), and the Bureau of Investigation and Enforcement (“I&E”) of the Pennsylvania Public Utility Commission (“PUC” or “Commission”) (singularly, a “Joint Petitioner” and collectively, the “Joint Petitioners”) hereby join in this Joint Petition for Approval of Settlement of All Issues (“Settlement”) and respectfully request that the Honorable Administrative Law Judge Steven K. Haas (the “ALJ”) recommend approval of, and the PUC approve, this Settlement without modification.

In support of the Settlement, the Joint Petitioners state the following:

II. BACKGROUND AND PROCEDURAL HISTORY

1. ISWC is a Commission-regulated public utility currently providing water service to approximately 5 residences in the community of Glen Summit in Fairview Township, Luzerne County, Pennsylvania. As of January 1, 2018, ISWC had 51 residential customers, most of whom have since drilled private wells and disconnected from the water system.

2. On February 7, 2019, the Pennsylvania Department of Environmental Protection (“DEP”) directed ISWC to issue to its customers a public notification advising that water produced by ISWC is not safe for consumption due to lead and copper exceedances as well as unsanitary conditions of the water system and to provide bottled water to customers (the “Do Not Consume Order”). This Do Not Consume Order followed ten Notices of Violation issued to ISWC by DEP since 2015 for: failure to issue a Tier 3 public notification for asbestos contaminants; Consumer Confidence Report (CCR) report not submitted; failure to monitor or report EP disinfectant residual for groundwater; failure to monitor or report for the disinfectant/disinfectant byproduct (D/DBP) contaminant specified – chlorine, trihalomethanes, and haloacetic acids (five); failure to issue a Tier 2 public notification for lead/copper group contaminants; and failure to do a study or recommend treatment under the Lead and Copper Rule (LCR) for lead/copper group contaminants.

3. On August 8, 2019, the Commission issued an Order initiating an investigation into whether the Commission should order a capable public utility to acquire ISWC pursuant to 66 Pa. C.S. § 529 and directing PAWC to serve as the receiver (the “Receiver”) for ISWC pursuant to 66 Pa. C.S. § 529(g) pending the outcome of that investigation and to continue to provide bottled water to customers. Attachment A to the Order outlined the powers and duties of the Receiver.

4. On August 16, 2019, counsel for ISWC filed a notice of appearance and letter petition requesting an expedited hearing.

5. PAWC began serving as Receiver for ISWC on August 19, 2019.

6. The OCA filed a notice of intervention and public statement on August 21, 2019.

7. By agreement of the parties, an initial prehearing conference was held on August 27, 2019, rather than an expedited hearing, at which time the parties discussed notice to customers and proximate providers.

8. On August 29, 2019, I&E filed a notice of appearance.

9. On September 30, 2019, PAWC provided notice to ISWC's customers of PAWC's receivership and of the initiation of the Section 529 investigation. The Commission provided notice to proximate service providers and proximate municipalities on October 1, 2019.

10. Glen Summit filed a petition to intervene on October 21, 2019.

11. A further prehearing conference was held in these proceedings on November 13, 2019, and an order was issued on November 14, 2019 memorializing that Glen Summit's Petition to Intervene was granted, the Formal Complaint of Thomas V. Tinsley at Docket No. C-2019-3012933 was consolidated with this proceeding, and it was agreed that a procedural schedule would not be established at that time to allow additional time for settlement discussions. The parties were also directed that beginning on or before December 13, 2019, and continuing every 30 days thereafter, the parties shall file with the Commission a status report in which they provide a summary of settlement efforts that have taken place to date. The parties filed monthly settlement status reports in compliance with that directive.

12. On December 18, 2019, PAWC submitted its first Quarterly Status Report as Receiver, in compliance with the Order. Quarterly Status Reports were subsequently filed on March 5, 2020, June 9, 2020, September 4, 2020, and December 8, 2020.

13. On August 27, 2020, the parties participated in an informal call with ALJ Haas to notify him that PAWC, ISWC, Glen Summit, OCA, and I&E had reached a settlement in principle resolving these proceedings, pending the negotiation of an acceptable asset purchase agreement between PAWC, as Receiver, and Glen Summit for sale of land owned by ISWC. The parties requested until September 30, 2020 to file a joint petition for approval of the settlement to allow for time to negotiate an acceptable asset purchase agreement.

14. By email dated August 27, 2020, ALJ Haas memorialized the agreements of the parties, including that interested parties would have the opportunity to submit comments to the settlement within 30 days of its filing and that Mr. Tinsley could submit comments on both the settlement and the allegations raised in his complaint. Further, it was agreed that if Mr. Tinsley submits comments related to the allegations raised in his complaint, parties against whom such allegations are raised will have 15 days to reply to those comments.

15. Despite diligent efforts, the parties were unable to negotiate an asset purchase agreement prior to September 30, 2020 and requested additional time to file a joint petition for approval of settlement, which was granted by ALJ Haas.

16. On December 14, 2020, PAWC, as Receiver, ISWC and The Glen Summit Land Trust Ltd. (“Glen Summit Land Trust”), a wholly owned subsidiary of Glen Summit entered into an Asset Purchase Agreement for the sale of real property owned by ISWC (the “APA”).

III. SETTLEMENT TERMS

The Joint Petitioners agree as follows:

A. Receivership

17. PAWC shall continue to serve as Receiver of ISWC, pursuant to the Order, until the terms of this Settlement are met (as those terms are hereinafter defined) and a Certificate of Public Convenience for Abandonment is subsequently issued by the Commission.

18. PAWC's costs of receivership shall be paid by ISWC from three sources: (1) all funds in the ISWC business checking account at First Keystone Community Bank; (2) all revenues collected by PAWC from ISWC customers as of the date a final Order is entered by the Commission in this proceeding; and (3) proceeds from the sale of real property, as described in Paragraph 26 below. PAWC's costs of receivership shall include all reasonable costs necessary to effectuate the terms of this Settlement. Such costs may be reviewed and questioned by the parties.

19. PAWC shall remove its costs of ISWC receivership from its claim in the pending base rate proceeding at Docket Nos. R-2020-3019369, *et al.* in Rebuttal Testimony in that proceeding.¹ If PAWC does not receive full reimbursement for all costs of receivership from ISWC for any reason, including but not limited to this Settlement not being approved by the Commission or the sale of real property, described in paragraph 26 below, not closing, PAWC may claim any unreimbursed costs in a subsequent base rate case. All parties to the Settlement reserve their respective rights to challenge a claim for recovery of such costs.

¹ PAWC revised its claim for costs associated with its receivership of ISWC in Exhibit 3-A Revised as explained in PAWC Statement No. 4-R at page 12, the Rebuttal Testimony of Ashley E. Everette, submitted on September 29, 2020 at Docket No. R-2020-3019369.

B. Conditions for Certificate of Public Convenience for Abandonment of Service

1. Notice

20. PAWC, as Receiver, shall mail direct notice of the proposed Settlement (“Notice”) to all current owners of residences that were connected to the ISWC system as of January 1, 2018 (hereafter “Customers”). A list of the fifty one (51) Customers is attached hereto as **Confidential Appendix A**. Customers shall have the opportunity to provide written comments to the ALJ regarding the proposed Settlement within 30 days of filing. The Notice will specify the offer that will be made to Customers pursuant to Paragraph 22, below. It will also specify that ISWC will no longer provide water service if the Settlement is approved, whether or not Customers refuse the offer. The Joint Petitioners will jointly develop the content of the Notice and submit it to ALJ Haas for review and approval prior to filing the Settlement. The Notice will include a link to “A Quick Guide for Well Owners” at <https://www.watersystemscouncil.org/wp-content/uploads/2019/04/Quick-Guide-Brochure-Fillable.pdf> and a link to the Pennsylvania Department of Environmental Protection’s webpage with additional information about privately-owned wells at <https://www.dep.pa.gov/Citizens/My-Water/PrivateWells/Pages/default.aspx>. The Notice is attached hereto as **Appendix B**.²

21. PAWC, as Receiver, shall mail the Notice to Customers on the date the proposed Settlement is filed and provide thirty (30) days for Customers to email or mail comments. Consistent with the ALJ’s directive, if comments are submitted with regard to the separate allegations raised in Mr. Tinsley’s complaint at Docket No. C-2019-3012933, the parties against whom such allegations are raised will have fifteen (15) days after the filing date of such comments to file a reply.

² The proposed Notice was submitted to ALJ Haas on November 30, 2020 and approved by email dated December 3, 2020.

2. Contribution toward the Costs for Alternative Supply (Wells)

22. ISWC shall offer to provide a one-time payment of \$5,000 to Customers (the “Offer”). The payment is a contribution toward the costs incurred by Customers to obtain alternative water supply.

23. The Joint Petitioners will jointly develop the content of the Offer. The Offer is attached hereto as **Appendix C**.

24. PAWC, as Receiver, shall mail the Offer to all Customers within one (1) day after entry of a final Commission Order approving the proposed Settlement without modification that impacts the Offer. If the Offer is modified, PAWC shall mail the Offer within three (3) business days after entry of the final Commission Order. Each Customer shall have thirty (30) days after the Offer is postmarked to refuse the Offer in writing. Refusal will be registered by postmark or the email “sent” date.

25. Within forty-five (45) days after entry of a final Commission Order approving the proposed Settlement or ten (10) days after closing of the transaction contemplated in Paragraph 26, below, whichever is later, PAWC, as Receiver, shall mail a check in the amount of \$5,000 to all Customers unless the contribution was refused in the manner described in Paragraph 24, above. Checks shall be mailed to the Customers’ addresses used for billing. PAWC, as Receiver, shall use best efforts to deliver the funds to all Customers. PAWC also shall contact all Customers who received checks but did not cash them within forty-five (45) days after the checks were mailed. PAWC shall comply with Pennsylvania unclaimed property requirements with regard to the balance of all uncashed checks.

3. Sale of Real Property

26. The proposed Settlement shall seek Commission approval for PAWC, as Receiver, to transfer title to 86.4 acres of real property owned by ISWC (the “Land”) (a legal description of the property is attached as Exhibit A to the APA) from ISWC to Glen Summit Land Trust (“Sale”), upon terms agreed to by PAWC, ISWC and Glen Summit in the APA, provided that:

(1) Proceeds of the Sale are, at a minimum, sufficient to meet ISWC’s obligations in Paragraphs 18 and 25, above. The minimum is not intended to represent a fair market value of the real property to be transferred or anything other than the sum necessary to meet ISWC’s obligations in paragraphs 18 and 25;

(2) PAWC is given a temporary easement, as Receiver, to continue to access the spring, spring house, pump house and any other part of the ISWC distribution system as necessary to provide water service until a Certificate of Public Convenience for Abandonment is subsequently issued by the Commission; and

(3) Commission approval of the proposed Settlement is a condition of closing the Sale.

27. Closing of the Sale shall be a condition for a certificate of public convenience for abandonment of service.

28. The APA is attached as **Appendix D**.

4. Verification by PAWC, as Receiver

29. Once the requirements below have been met, PAWC shall file a statement with the Commission’s Secretary’s Bureau, copied to all Joint Petitioners, verifying that:

a. PAWC, as Receiver, has complied with Paragraphs 20, 21, 24 and 25, above; and

b. All residences formerly served by ISWC have wells connected to the homes, which are producing water of adequate quality and quantity for domestic use, or

PAWC, as Receiver, has obtained written confirmation from the Customer that the home will remain unoccupied while that Customer retains ownership, or

PAWC mailed the Customer a \$5,000 check and the Customer was afforded thirty (30) days after the check was mailed to have a well drilled and, if applicable, water is continuing to be provided pursuant to Paragraphs 31 and 32 below; or

The Customer refused a \$5,000 contribution in the manner described in Paragraph 24, above; and

c. The Sale has closed.

The verified statement will specify the number of Customers who do not have wells connected to their homes as of the date the statement is filed. In addition, under confidential cover, PAWC shall file a list of amounts paid to each Customer pursuant to Paragraphs 22 and 25, above, copied to all Joint Petitioners.

30. When the foregoing requirements are met but no earlier than sixty (60) days after entry of a Commission Order approving this Settlement (to provide adequate time for remaining Customers to drill wells), PAWC, as Receiver, shall comply with DEP requirements, if any, for abandonment of the ISWC system with such costs added to its costs of receivership and file a verification statement with the Commission's Secretary's upon completion of this action.

31. If any Customer, who is mailed a \$5,000 check and is unable, due to winter weather, to drill a well within thirty (30) days after the check is mailed, PAWC, as Receiver, will continue to provide an alternative supply of water to such Customer, in quantities sufficient for basic household purposes, following abandonment of service until such Customer drills a well or until April 30, 2021, whichever is sooner.

32. Following entry of a final Commission Order approving the Settlement, if significant investment becomes required to restore or continue service from the ISWC facilities, PAWC, as Receiver, will not be obligated to make such investment and instead will continue to provide an alternative supply of water, in quantities sufficient for basic household purposes, to all Customers who are taking service from the ISWC system for at least sixty (60) days after the entry of the Order and until the conditions of Paragraph 30 and, if applicable, Paragraph 31, above, are met.

5. Certificate of Public Convenience to Abandon Service

33. The Joint Petitioners request that, conditioned on compliance with Paragraphs 17 through 32, above, the Commission issue a Certificate of Public Convenience authorizing ISWC to abandon public water supply service.

C. Termination of Proceedings

34. The Joint Petitioners request that the Commission terminate and close the proceeding at Docket No. M-2019-3011972 upon the issuance of the certificate of public convenience described in Paragraph 33, above.

D. Other Necessary Approvals

35. The Joint Petitioners request that the Commission issue any other certificates or approvals as may be appropriate, customary or necessary under the Code to effectuate the terms of the Settlement in a lawful manner.

E. Standard Settlement Conditions

36. The Settlement is conditioned upon the Commission's approval of the terms and conditions contained in the Settlement without modification. If the Commission modifies the Settlement, any Joint Petitioner may elect to withdraw from the Settlement and may proceed with litigation and, in such event, the Settlement shall be void and of no effect. Such election to withdraw must be made in writing, filed with the Secretary of the Commission and served upon all Parties within five (5) business days after the entry of an Order modifying the Settlement. The Joint Petitioners acknowledge and agree that the Settlement, if approved, shall have the same force and effect as if the Joint Petitioners had fully litigated this proceeding.

37. The Settlement is proposed by the Joint Petitioners to settle all issues in these proceedings. If the Commission does not approve the Settlement and the proceedings continue, the Joint Petitioners reserve their respective procedural rights, including the right to present testimony and to conduct full cross-examination, briefing and argument.

38. The Settlement is made without any admission against, or prejudice to, any position which any Joint Petitioner may adopt in the event of any subsequent litigation of these proceedings, or in any other proceeding.

39. The Joint Petitioners acknowledge that the Settlement reflects a compromise of competing positions and does not necessarily reflect any Joint Petitioner's position with respect

to any issues raised in this proceeding. The Settlement may not be cited as precedent in any future proceeding, except to the extent required to implement this Settlement.

40. The Joint Petitioners agree to diligently pursue Commission approval of the Settlement, without modification, using reasonable efforts in the ordinary course of business.

F. Record Supporting the Settlement

41. The Joint Petitioners have prepared Proposed Findings of Fact (**Appendix E**), Proposed Conclusions of Law (**Appendix F**) and Proposed Ordering Paragraphs (**Appendix G**). The Joint Petitioners stipulate to the facts in Appendix E.

42. Several of the Joint Petitioners have prepared a Statement in Support of Settlement (attached as **Appendices H-J**) setting forth the bases upon which the Joint Petitioner believes the Settlement to be in the public interest.

43. If the ALJ recommends approval of the Settlement without modification, the Joint Petitioners waive their rights to file Exceptions.

IV. REQUEST FOR RELIEF

WHEREFORE, Pennsylvania-American Water Company, The Indian Springs Water Company, The Glen Summit Company, the Office of Consumer Advocate, and the Bureau of Investigation and Enforcement respectfully request that:

1. The Honorable Deputy Chief Administrative Law Judge Steven K. Haas recommend approval of, and the Commission approve, this Settlement as submitted, including all terms and conditions thereof, without modification.

2. The Commission order PAWC to continue to serve as Receiver of ISWC until a Certificate of Public Convenience to Abandon Service is issued by the Commission.

3. The Commission order that PAWC's costs of receivership shall be paid by ISWC from three sources: (1) all funds in the ISWC business checking account at First Keystone Community Bank; (2) all revenues collected by PAWC from ISWC customers as of the date a final Order is entered by the Commission in this proceeding; and (3) proceeds from the Sale, as described in Paragraph 26, above. PAWC's costs of receivership shall include all reasonable costs necessary to effectuate the terms of this Settlement. Such costs may be reviewed and questioned by the parties.

4. The Commission order that if PAWC does not receive full reimbursement for all costs of receivership from ISWC for any reason, including but not limited to this Settlement not being approved by the Commission or the Sale not closing, PAWC may claim any unreimbursed costs in a subsequent base rate case. All parties to the Settlement reserve their respective rights to challenge a claim for recovery of such costs.

5. The Commission order that PAWC, as Receiver, on behalf of ISWC shall offer to provide a one-time payment of \$5,000 to Customers as a contribution toward the costs incurred by Customers to obtain alternative water supply, such offer to be mailed by PAWC in the form attached hereto as Appendix C within one (1) day after entry of a final Commission Order approving the proposed Settlement without modification that impacts the Offer. If the Offer is modified, PAWC shall mail the Offer within three (3) business days after entry of the final Commission Order.

6. The Commission order that each Customer shall have thirty (30) days after the Offer is postmarked to refuse the Offer in writing. Refusal will be registered by postmark or the email "sent" date.

7. The Commission order that within forty-five (45) days after entry of a final Commission Order approving the proposed Settlement or ten (10) days after closing of the transaction contemplated in Paragraph 26, above, whichever is later, PAWC, as Receiver, shall mail a check in the amount of \$5,000 to all Customers unless the contribution was refused in the manner described in Paragraph 24, above. Checks shall be mailed to the Customers' addresses used for billing. PAWC, as Receiver, shall use best efforts to deliver the funds to all Customers. PAWC also shall contact all Customers who received checks but did not cash them within forty-five (45) days after the checks were mailed. PAWC shall comply with Pennsylvania unclaimed property requirements with regard to the balance of all uncashed checks.

8. The Commission approve for PAWC, as Receiver, to transfer title to the Land and consummate the Sale pursuant to the terms of the APA.

9. The Commission order PAWC, once the requirements below have been met, to file a statement with the Commission's Secretary's Bureau, copied to all signatory parties, verifying that:

a. PAWC, as Receiver, has complied with Paragraphs 20, 21, 24 and 25, above; and

b. All residences formerly served by ISWC have wells connected to the homes, which are producing water of adequate quality and quantity for domestic use, or

PAWC, as Receiver, has obtained written confirmation from the Customer that the home will remain unoccupied while that Customer retains ownership, or

PAWC mailed the Customer a \$5,000 check and the Customer was afforded thirty (30) days after the check was mailed to have a well drilled and, if applicable, water is continuing to be provided pursuant to Paragraphs 30 and 31, above, or

The Customer refused a \$5,000 contribution in the manner described in Paragraph 24, above; and

c. The Sale contemplated in Paragraph 26 has closed.

The verified statement will specify the number of Customers who do not have wells connected to their homes as of the date the statement is filed. In addition, under confidential cover, PAWC shall file a list of amounts paid to each Customer pursuant to Paragraphs 22 and 25, above, copied to all Joint Petitioners.

10. The Commission order PAWC to file under confidential cover a list of amounts paid to each Customer pursuant to Paragraphs 22 and 25, above, copied to all signatory parties.

11. The Commission order PAWC to, when the foregoing requirements are met, but no earlier than sixty (60) days after entry of a Commission Order approving this Settlement, to comply with DEP requirements, if any, for abandonment of the ISWC system with such costs added to its costs of receivership and file a verification statement with the Commission's Secretary's upon completion of this action.

12. The Commission order PAWC to continue to provide an alternative supply of water to any Customer who is mailed a \$5,000 check and is unable, due to winter weather, to drill a well within thirty (30) days after the check is mailed, in quantities sufficient for basic household purposes, following abandonment of service until such Customer drills a well or until April 30, 2021, whichever is sooner.

13. The Commission order that following entry of a final Commission Order approving the Settlement, if significant investment becomes required to restore or continue service from the ISWC facilities, PAWC, as Receiver, will not be obligated to make such investment and instead will continue to provide an alternative supply of water, in quantities sufficient for basic household purposes, to all Customers who are taking service from the ISWC system for at least sixty (60) days after the entry of the Order and until the conditions of Paragraph 30 and, if applicable, Paragraph 31 are met.

14. Conditioned on compliance with the terms of the Settlement in Section III (Paragraphs 17 through 32), above, the Commission direct the Secretary's Bureau to issue a certificate of public convenience evidencing Commission approval of ISWC's abandonment of the provision of water service to the public in Pennsylvania.

15. The Commission issue any other certificates or approvals appropriate, customary or necessary under the Code to effectuate the term of the Settlement in a lawful manner.

16. The Commission's Secretary's Bureau close Docket Nos. M-2019-3011972 and C-2019-3012933 upon the issuance of the certificate of public convenience evidencing Commission approval of ISWC's abandonment of the provision of water service to the public in Pennsylvania.

Respectfully submitted,


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Date: December 15, 2020

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Date: _____

Counsel for *Office of Consumer Advocate*

14. Conditioned on compliance with the terms of the Settlement in Section III (Paragraphs 17 through 32), above, the Commission direct the Secretary's Bureau to issue a certificate of public convenience evidencing Commission approval of ISWC's abandonment of the provision of water service to the public in Pennsylvania.

15. The Commission issue any other certificates or approvals appropriate, customary or necessary under the Code to effectuate the term of the Settlement in a lawful manner.

16. The Commission's Secretary's Bureau close Docket Nos. M-2019-3011972 and C-2019-3012933 upon the issuance of the certificate of public convenience evidencing Commission approval of ISWC's abandonment of the provision of water service to the public in Pennsylvania.

Respectfully submitted,

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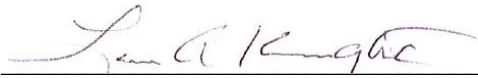
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Date: 12-14-2020



Date: December 13, 2020

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Date: _____

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Counsel for *The Indian Springs Water Company and The Glen Summit Company*



Date: December 11, 2020

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Counsel for *Bureau of Investigation and Enforcement*

List of Appendices:

- A. Customer List (**CONFIDENTIAL**)
- B. Notice
- C. Offer
- D. Asset Purchase Agreement
- E. Proposed Findings of Fact
- F. Proposed Conclusions of Law
- G. Proposed Ordering Paragraphs
- H. Statement in Support of Pennsylvania-American Water Company
- I. Statement in Support of the Office of Consumer Advocate
- J. Statement in Support of the Bureau of Investigation and Enforcement
- K. Statement in Support of the Indian Springs Water Company and Glen Summit Company

APPENDIX A
CUSTOMER LIST
CONFIDENTIAL
(NOT PROVIDED TO CUSTOMERS)

APPENDIX B
NOTICE

NOTICE OF PROPOSED SETTLEMENT RE INDIAN SPRINGS WATER CO.

To Current and Recent Indian Springs Water Company Customers:

In August 2019, the Pennsylvania Public Utility Commission (PUC) ordered Pennsylvania-American Water Company (PAWC) to operate the Indian Springs Water Company (ISWC) while an investigation was opened into whether the PUC should order a capable public utility to acquire ISWC and alternatives to acquisition were considered.

Since that time, the parties have exchanged information and explored options and costs to provide safe and adequate water supply to customers. Also during that time, many customers drilled wells on their properties and disconnected from the system. As of December 15, 2020, five homes are connected to the ISWC system.

We are sending this notice to you, as a current or recent ISWC customer, to advise you of a Joint Petition for Settlement (Settlement) filed with the PUC. The proposed Settlement has been agreed to by ISWC, Glen Summit Company, PAWC, the PUC's Bureau of Investigation and Enforcement and the Pennsylvania Office of Consumer Advocate (OCA) to resolve the issues raised in this case. As will be further explained below, if you have any comments regarding the Settlement, you must submit them **no later than January 14, 2021**.

On December 15, 2020, PAWC filed the proposed Settlement with the PUC and served a copy of the proposed Settlement on Judge Haas. A copy of the Settlement and supporting documents are attached for your review.

This brief summary of some of the points of the Settlement is provided for your convenience. However, we encourage you to please review the Settlement in its entirety. We also encourage you to contact the OCA if you have questions, toll-free at 1-800-684-6560 or by email at IndianSpringsCustomers@paoca.org. The OCA is a state agency that represents the interests of Pennsylvania utility consumers before the PUC. You can also contact PAWC's Customer Advocacy Group at 717-550-1606.

The Settlement, if approved, would do the following:

- Provide a \$5,000 contribution toward the costs for drilling private wells, to all current owners of residences that were connected to the ISWC system as of January 1, 2018 ("Customers").

You will be mailed a letter with more information about this one-time payment, including your option to decline the money.

- Ensure that Customers still connected to the ISWC system have at least 30 days, and longer if needed due to winter weather, to drill a well after the \$5,000 payment is mailed. In the meantime, PAWC will continue providing water to such Customers, in quantities sufficient for basic household purposes from the ISWC system (not drinkable) and other sources (e.g., bottled water).

- Allow ISWC (and PAWC as Receiver) to stop providing water service from the ISWC facilities no sooner than 60 days after the Commission Order approving the Settlement and after all conditions of the Settlement are met, unless significant investment becomes required to restore or continue service, in which case water service from the ISWC facilities could stop sooner. In that event, PAWC will continue to provide water for basic household purposes from other sources of supply (e.g., bottled water).

If the Settlement is approved, ISWC will no longer provide water service. This is the case, even if a customer does not accept the \$5,000 contribution.

ACTIONS YOU CAN TAKE

You are not required to take any action. Should you wish to participate, you can provide written comments supporting or objecting to the proposed Settlement. Those written comments can be mailed or emailed.

1. By mail. Send one copy to the Secretary’s Bureau and one copy to the OCA at the addresses below:

Secretary’s Bureau
 Pennsylvania Public Utility Commission
 Commonwealth Keystone Bldg.
 400 North Street
 Harrisburg, PA 17120

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

Your letters must be postmarked by January 14, 2021 and include the PUC docket number M-2019-3011972.

2. By email. Send an email to PAW-Customer-Advocacy@amwater.com. **Your email must be sent by January 14, 2021 and include the PUC docket number M-2019-3011972.**

Whether you send them by mail or email, your comments will be filed with the PUC’s Secretary’s Bureau and provided to Judge Haas. **Again, your letter or emails must be postmarked or emailed no later than January 14, 2021.**

For more information, please feel free to contact PAWC’s Customer Advocacy Group at 717-550-1606 or PAW-Customer-Advocacy@amwater.com or the Office of Consumer Advocate at 1-800-684-6560 or IndianSpringsCustomers@paoca.org.

Resources for Homeowners about Privately-Owned Wells

“A Quick Guide for Well Owners”
<https://www.watersystemscouncil.org/wp-content/uploads/2019/04/Quick-Guide-Brochure-Fillable.pdf>

Pennsylvania Department of Environmental Protection’s webpage on privately-owned wells:
<https://www.dep.pa.gov/Citizens/My-Water/PrivateWells/Pages/default.aspx>

PENNSYLVANIA-AMERICAN WATER COMPANY

APPENDIX C OFFER

OFFER ON BEHALF OF INDIAN SPRINGS WATER CO.

To Current and Recent Indian Springs Water Company Customers:

On [month, day, and year], the Pennsylvania Public Utility Commission (PUC) approved a Settlement agreed to by Indian Springs Water Company (ISWC), Glen Summit Company, Pennsylvania-American Water Company (PAWC), the PUC's Bureau of Investigation and Enforcement, and the Pennsylvania Office of Consumer Advocate (OCA). As a result, after ISWC and PAWC fulfill certain requirements, ISWC will no longer provide water service. The existing utility infrastructure will be removed from service, consistent with Pennsylvania Department of Environmental Protection requirements. The few customers who remain connected to the ISWC system will be required to drill private wells.

One of the Settlement requirements is that ISWC will offer to provide a one-time payment of \$5,000 to the owners of residences that were connected to the ISWC system as of January 1, 2018, hereinafter referred to as "Customers." The payment is a contribution toward the costs incurred by Customers for drilling private wells. We anticipate that payments will be mailed in [early/mid/late month and year].

For Customers who have not yet drilled wells: You will have at least 30 days to drill a well after the \$5,000 payment is mailed, with a possible extension if frozen ground prevents drilling. After that, as soon as the Settlement requirements are met, water service will stop. These timeframes will apply whether or not you refuse the offer. In the meantime, PAWC will continue providing water to you, in quantities sufficient for basic household purposes from the ISWC system (not drinkable) and other sources (e.g., bottled water). If significant investment becomes required to restore or continue providing water from the ISWC facilities, however, service from the ISWC facilities could stop sooner. In that event, PAWC will continue to provide water for basic household purposes from other sources of supply (e.g., bottled water).

- continued on next page -

ACTIONS YOU CAN TAKE

You are not required to take any action. If you do not take action, you will be mailed a check for \$5,000 to the address used by ISWC/PAWC for billing.

If you wish to refuse the \$5,000 contribution, you must refuse in writing no later than [month, day, and year]. Your refusal will be registered by postmark (for letters) or the “sent” date (for emails). Please include the PUC docket number M-2019-3011972 in your letter or email.

Send refusal by mail:	Send refusal by email:
Pennsylvania American Water 852 Wesley Drive Mechanicsburg, PA 17055 ATTN: Customer Advocacy	<u>PAW-Customer-Advocacy@amwater.com</u>

If you choose to send a refusal by mail instead of email, attached for your convenience is a form for your use.

Again, your refusal must be postmarked or emailed no later than [month, day, and year].

If your refusal is not received by the deadline, a check will be mailed to you.

For more information, please feel free to contact PAWC’s Customer Advocacy Group at 717-550-1606 or PAW-Customer-Advocacy@amwater.com, or the OCA at 1-800-684-6560 or IndianSpringsCustomers@paoca.org.

Resources for Homeowners about Privately-Owned Wells

“A Quick Guide for Well Owners”
<https://www.watersystemscouncil.org/wp-content/uploads/2019/04/Quick-Guide-Brochure-Fillable.pdf>

Pennsylvania Department of Environmental Protection’s webpage on privately-owned wells:
<https://www.dep.pa.gov/Citizens/My-Water/PrivateWells/Pages/default.aspx>

PENNSYLVANIA-AMERICAN WATER COMPANY

REFUSAL OF OFFER

Mail to:
Pennsylvania American Water
852 Wesley Drive
Mechanicsburg, PA 17055
ATTN: Customer Advocacy

Re: PUC docket number M-2019-3011972

I hereby refuse the offer of \$5,000 set forth in the Offer dated [insert date].

Print name: _____

Signature: _____ Date: _____

Print name: _____

Signature: _____ Date: _____

APPENDIX D
ASSET PURCHASE AGREEMENT

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (this “Agreement”) made this 14th day of Dec., 2020 (the “Effective Date”), by and between **THE GLEN SUMMIT LAND TRUST LTD**, a Pennsylvania limited liability company, with an address of P.O. Box 34, Mountain Top, PA 18707 (“Buyer”) and **THE PENNSYLVANIA AMERICAN WATER COMPANY** (“PAWC” or “Receiver”) in its capacity as the appointed receiver for **THE INDIAN SPRINGS WATER COMPANY**, a Pennsylvania corporation, with an address of P.O. Box 13, Mountain Top, PA 18707 (“ISWC” or “Seller”).

BACKGROUND

ISWC owns a water distribution business and certain real property and other property primarily in Fairview Township, Luzerne County, Pennsylvania.

By Order at Docket No. M-2019-3011972, adopted by the Pennsylvania Public Utility Commission (the “PUC”) on August 8, 2019 and entered that same day, PAWC was directed to act as receiver of and ordered to operate ISWC while an investigation was opened pursuant to Section 529 of the Pennsylvania Public Utility Code, 66 P.A.C.S. §529, into whether the PUC should order a capable public utility to acquire ISWC and to consider alternatives to acquisition (the “Receivership Order”). PAWC assumed its duties under the Receivership Order on August 19, 2019 and is in possession and control of the assets of ISWC.

Buyer is a wholly owned subsidiary of The Glen Summit Company (“GSC”). Buyer desires to buy and receive from Seller approximately 86.4 acres of real property, including the property known as Fountain Lake, and certain other assets of Seller as more fully described herein.

A Joint Petition for Approval of Settlement of All Issues having Docket No. M-2019-3011972 / C-2019-3012933 (the “Settlement”) has been agreed to and executed by ISWC, GSC, PAWC, the PUC’s Bureau of Investigation and Enforcement and the Pennsylvania Office of Consumer Advocate (“OCA”) to resolve the issues raised in the Receivership Order and which addresses the transaction contemplated by this Agreement. This Agreement shall be attached to the Settlement as Appendix D thereto and incorporated therein.

The Receiver, on behalf of ISWC, agrees to sell, transfer and convey to Buyer, and Buyer agrees to buy and receive, the Assets, on the terms and subject to the conditions set forth herein, and in the Settlement and the Final Order (as defined herein).

In consideration of the mutual promises, covenants, representations, warranties and agreements, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties, intending to be legally bound, hereby covenant and agree as follows:

ARTICLE I DEFINITIONS

1.1. “Assets” means all right, title and interest that Seller possesses and has the right to transfer in and to the real property described as Parcel 1 and Parcel 2 on Exhibit A (together, the

“Land”) and all real property, fixtures and tangible personal property of the Seller of any and every kind, nature, character and description listed on Exhibit A.

1.2. “Encumbrance” means any charge, adverse claim, lien, encumbrance, mortgage, pledge or security interest, conditional and installment sale agreement, activity and use limitation, rights of way, covenant, obligation, limitation, title defect, deed restriction, purchase right, any recorded or unrecorded agreement, contract, option, commitment, right, privilege or other right of another Person and any other restriction of any kind, including restriction on use, transfer, receipt of income, or exercise of any other attribute of ownership.

1.3. “Liabilities” means all liabilities and obligations, whether known or unknown, whether asserted or unasserted, whether absolute or contingent, whether accrued or unaccrued, whether liquidated or unliquidated, and whether due or to become due.

1.4. “Permitted Encumbrances” means any (a) covenants, conditions and restrictions of record, public and utility easements, roads and highways; (b) installments not due as of the date of Closing of any special tax or assessment for improvements hereafter completed, if any, which shall be prorated and paid at Closing in accordance with Section 7.1 of this Agreement; (c) general real estate taxes for the year 2020 unless paid at Closing and subsequent years, which shall be prorated and paid at Closing in accordance with Section 7.1 of this Agreement; (d) title exceptions relating to acts or omissions done or suffered through Buyer, and (e) any title exceptions on the Title Commitment which Buyer fails to object to following receipt of the Title Commitment in accordance with Section 6.1(a) of this Agreement (provided that Buyer shall have the right to object to any new title exceptions that arise between the Effective Date of this Agreement and the Closing at any time prior to Closing).

1.5. “Receivership Costs” means the costs incurred by the Receiver to operate ISWC’s business pursuant to the Receivership Order and to effectuate the terms of the Settlement, an estimate of which are set forth on Exhibit B, which includes ISWC’s PURTA tax liabilities for 2017, 2018 and 2019, which are set forth on Exhibit B (“PURTA Liability”). For the avoidance of doubt, the Receivership Costs shall be offset by (1) all funds in the ISWC business checking account at First Keystone Community Bank; (2) all revenues collected by PAWC from ISWC customers as of the date the Final Order is entered.

1.6. “Total Customer Payments” means the aggregate amount of Offers (as defined in the Settlement) that were not refused in accordance with the terms of the Settlement.

1.7. “Final Order” means an order issued by the PUC approving the Settlement and the transactions contemplated herein, entered after a hearing conducted with adequate notice given relating to, *inter alia*, the sale of the Assets and review of the initial decision issued by Administrative Law Judge Steven Haas, which order has not been appealed or if appealed, such appeal has been denied.

ARTICLE II SALE AND PURCHASE OF THE ASSETS

2.1. Transfer of the Assets. Upon the terms and subject to the conditions hereof, and upon the basis of the agreements, representations and warranties contained in this Agreement, at

the Closing (as defined herein), Seller shall sell, transfer, assign, convey and deliver to Buyer, and Buyer shall purchase and accept from Seller, the Assets, free and clear of all Encumbrances other than the Permitted Encumbrances.

2.2. Excluded Liabilities. Notwithstanding any other terms, provisions and conditions of this Agreement, Buyer shall not assume, or otherwise be responsible or liable for or obligated with respect to, any Liabilities of ISWC or Receiver with respect to the Assets, whether actual or contingent, accrued or unaccrued, matured or unmatured, liquidated or unliquidated, or known or unknown, arising out of occurrences prior to the Closing Date, other than any Liabilities which are expressly included in the Purchase Price pursuant to Section 2.3.

2.3. Purchase Price.

(a) The aggregate purchase price for the Assets (the “Purchase Price”) shall be an amount equal to the sum of (a) the Total Customer Payments; (b) the Receivership Costs; and (c) PURTA Liability, to the extent it is not included in the Receivership Costs, all of which shall be calculated in accordance with Section 2.3(b) below.

(b) Within ten (10) days after the end of the 30-day period for customers to accept or refuse the Offers pursuant to the Settlement, the Receiver shall calculate the Purchase Price and shall provide to Buyer a statement of such amounts, along with detailed documentation of the Receivership Costs. Buyer shall notify the Receiver within 5 business days after Buyer’s receipt of such statement whether it accepts, disputes, or requires additional information with respect to, the Receiver’s calculation of the Purchase Price. Buyer acknowledges and agrees that it shall not unreasonably withhold, condition or delay its acceptance of Receiver’s calculation of the Purchase Price, including, without limitation, the Receivership Costs.

2.4. Matters of Receivership.

(a) Buyer acknowledges that the Assets are not owned by the Receiver, but are subject to the possession and control of the Receiver pursuant to the Receivership Order. Notwithstanding anything contained herein to the contrary, Receiver is executing this Agreement solely in its representative capacity as the receiver appointed for Seller, and its liability hereunder shall be limited to the Assets of Seller held and administered by the Receiver in its capacity as the Receiver. Buyer shall not have any claims against the Receiver individually or its assets.

(b) The parties agree and acknowledge that this Agreement and the purchase and sale of the Assets are subject to the terms and conditions of the Settlement and the Final Order and are contingent upon issuance of the Final Order.

2.5. Condition of Assets. Except as otherwise expressly stated in this Agreement, the Assets are being sold to Buyer on an “**as is, where is and with all faults**” **basis and condition and with no express or implied warranties, representations, statements of conditions of any kind, including, but not limited to, warranties of merchantability or fitness for a particular purpose.** In entering into this Agreement, Buyer acknowledges that, except for the specific representations and warranties of Receiver contained herein, neither the Receiver, Seller, nor any of their respective, directors, officers, employees, affiliates, controlling persons, agents, advisors or representatives, as the case may be, makes or shall be deemed to have made any representation

or warranty, either express or implied, as to the accuracy or completeness of any of the information provided or otherwise made available to Buyer or any of its directors, officers, employees, affiliates, controlling persons, agents, advisors or representatives.

ARTICLE III THE CLOSING

3.1. Closing. Subject to the terms and conditions of this Agreement, the closing of the sale and purchase of the Assets (“Closing”) shall take place at the offices of the Receiver, or such other mutually agreed upon location, within thirty (30) days following the date on which all of the conditions set forth in Article VI of this Agreement have been met (or waived). The date of the Closing is referred to herein as the “Closing Date”.

3.2. Deliveries and Proceedings at Closing.

(a) Deliveries by Receiver. Subject to the terms and conditions of this Agreement, at the Closing, the Receiver shall deliver or cause to be delivered to Buyer:

(i) Special Warranty Deeds of conveyance of the Land to Buyer, duly executed and acknowledged by Receiver on behalf of ISWC and in substantially the form of the Special Warranty Deed set forth in Exhibit C, sufficient to convey title of the Land to Buyer subject to the Permitted Encumbrances;

(ii) Bills of Sale and instruments of assignment, duly executed by Receiver on behalf of ISWC, as necessary to transfer and convey all title and rights to the Assets to Buyer;

(iii) Copies of all resolutions duly adopted by the Receiver authorizing the execution, delivery and performance of this Agreement and all related agreements and the transactions contemplated hereby and thereby;

(iv) All such other agreements, documents and instruments of conveyance required by this Agreement or as shall, in the reasonable opinion of Buyer and its counsel, be necessary to transfer the Assets to Buyer in accordance with this Agreement, and where necessary, in recordable form;

(v) Termination of the Grant of Right of Way between ISWC and GSC dated December 11, 2018, duly executed by Receiver on behalf of ISWC;

(vi) A temporary easement agreement in substantially the form of the Easement Agreement set forth in Exhibit D, duly executed by Receiver; and

(vii) If required under applicable law, as soon as practicable prior to Closing, Receiver shall apply for a Bulk Sales Clearance Certification with respect to Seller in accordance with the tax clearance provisions of 72 P.S. §§ 1403,7240, and 7321.1, and upon receipt thereof, deliver the Bulk Sales Clearance Certification to Buyer. At Closing, Receiver shall deliver to Buyer a letter from an independent accountant stating that, to the best of the accountant’s knowledge, all corporate tax returns and other filings required to be submitted by Seller to the

Commonwealth of Pennsylvania on or before the Closing have been filed, and all sums payable by Seller to the Commonwealth of Pennsylvania as shown on such returns have been paid.

(b) Deliveries by Buyer. Subject to the terms and conditions of this Agreement, at the Closing, the Buyer shall deliver or cause to be delivered to the Receiver:

(i) The Purchase Price;

(ii) Duly executed counterparts of any Deed, Bill of Sale, instrument of assignment or other document required from Seller or Receiver at Closing, as applicable;

(iii) Copies of all resolutions duly adopted by the Buyer authorizing the execution, delivery and performance of this Agreement and all related agreements and the transactions contemplated hereby and thereby; and

(iv) A temporary easement agreement in substantially the form of the Easement Agreement set forth in Exhibit D, duly executed by Buyer.

ARTICLE IV REPRESENTATIONS AND WARRANTIES

4.1. Receiver's Representations and Warranties. Receiver represents and warrants to Buyer as follows:

(a) Organization; Legal Authority. The Receiver is a corporation duly organized, validly existing and subsisting under the laws of the Commonwealth of Pennsylvania. Subject to the issuance of the Final Order, the Receiver has the full power and lawful authority to transfer to Buyer the rights, title and interest in and to the Assets.

(b) Assets Ownership. To Receiver's actual knowledge, Seller has clear, good, and marketable right and title to or in all of the assets, property and facilities comprising the Assets, free and clear of all Encumbrances other than the Permitted Encumbrances.

(c) Due Authorization; Valid and Binding; No Encumbrances. Subject to the issuance of the Final Order, the Receiver has the full power and lawful authority to enter into this Agreement and all related agreements and to consummate and perform the transactions contemplated hereby and thereby. The Receiver has duly and validly authorized the execution and delivery of this Agreement (which has been duly executed and delivered) and all related documents and agreements to which the Receiver is a party by all necessary proceedings, and this Agreement and all related documents and agreements constitute the valid and binding obligations of the Receiver enforceable against it in accordance with its terms. Except as for the Final Order, no filings or registrations with, notifications to, or authorizations, consents or approvals of, a governmental authority or third party are required to be obtained or made by the Receiver in connection with the execution, delivery or performance by Receiver of this Agreement, all related agreements, or the consummation by the Receiver of the transactions contemplated herein or therein. Neither the contemplated transactions, nor this Agreement will result in the creation of any Encumbrance against any of the Assets, other than with respect to the easement agreement contemplated in Sections 3.2(a)(vi) and 3.2(b)(iv) of this Agreement.

(d) No Approvals or Violations. This Agreement does not require any further approvals of any other party other than the Final Order, does not violate any law, ordinance or regulation, and does not conflict with any order or decree.

(e) Litigation. There are no suits, proceedings, arbitrations, claims or counterclaims pending or threatened against the Receiver or, to Receiver's actual knowledge, Seller which may affect the Assets or Receiver's ability to consummate the transactions contemplated hereby, in any court or before any mediator or arbitration panel or before or by any federal, state or other governmental agency or department, and, to Receiver's actual knowledge, there is no basis for any such suit, proceeding, arbitration, claim or counterclaim.

4.2. Buyer's Representations and Warranties. Buyer hereby represents and warrants to the Receiver as follows:

(a) Organization. Buyer is a limited liability company duly organized, validly existing and subsisting under the laws of the Commonwealth of Pennsylvania.

(b) Due Authorization; Valid and Binding. The Buyer has the full power and lawful authority to execute this Agreement and to consummate and perform the transactions contemplated hereby, and Buyer has duly and validly authorized the execution of this Agreement by all necessary proceedings. This Agreement constitutes the valid and binding obligations of the Buyer.

ARTICLE V COVENANTS

5.1. From the date of this Agreement until Closing, the parties further covenant and agree with each other as follows:

(a) Receiver will conduct its activities in connection with operation of the Assets in substantially the same manner as heretofore carried on and not take any actions in connection therewith which would cause the Assets to incur any Encumbrance, liability, expense or obligation, as applicable, other than in the ordinary course of business in a manner consistent with the prior practice.

(b) Each of Receiver and Buyer shall use its commercially reasonable efforts to obtain as promptly as practicable the satisfaction of the conditions to Closing described in this Agreement and any necessary consents or waivers.

(c) Buyer and its counsel, accountants and other representatives will be provided with full access to the Assets and records and documentation related thereto during normal business hours and upon reasonable advance notice to Receiver; provided, however, that Buyer and its counsel, accountants and other representatives shall not have the right to physically access or enter onto the Land under this Agreement unless Buyer and Seller enter into a separate site access agreement reasonably acceptable to Seller and Receiver, except to the extent Buyer and its counsel, accountants and other representatives have the right to access the Land under a separate agreement.

ARTICLE VI CONDITIONS TO CLOSING

6.1. Conditions for the Benefit of Buyer. The obligations of the Buyer to complete the transaction at Closing shall be subject to the satisfaction of, or compliance with, at or before the Closing:

(a) The Buyer shall be satisfied with the results of any investigation of title to the Land; provided, however, that Buyer acknowledges that it shall order a title commitment relative to the Land (a "Title Commitment") within thirty (30) days following the date upon which Buyer receives a fully-executed version of this Agreement and shall give written notice to Seller specifying objections to any exception(s) shown on the Title Commitment within ten (10) days after receipt of the same, and if Buyer fails to order the Title Commitment and/or notify Seller of any objections to any exceptions shown on the Title Commitment within the applicable time periods set forth herein, Buyer shall be deemed to have waived the condition set forth in this Section 6.1(a), except to the extent the same would result in a breach of Seller's representation set forth in Section 4.1(b) of this Agreement or Seller's obligations set forth in Section 5.1(a) of this Agreement.

(b) The execution and delivery by Seller of all documents identified in this Agreement to be executed by Seller and delivered to Buyer prior to or at Closing.

(c) All of the representations and warranties of Seller set forth in this Agreement are true and correct in all material respects, both as of the Effective Date and as of the Closing Date, and Seller has performed in all material respects each covenant of Seller set forth in this Agreement to be performed prior to or at Closing.

6.2. Conditions for the Benefit of Receiver. The obligations of the Receiver to complete the transaction at Closing shall be subject to the satisfaction of, or compliance with, at or before the Closing:

(a) The execution and delivery by Buyer of all documents identified in this Agreement to be executed by Buyer and delivered to Receiver prior to or at Closing, including, without limitation, the easement agreement contemplated in Sections 3.2(a)(vi) and 3.2(b)(iv) of this Agreement;

(b) Buyer's delivery to the Receiver at the Closing of the Purchase Price, subject to all prorations and adjustments provided in this Agreement;

(c) All of the representations and warranties of Buyer set forth in this Agreement are true and correct in all material respects, both as of the Effective Date and as of the Closing Date, and Buyer has performed in all material respects each covenant of Buyer set forth in this Agreement to be performed prior to or at Closing.

6.3. Mutual Conditions. The obligations of Buyer and Receiver to complete the transaction at Closing shall be subject to the satisfaction of, or compliance with, at or before the Closing:

(a) The Final Order shall have been issued and entered by the PUC, and such order shall not have been stayed, vacated or appealed (or if appealed, such appeal shall have been denied), and no order shall have been issued that restrains or prohibits the completion of the transaction.

(b) There shall be no order by a court of competent jurisdiction delaying, restricting or preventing and no pending or threatened claim, judicial or administrative proceeding for the purpose of enjoining, restricting or preventing the consummation of the transaction.

6.4. Waiver of Conditions Precedent. The above conditions precedent may be waived only by the party in whose favor they run, which waiver may be granted or withheld by such party in its sole and absolute discretion. If any condition precedent under this Agreement has not been satisfied as of the Closing or waived by the party in whose favor the condition precedent runs, such party shall be entitled, in its sole and absolute discretion, to terminate this Agreement by giving the other party written notice to such effect and to the remedies set forth in Section 6.5 of this Agreement.

6.5. Default; Remedies.

(a) By Buyer: If Buyer defaults in the performance of Buyer's obligations hereunder prior to Closing, Seller's sole remedy shall be to terminate this Agreement.

(b) By Seller or Receiver: If Seller or Receiver defaults in the performance of Seller's or Receiver's obligations hereunder prior to Settlement, Buyer's sole remedy shall be to either: (i) terminate this Agreement, or (ii) to pursue an action to compel specific performance by Seller and Receiver of the sale of the Assets.

ARTICLE VII MISCELLANEOUS

7.1. Expenses and Prorations. Except as expressly set forth below, each party hereto shall pay its own expenses incurred in connection with this Agreement.

(a) Expenses of Settlement:

(i) Seller shall pay: The cost of preparing, executing and acknowledging any deeds or other instruments required to convey to Buyer title to the Assets.

(ii) Buyer shall pay: (a) The cost of title examination and insurance and of any inspections, surveys, environmental reports, or tests performed by Buyer; and (b) the cost of recording any deeds or other instruments required to convey to Buyer title to the Assets.

(iii) Realty Transfer Taxes: All realty transfer taxes applicable to the conveyance and transfer from Seller to Buyer of the Assets and any other transfer or documentary taxes applicable to such conveyance shall be divided equally between Buyer and Seller. Each party shall use reasonable efforts to avail itself of any available exemptions from any such taxes or fees, and to cooperate with the other party in providing any information and documentation that may be necessary to obtain such exemptions.

(b) Prorations. The following shall be prorated, on a basis of the fiscal year of the applicable taxing body, between Seller and Buyer at Closing:

(i) Non-delinquent taxes and assessments levied or assessed against the Assets for the tax year in which Closing occurs.

(ii) Non-delinquent water and sewer charges levied or assessed against the Assets for the billing period in which Closing occurs.

(iii) Installments of special assessments due and payable in the year in which Closing occurs (if any). All such installments of special assessments due prior to such year shall be Seller's responsibility, and those due after such year shall be Buyer's responsibility.

7.2. Amendment. This Agreement may not be terminated, amended, altered or supplemented except by a written agreement executed by the parties hereto

7.3. Entire Agreement. This Agreement, including the schedules and exhibits hereto, and the instruments and other documents delivered pursuant to this Agreement, contains the entire agreement of the parties relating to the subject matter of this Agreement and supersede all prior agreements and understandings of any kind between the parties respecting such subject matter.

7.4. Further Assurances. Buyer and Seller shall, and shall, if applicable, cause their respective Affiliates to, at the request of the other, execute and deliver such other instruments of conveyance and transfer and assumption and take such other action as may be reasonably requested so as to consummate the transactions contemplated hereby or otherwise to consummate the intent of this Agreement.

7.5. Notices. All notices, consents, directions, approvals, instructions, requests and other communications required or permitted by the terms of this Agreement to be given to any Person shall be in writing, and any such communication shall become effective five business days after being deposited in the mail, certified or registered, with appropriate postage prepaid for first class mail, or, if delivered by hand or courier service, when received (if received during normal business hours on a business day, or if not, then on the next business day), and shall be directed to the following address:

If to Buyer:

GLEN SUMMIT LAND TRUST LTD.
c/o Glen Summit Company
Attn: President
PO Box 34
Mountaintop, PA 18707

If to Seller or Receiver:

INDIAN SPRINGS WATER CO.
c/o Pennsylvania-American Water Company, Receiver
852 Wesley Drive

Mechanicsburg, PA 17055
Attn: General Counsel

or to such other address as a party may have furnished to the other party in writing in accordance herewith, except that notices of change of address shall only be effective upon receipt.

7.6. Counterparts. This Agreement may be executed in two or more counterparts, and by the different parties hereto in separate counterparts, each of which when executed shall be deemed to be an original, but all of which together shall constitute one and the same Agreement.

7.7. Governing Law. This agreement and all issues arising hereunder or relating hereto, including, without limitation, its construction, validity, breach, and damages for breach shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania (without regard to its conflict of laws principles). Any action, cause of action, or dispute arising under or relating to this agreement shall be brought only in the courts of the Commonwealth of Pennsylvania and each of the parties expressly consents to personal jurisdiction in the Commonwealth of Pennsylvania with respect to such action, cause of action, or dispute.

7.8. Binding Effect; Assignment. This Agreement shall be binding upon and shall inure to the benefit of the parties and their respective successors and permitted assigns. Except as otherwise specifically provided, this Agreement is not intended and shall not be construed to confer upon or to give any person other than the parties any rights or remedies. Notwithstanding the foregoing, Buyer may not assign this Agreement without obtaining Seller's and Receiver's prior written consent, and Buyer shall be solely responsible for all transfer taxes payable as a result of any assignment by Buyer.

7.9. Severability. Any provision of this Agreement that shall be prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions thereof and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. To the extent permitted by applicable law, the parties to such instrument waive any provision of law that renders any provision thereof prohibited or unenforceable in any respect.

7.10. Headings. The headings contained in this Agreement (including the exhibits and schedules) are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

7.11. No Agency. Neither party hereto shall be deemed hereunder to be an agent of, or partner or joint venture with, the other party hereto

7.12. Intentionally Deleted.

7.13. Waiver. Failure to insist upon strict compliance with any of the terms, covenants or conditions of this Agreement shall not be deemed a waiver of that term, covenant or condition or of any other term, covenant or condition of this Agreement. Any waiver or relinquishment of any right or power hereunder at any one or more times shall not be deemed a waiver or relinquishment of that right or power at any other time.

7.14. Intentionally Deleted.

7.15. Construction. Each party has participated to a significant degree in the drafting and preparation of this Agreement. No provision of this Agreement shall be construed against any party on the basis of that party's being the "drafter."

7.16. Word Forms. Wherever used in this Agreement, the singular shall include the plural, and the plural shall include the singular. The use of any gender, tense or conjugation shall include all genders, tenses and conjugations.

7.17. Exhibits. Each exhibit and schedule attached to this Agreement shall be deemed to be a part of this Agreement to the same extent as if set forth in this Agreement. Each fact or statement recited or contained in any exhibit, schedule, certificate or other instrument delivered by or on behalf of any party to this Agreement or in connection with any transaction contemplated by this Agreement shall be deemed to be a representation and warranty by the party. If any exhibit or schedule referred to shall not have been attached at the time of execution of this Agreement, or if any exhibit or schedule shall be incomplete at the time of execution, it may, upon written approval of the parties, later be attached or completed.

7.18. Coal Notice. THIS DOCUMENT MAY NOT SELL, CONVEY, TRANSFER, INCLUDE OR INSURE THE TITLE TO THE COAL AND RIGHT TO SUPPORT UNDERNEATH THE SURFACE LAND DESCRIBED OR REFERRED TO HEREIN, AND THE OWNER OR OWNERS OF SUCH COAL MAY HAVE THE COMPLETE LEGAL RIGHT TO REMOVE ALL OF SUCH COAL, AND IN THAT CONNECTION, DAMAGE MAY RESULT TO THE SURFACE ON OR IN SUCH LAND. THE INCLUSION OF THIS NOTICE DOES NOT ENLARGE, RESTRICT OR MODIFY ANY LEGAL RIGHTS OR ESTATES OTHERWISE CREATED, TRANSFERRED, EXCEPTED OR RESERVED BY THIS INSTRUMENT. (This notice is set forth in the manner provided in Section 1 of the Act of July 17, 1957, P.L. 984 as amended and is not intended as notice of unrecorded instruments, if any.) Unless this notice is stricken, the Deed for the Conveyed Property will contain this notice and will also contain, and Buyer will sign, the notice specified in the Bituminous Mine Subsidence and Land Conservation Action of 1966.

7.19. Sewage Facilities Act Notice. Pursuant to the provisions of the Pennsylvania Sewage Facilities Act, 35 P.S. §750.7a, Seller represents that a "community sewage system" (as defined by Section 2 of the Sewage Facilities Act, 35 P.S. §750.2) is not available on one or more lots comprising part of the Property.

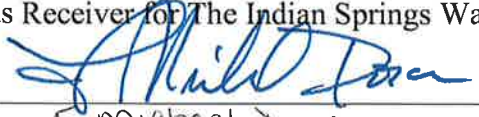
7.20. Brokers. Each party shall indemnify the other for any brokerage commissions payable by such party to any third party in connection with the sale of the Assets.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

THE INDIAN SPRINGS WATER COMPANY

By: Pennsylvania American Water Company, in its capacity
as Receiver for The Indian Springs Water Company

By: 
Name: F Michael Boran
Title: President, Pennsylvania American Water Company

THE GLEN SUMMIT LAND TRUST LTD.

By: THE GLEN SUMMIT COMPANY, its sole
member

By: _____
Bridget Evans
President

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

THE INDIAN SPRINGS WATER COMPANY

By: Pennsylvania American Water Company, in its capacity
as Receiver for The Indian Springs Water Company

By: _____
Name: _____
Title: _____

THE GLEN SUMMIT LAND TRUST LTD.

By: THE GLEN SUMMIT COMPANY, its sole
member

By: Bridget Evans
Bridget Evans
President

JOINDER TO ASSET PURCHASE AGREEMENT

In order to facilitate the transaction set forth in this Agreement, THE INDIAN SPRINGS WATER COMPANY, a Pennsylvania corporation, with an address of P.O. Box 13, Mountain Top, PA 18707, hereby joins in that certain Asset Purchase Agreement dated as of Dec. 14, 2020, 2020 by and between The Glen Summit Land Trust LTD, a Pennsylvania limited liability company, and the Pennsylvania American Water Company, in its capacity as the appointed receiver for The Indian Springs Water Company, a Pennsylvania corporation, to the extent necessary to accomplish the intent and purposes set forth therein.

THE INDIAN SPRINGS WATER COMPANY

By: Ruth C. Hughes
Name: RUTH C. HUGHES
Title: President

EXHIBIT A

ASSETS

Seller's right, title and interest in Parcel 1 and Parcel 2 described below, and all buildings, improvements and fixtures thereon, together with all of the Seller's right, title and interest, if any, in and to the appurtenances pertaining thereto, including but not limited to Seller's right, title and interest in and to the adjacent streets, alleys and right-of-ways, and any easement rights, air rights, subsurface development rights and water rights, being the same premises and rights conveyed by S.M. Wolfe et al to The Indian Springs Water Company by deed dated March 21, 1932.

Parcel 1:

ALL that certain lot, piece or parcel of land situate in the Township of Fairview, County of Luzerne and State of Pennsylvania bounded and described as follows to wit:
BEGINNING at a found iron pipe corner, being a common corner of Lots Nos. L-6 and L-7;
THENCE along the southeasterly line of Lot No. L-7 North 53°09'08" East thirty three and fifty three one hundredths (33.53) feet to a found iron pipe corner, being a northwesterly corner of land now or formerly of the Glen Summit Company;
THENCE along lands now or formerly of the Glen Summit Company the following three (3) courses and distances;
(1) South 28°45'44" East two hundred thirty four and eighteen one hundredths (234.18) feet to a found iron pin corner in stones;
(2) South 61°09'25" West one hundred fifty and nine one hundredths (150.09) feet to a found iron pin corner in stones;
(3) North 28°42'19" West two hundred fifteen and seventeen one hundredths (215.17) feet to a set iron pin corner in the southeasterly line of Lot No. L-6;
THENCE along the southeasterly line of Lot No. L-6 North 54°09'08" East one hundred seventeen and fifty eight one hundredths (117.58) feet to the PLACE OF BEGINNING.

CONTAINING (0.773) acres of land, being the same, more or less.
BEING land of the Indian Springs Land Company.
PIN 20-L10S1-002-20A-000

Parcel 2:

ALL that certain lot, piece or parcel of land situate in the Township of Fairview, County of Luzerne and State of Pennsylvania bounded and described as follows to wit:
BEGINNING at a set iron pin corner located in the easterly line of Lake Road (also known as Township Route #456), being a southwesterly corner of lands now or formerly of Glen Summit Land Trust LTD (DB. 3001, PG. 138111);
THENCE along the southwesterly line of lands now or formerly of Glen Summit Land Trust LTD (DB. 3001, PG. 138111) South 86°23'25" East one thousand seven hundred twenty eight and twenty six one hundredths (1,728.26') feet to a found stone corner, being a northwesterly corner of lands now or formerly of the Commonwealth of Pennsylvania (State Game Lands No. 119);

THENCE along the lands now or formerly of the Commonwealth of Pennsylvania (State Game Lands No. 119) the following two (2) courses and distances;

- (1) South 04°42'00" West one thousand five hundred sixty and sixty one one hundredths (1,560.61') feet to a found iron pin in stones corner;
- (2) North 86°23'20" West two thousand four hundred fourteen and two one hundredths (2,414.02') feet to a found stone corner located in the easterly line of lands now or formerly of Dawn & Tanner Long (DB 3019, PG. 67783);

THENCE along the lands now or formerly of Dawn & Tanner Long (DB 3019, PG. 67783) the following two (2) courses and distances;

- (1) North 04°33'03" East one thousand five hundred sixty and forty eight one hundredths (1,560.48') feet to a set iron pin corner;
- (2) South 86°23'25" East six hundred fifty five and ninety five one hundredths (655.95') feet to a found axle corner located in the westerly line of Lake Road (also known as Township Route #456);

THENCE along the line of Lake Road (also known as Township Route #456) the following nineteen (19) courses and distances;

- (1) South 09°27'43" East one hundred sixty two and fifty five one hundredths (162.55') feet to a point;
- (2) South 11°27'41" East two hundred eleven and fifty four one hundredths (211.54') feet to a point;
- (3) South 10°39'28" East three hundred eighty nine and sixty four one hundredths (389.64) feet to a point;
- (4) South 11°18'24" East one hundred eighty nine and seventy eight one hundredths (189.78) feet to a point;
- (5) South 18°50'00" East fifty nine and seventy one hundredths (59.70) feet to a point;
- (6) South 28°05'36" East forty nine and fifteen one hundredths (49.15) feet to a point;
- (7) South 44°26'17" East fifty four and seventy six one hundredths (54.76) feet to a point;
- (8) South 62°16'03" East forty eight and sixty nine one hundredths (48.69) feet to a point;
- (9) South 49°02'20" East forty one and forty eight one hundredths (41.48) feet to a set iron pin corner;
- (10) North 80°32'18" East forth two and eighty one one hundredths (42.81) feet to a set iron pin corner;
- (11) North 49°02'20" West seventy two and fifty nine one hundredths (72.59) feet to a point;
- (12) North 62°16'03" West forty seven and thirty four one hundredths (47.34) feet to a point;
- (13) North 44°26'17" West forty four and eighty four one hundredths (44.84) feet to a point;
- (14) North 28°05'36" West forty one and seventy four one hundredths (41.74) feet to a point;
- (15) North 18°50'00" West fifty four and eighty six one hundredths (54.86) feet to a point;

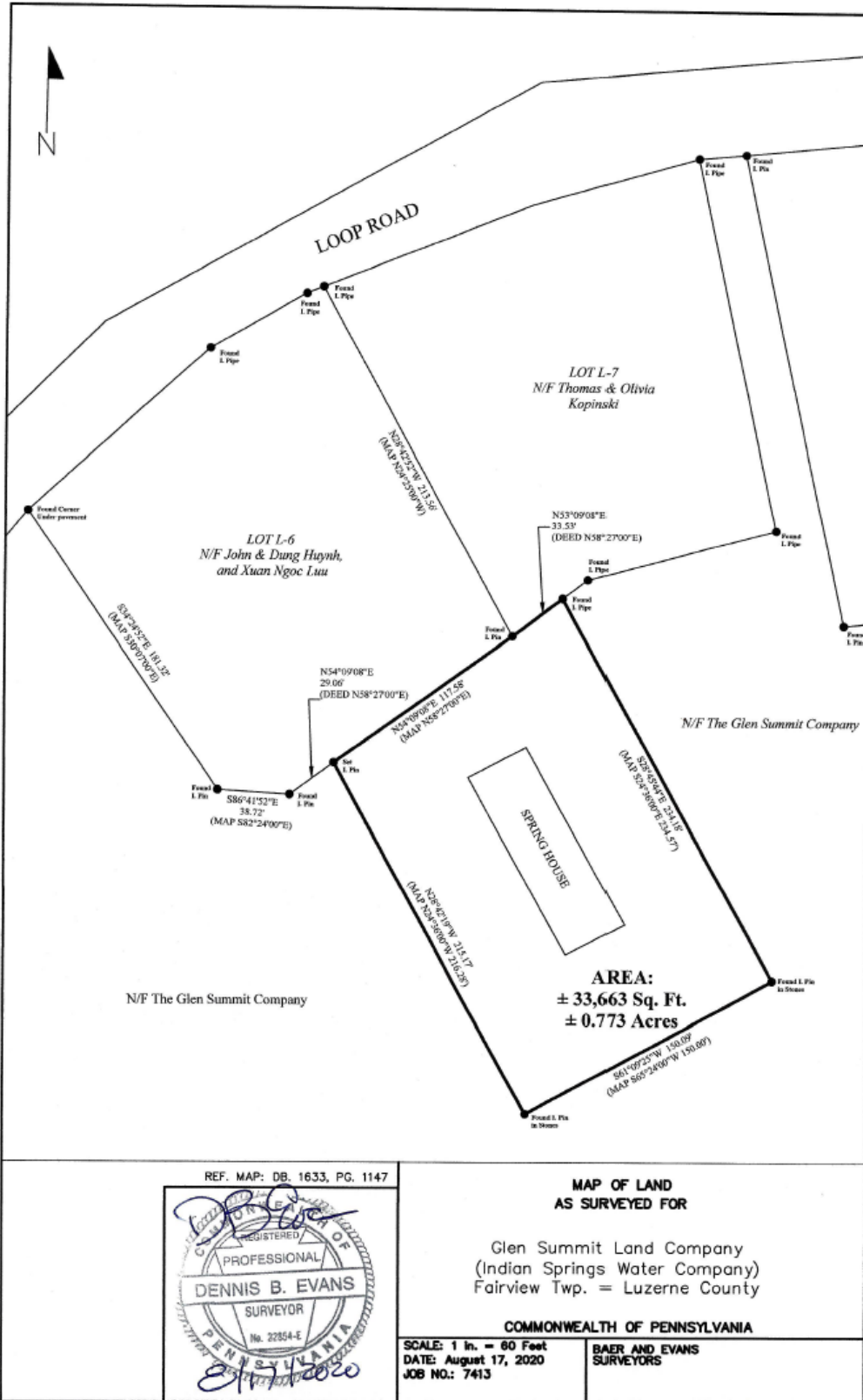
- (16) North 11°18'24" West one hundred eighty seven and forty two one hundredths (187.42) feet to a set iron pin corner;
- (17) North 10°39'28" West three hundred eighty nine and sixty nine one hundredths (389.69) feet to a point;
- (18) North 11°27'41" West two hundred eleven and nineteen one hundredths (211.19) to a point;
- (19) North 9°27'43" West one hundred fifty four and thirty one one hundredths (154.31) feet to the PLACE OF BEGINNING.

CONTAINING (85.628) acres of land, being the same, more or less.

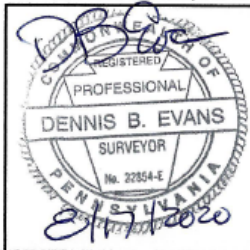
BEING land of the Indian Springs Land Company

PIN 20-M10-00A-002-000

Map of Parcel 1



REF. MAP: DB, 1633, PG. 1147



**MAP OF LAND
AS SURVEYED FOR**

Glen Summit Land Company
(Indian Springs Water Company)
Fairview Twp. = Luzerne County

COMMONWEALTH OF PENNSYLVANIA

SCALE: 1 in. = 60 Feet
DATE: August 17, 2020
JOB NO.: 7413

BAER AND EVANS
SURVEYORS

Map of Parcel 2

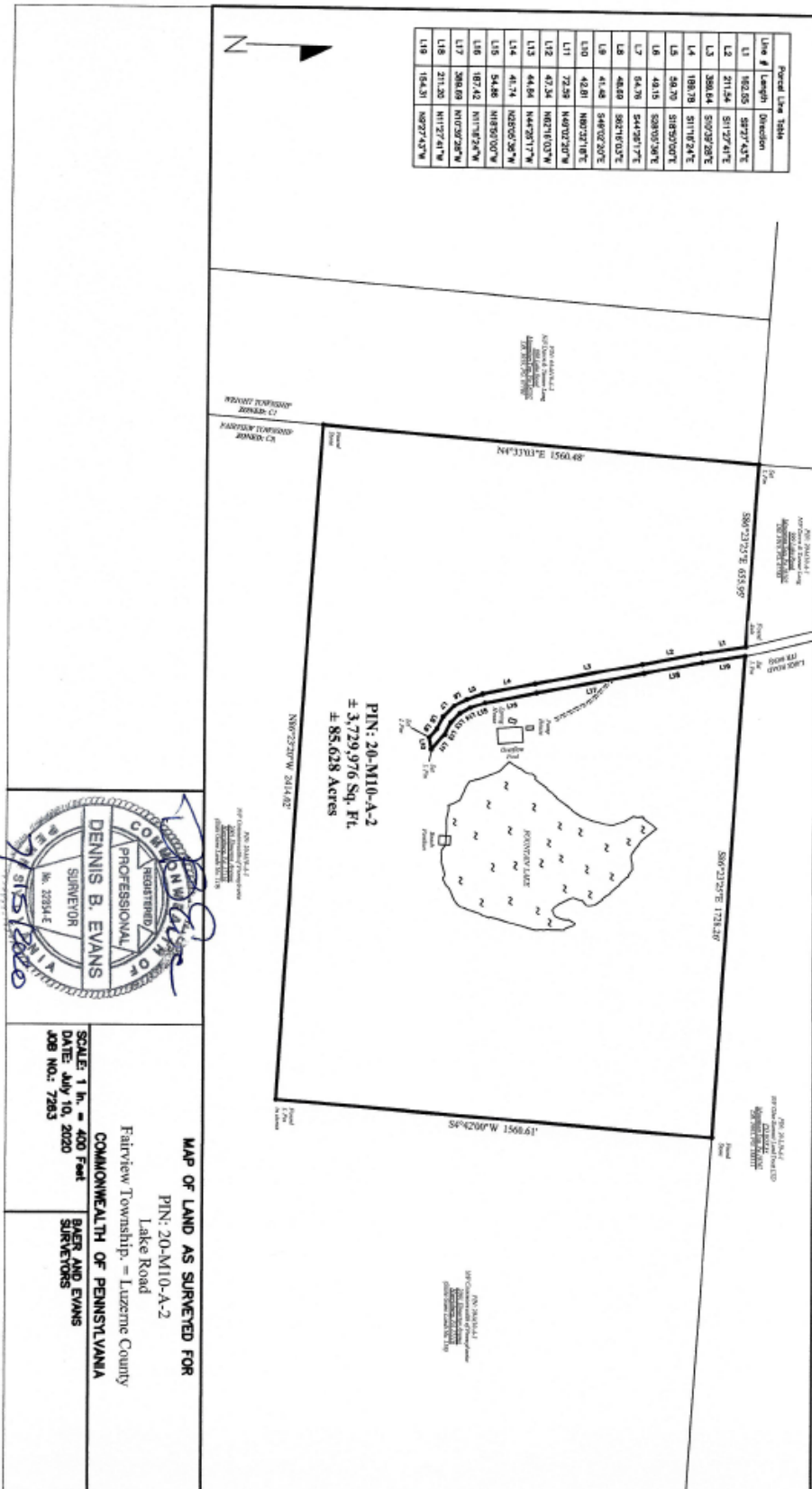


EXHIBIT B

RECEIVERSHIP COSTS

The estimated Receivership Costs are as follows:

Description	As of December 10, 2020	Future Estimated Costs
Operation and Maintenance	\$31,089.56	\$8,250
Capital Expenditures	\$11,672.60	\$0
Labor	\$15,835.60	\$5,233.25 (\$872.21 per month Dec 9, 2020 – May 31,2021)
Decommissioning	\$0	\$8,500
Direct Mailings to Customers	\$0	\$500
ISWC PURTA for 2018	\$17,334.01	\$0
ISWC PURTA for 2019		
ISWC PURTA for 2020		
	\$8,947	

EXHIBIT C

FORM OF DEED

The form of Deed is attached hereto.

SPECIAL WARRANTY DEED

THIS SPECIAL WARRANTY DEED, dated this _____ day of _____, 20 ____,
but effective as of _____, 20 ____, between

PENNSYLVANIA-AMERICAN WATER COMPANY, a Pennsylvania corporation, in its capacity as the appointed receiver for **THE INDIAN SPRINGS WATER COMPANY**, a Pennsylvania corporation, pursuant to the authority and directive given by the Order (as defined below)

(hereinafter called "Grantor"),

AND

THE GLEN SUMMIT LAND TRUST LTD, a Pennsylvania limited liability company

(hereinafter called "Grantee").

WITNESSETH, that the Grantor, in consideration of the sum of [_____], and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, does hereby grant, bargain, sell, convey, and transfer to the Grantee, its successors and assigns, fee simple title in and to:

ALL THAT CERTAIN lot or parcel of land situated in the Township of Fairview, County of Luzerne and Commonwealth of Pennsylvania, being more particularly described on Exhibit A attached hereto and made a part hereof (the "Property").

TOGETHER WITH all and singular the improvements, tenements, hereditaments and appurtenances thereunto belonging, or in any way appertaining, and the reversions, remainders, rents, issues and profits thereof.

TO HAVE and TO HOLD the same to and for the use of the Grantee, its successors and assigns forever, and the Grantor, for itself, its successors and assigns, hereby covenants and agrees that it will **WARRANT SPECIALLY** title to the Property hereby conveyed.

UNDER AND SUBJECT to all real estate taxes and water and sewer charges not yet due and payable, and all prior conveyances of rights and interests relating to coal, oil, gas and minerals; oil and gas leases; coal and mining rights; and rights-of-way, easements, restrictions, covenants, reservations, exceptions, rights, agreements and any other matters of either public record or which would be apparent upon an accurate survey or inspection of the Property.

This conveyance is made pursuant to the powers conferred upon the Grantor by that certain [Order filed on _____ with the _____ as Docket No. _____]¹, a copy of which is attached hereto as Exhibit B (the “Order”).

Grantee acknowledges that Grantor is the appointed receiver for the Property and that Grantor has not occupied the Property and has no personal knowledge of its condition or whether or not any defects exist thereon. **GRANTOR DOES NOT WARRANT, EITHER EXPRESSLY OR IMPLIEDLY, THE CONDITION OR FITNESS OF THE PROPERTY CONVEYED HEREUNDER (ANY SUCH WARRANTY BEING HEREBY EXPRESSLY NEGATED) AND GRANTEE ACCEPTS SAID PROPERTY “AS IS, WHERE IS, WITH ALL FAULTS”.**

[Remainder of Page Intentionally Left Blank]

¹ NTD – Insert reference to the Final Order (as defined in the APA) upon receipt of the same

IN WITNESS WHEREOF, the Grantor has executed this Special Warranty Deed effective as of the date above written.

PENNSYLVANIA-AMERICAN WATER COMPANY, in its capacity as receiver for THE INDIAN SPRINGS WATER COMPANY pursuant to the Order

By: _____
Name: _____
Title: _____

COMMONWEALTH OF PENNSYLVANIA)
) SS
COUNTY OF _____)

On this, the ____ day of _____, 20__, before me, the undersigned officer, personally appeared _____, who acknowledged himself/herself to be the _____ of **PENNSYLVANIA-AMERICAN WATER COMPANY, a Pennsylvania corporation, in its capacity as receiver for THE INDIAN SPRINGS WATER COMPANY pursuant to the Order**, and further acknowledged that he/she, as such officer, being authorized to do so, executed the foregoing instrument as the act and deed of such corporation for the purposes therein contained by signing the name of such corporation by himself/herself as its _____.

IN WITNESS WHEREOF, I hereunto set my hand and notarial seal.

Notary Public
My Commission Expires:

NOTICE THE UNDERSIGNED, AS EVIDENCED BY THE SIGNATURE(S) TO THIS NOTICE AND THE ACCEPTANCE AND RECORDING OF THIS DEED, (IS, ARE) FULLY COGNIZANT OF THE FACT THAT THE UNDERSIGNED MAY NOT BE OBTAINING THE RIGHT OF PROTECTION AGAINST SUBSIDENCE, AS TO THE PROPERTY HEREIN CONVEYED, RESULTING FROM COAL MINING OPERATIONS AND THAT THE PURCHASED PROPERTY, HEREIN CONVEYED, MAY BE PROTECTED FROM DAMAGE DUE TO MINE SUBSIDENCE BY A PRIVATE CONTRACT WITH THE OWNERS OF THE ECONOMIC INTEREST IN THE COAL. THIS NOTICE IS INSERTED HEREIN TO COMPLY WITH THE BITUMINOUS MINE SUBSIDENCE AND LAND CONSERVATION ACT OF 1966.

THE GLEN SUMMIT LAND TRUST LTD.

By: _____
Name: _____
Title: _____

Certificate of Residence

I do hereby certify that the Tax Bill Address of the within named Grantee is: _____
_____.

Witness the due execution hereof.

Grantee/Agent for Grantee

EXHIBIT A

Legal Description of the Property

[Legal Description to be Inserted]

EXHIBIT B

The Order

[See attached]

EXHIBIT D

FORM OF EASEMENT AGREEMENT

The form of Easement Agreement is attached hereto.

TEMPORARY EASEMENT AGREEMENT

THIS TEMPORARY EASEMENT AGREEMENT (this “Agreement”) is made as of this ___ day of _____, 20___, between **THE GLEN SUMMIT LAND TRUST LTD**, a Pennsylvania limited liability company (“Grantor”) and **PENNSYLVANIA-AMERICAN WATER COMPANY**, a Pennsylvania corporation, in its capacity as the appointed receiver for **THE INDIAN SPRINGS WATER COMPANY**, a Pennsylvania corporation, pursuant to the authority and directive given by the Settlement Order (as defined below) (“Grantee”).

W I T N E S S E T H

WHEREAS, by Special Warranty Deeds dated on even date herewith (collectively, the “Deeds”), Grantor is the fee simple owner of certain real property located in the Township of Fairview, County of Luzerne and Commonwealth of Pennsylvania, known as Tax Parcel Identification Nos. 20-L10S1-002-20A-000 and 20-M10-00A-002-000 (the “Grantor Property”);

WHEREAS, the Deeds were delivered and the Grantor Property was conveyed to Grantor by Grantee as part of Grantee’s receivership of The Indian Springs Water Company (“ISWC”) pursuant to that certain [Order filed on _____ with the _____ as Docket No. _____]², a copy of which is attached hereto as Exhibit A (the “Settlement Order”);

WHEREAS, in accordance with the Settlement Order, Grantee needs to have continued access to the water distribution system and related appurtenances located on the Grantor Property and owned or formerly owned by ISWC, including without limitation, the existing spring, spring house, and pump house (collectively, the “Water System”) in order to continue operating the Water System to provide water service to certain customers until a Certificate of Public Convenience for Abandonment of the Water System is issued by the Pennsylvania Public Utility Commission (the “Abandonment Order”); and

WHEREAS, Grantee has requested, and Grantor has agreed to grant to Grantee, a temporary easement over the Grantor Property as set forth herein in connection with the operation, maintenance, repair and/or removal of the Water System by Grantee.

NOW, THEREFORE, for and in consideration of the premises and the receipt from Grantee of \$10.00 and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

1. **Grant of Temporary Easement.** Subject to the terms, conditions, restrictions and/or reservations set forth herein, Grantor grants and conveys to Grantee, its agents, employees and contractors (the “Grantee Parties”) a temporary easement over and across the portion of the Grantor Property depicted on Exhibit B (the “Temporary Easement Area”) for the

² NTD – Insert reference to the Final Order (as defined in the APA) upon receipt of the same

purposes of operating, maintaining, repairing, and/or preparing for abandonment all or any part of the Water System, as well as vehicular and pedestrian ingress and egress in connection with the same (the "Temporary Easement"). Grantee shall exercise its rights under this Agreement in a manner which complies with all applicable laws, statutes, rules, regulations, codes, ordinances and orders of each governmental authority having jurisdiction over the Grantor Property. Grantee's rights hereunder shall terminate upon Grantee's receipt of the final Abandonment Order and completion of Grantee's obligations pursuant to the Settlement Order.

2. **Repair and Restoration.** Grantee shall, at Grantee's sole cost and expense, repair and restore any damage to the Temporary Easement Area arising out of the use of the Temporary Easement by the Grantee Parties. Such repair and restoration shall be performed promptly by Grantee (but in no event later than sixty (60) days following the occurrence of such damage). If Grantee fails to perform its obligations within sixty (60) days following the occurrence of such damage, Grantor shall have the right to perform such obligations following the delivery of written notice of such failure to Grantee and the passage of a reasonable time (not to exceed thirty (30) days) in which Grantee fails to cure such failure, whereupon Grantee shall reimburse Grantor for the reasonable cost of performing such obligations within thirty (30) days after receipt of a written invoice from Grantor for the same.

3. **No Interference.** The Temporary Easement shall not be construed in a manner so as to restrict the Grantor from any use which it may make of the Grantor Property; provided, however, that Grantor shall not obstruct the Temporary Easement Area or render it impassable or unusable. Grantee's use of the Temporary Easement pursuant to this Agreement shall not unreasonably interfere with Grantor's operations at the Grantor Property.

4. **Equitable Relief.** The parties acknowledge and agree that each party would be irreparably damaged in the event that any of the provisions of this Agreement relating to the grant and use of the Temporary Easement Area are not performed or observed by the other in accordance with their specific terms or are otherwise breached. Accordingly, it is agreed that each party shall be entitled to an injunction or injunctions to prevent breaches of such provisions by the other and shall have the right to specifically enforce such provisions against the other in addition to any other remedy to which such aggrieved party may be entitled at law or in equity.

5. **Amendments.** This Agreement may be amended only by a writing signed by each of the parties, and any such amendment shall be effective only to the extent specifically set forth in such writing.

6. **Governing Law.** This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the Commonwealth of Pennsylvania without regard to its rules relating to conflicts of law.

7. **Waivers.** The due performance or observance by the parties of their respective obligations hereunder shall not be waived, and the rights and remedies of the parties hereunder shall not be affected, by any course of dealing or performance or by any delay or failure of any party in exercising any such right or remedy. The due performance or observance by a party of any of its obligations hereunder may be waived only by a writing signed by the party

against whom enforcement of such waiver is sought, and any such waiver shall be effective only to the extent specifically set forth in such writing.

8. **Counterparts.** This Agreement may be executed in one or more counterparts, which, taken together, shall constitute one and the same Agreement.

9. **Successors and Assigns.** The terms and conditions of this Agreement shall be binding upon and inure to the benefit of the parties hereto, their successors and assigns.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by duly authorized officers on the date first set forth above.

GRANTOR:

THE GLEN SUMMIT LAND TRUST LTD.

By: _____

Name: _____

Title: _____

GRANTEE:

PENNSYLVANIA-AMERICAN WATER

COMPANY, in its capacity as receiver for THE

INDIAN SPRINGS WATER COMPANY

pursuant to the Order

By: _____

Name: _____

Title: _____

EXHIBIT A

THE ORDER

[See Attached]

EXHIBIT B

DEPICTION OF THE TEMPORARY EASEMENT AREA

[To be Inserted]

APPENDIX E
PROPOSED FINDINGS OF FACT

PROPOSED FINDINGS OF FACT

THE PARTIES

1. ISWC is a Commission-regulated public utility providing water service to the public for compensation in Fairview Township, Luzerne County, Pennsylvania.

2. PAWC 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 PAWC to the public in a service territory encompassing more than 400 communities across the Commonwealth with a combined population of over 2,400,000.

3. I&E serves as the Commission's prosecutory bureau for the purposes of representing the public interest in ratemaking and service matters, and enforcing compliance with the Pennsylvania Public Utility Code ("Code") and Commission Regulations and Orders. *See Implementation of Act 129 of 2008; Organization of Bureaus and Offices*, Docket No. M-2008-2071852 (Order entered August 11, 2011).

4. The OCA is a Commonwealth agency created by Act 161 of 1976 to represent the interests of consumers before the Commission. 71 P.S. § 309-2.

5. Glen Summit is a Pennsylvania company, which serves the functions of a homeowners' association for the Glen Summit community (the "Community").

ISWC's WATER SYSTEM

6. ISWC owns and operates a water system (the "System") currently providing water service to approximately five (5) customers. As of January 1, 2018, ISWC had 51

customers, most of whom have since drilled private wells and disconnected from the water system. The assets of the System include a water spring with springhouse, pump house with disinfection treatment, reservoir and distribution system.

7. On February 7, 2019, the Pennsylvania Department of Environmental Protection (“DEP”) directed ISWC to issue to its customers a public notification advising that water produced by ISWC is not safe for consumption due to lead and copper exceedances as well as unsanitary conditions of the water system and to provide bottled water to customers (the “Do Not Consume Order”). This Do Not Consume Order followed ten Notices of Violation issued to ISWC by DEP since 2015 for: failure to issue a Tier 3 public notification for asbestos contaminants; Consumer Confidence Report (CCR) report not submitted; failure to monitor or report EP disinfectant residual for groundwater; failure to monitor or report for the disinfectant/disinfectant byproduct (D/DBP) contaminant specified – chlorine, trihalomethanes, and haloacetic acids (five); failure to issue a Tier 2 public notification for lead/copper group contaminants; and failure to do a study or recommend treatment under the Lead and Copper Rule (LCR) for lead/copper group contaminants.

8. On August 8, 2019, the Commission issued an Order initiating an investigation into whether the Commission should order a capable public utility to acquire ISWC pursuant to 66 Pa. C.S. § 529 and directing PAWC to serve as the receiver (the “Receiver”) for ISWC pursuant to 66 Pa. C.S. § 529(g) pending the outcome of that investigation and to continue to provide bottled water to customers (the “Order”). Attachment A to the Order outlined the powers and duties of the Receiver.

THE RECEIVER'S AUTHORITY AND EXPENSES OF RECEIVERSHIP

9. PAWC began serving as Receiver for ISWC on August 19, 2019 and continues to serve as receiver.

10. Appendix A to the Order lists the powers and duties of the Receiver. Appendix A provides at Paragraph 1.c. that PAWC shall:

Provide a listing of recommended capital improvements, identifying the capital improvements necessary to improve the performance of the system, to address or anticipate the obsolescence of portions of the system, to reduce the cost of operating the system, to provide cost savings or efficiency innovations to the system, or to comply with existing or anticipated changes to applicable laws and regulations.

11. Appendix A to the Order also states that PAWC, as Receiver, is to assume ISWC's billing and collection functions, Paragraph 1.i., and comply with ISWC's effective tariff for ISWC's customers, Paragraph 1.m. PAWC has billed ISWC's customers in compliance with ISWC's effective tariff since it began serving as Receiver.

12. Appendix A to the Order further states that PAWC, as Receiver, has the duty and responsibility to:

Establish deferred accounting treatment for expenses incurred by Indian Springs that are payable to the Receiver and to present those expenses for recovery as a part of a subsequent base rate proceeding if not recoverable from Indian Springs. Paragraph 1.s.

Establish deferred accounting treatment for reasonable capital costs incurred by the Receiver to restore safe, adequate, and reasonably continuous service to Indian Springs customers and to present those costs for recovery as a part of a subsequent base rate proceeding if not recoverable from Indian Springs. Paragraph 1.t.

Charge Indian Springs reasonable rates for all services rendered to or for Indian Springs on behalf of the receivership and to present those charges for recovery as a part of a subsequent base rate proceeding if not recoverable from Indian Springs. Paragraph 1.x.

Establish a deferred expense account for expenses incurred by the Receiver resulting from this order, including prudent and reasonable legal expenses for presentation in a subsequent rate proceeding and to present those expenses for recovery as a part of a subsequent base rate proceeding if not recoverable from Indian Springs. Paragraph 2.b.

13. PAWC, as Receiver, has incurred considerable operations and maintenance expenses as well as limited capital expenditures. *See, e.g.*, Exhibit B to the APA.

14. PAWC, as Receiver, is to make reasonable efforts to establish the financial position of ISWC as of the date that PAWC assumed Receivership of the System, Order Paragraph 1.r., and to maintain financial and accounting records for ISWC. Paragraph 1.h.

15. The Settlement would clarify that all of the expenses that PAWC has incurred and will incur as Receiver, will be paid by ISWC from three sources: (1) all funds in the ISWC business checking account at First Keystone Community Bank; (2) all revenues collected by PAWC from ISWC customers as of the date a final Order is entered by the Commission in this proceeding; and (3) proceeds from the sale of real property as described in the Joint Petition. The Settlement would further clarify PAWC's ability to seek recovery in rates of those receivership expenses (subject to challenge), in the event that ISWC is unable to pay those costs in full.

ABANDONMENT OF SERVICE

16. Appendix A to the Order also states that PAWC, as Receiver, "Participate in discussions with the Commission regarding alternatives to the acquisition of Indian Springs, pursuant to 66 Pa. C.S. § 529(b)."

17. PAWC determined, in consultation with OCA, I&E, ISWC and Glen Summit, that capital improvements necessary to remove the Do Not Consume Order and bring the System into regulatory compliance are not recommended and that the most cost efficient and prudent course of action is to pursue a permanent source of alternative water supply (i.e., individual wells) for

ISWC customers and abandonment of the ISWC System. The Settlement implements that agreed upon course of action.

18. Pursuant to 66 Pa. C.S. §1102(a)(2), obtaining a certificate of public convenience from the Commission is required “For any public utility to abandon or surrender, in whole or in part, any service...”

19. At the time PAWC was named Receiver of ISWC, the System was in violation of statutory or regulatory standards affecting the safety, adequacy, efficiency or reasonableness of the service provided by ISWC, as demonstrated by the Do Not Consume Order issued by DEP on February 7, 2019.

20. Between February 7, 2019 and August 8, 2019, ISWC took no actions to lift the Do Not Consume Order.

21. At this time, only five (5) customers remain connected to the ISWC System and as such, the System’s annual revenue is \$1,777.52.

22. If PAWC would cease to operate as Receiver, and ISWC would resume operating the System, ISWC could not reasonably be expected to furnish and maintain adequate, efficient, safe and reasonable service and facilities in the future. For the Do Not Consume Order to be lifted, the finished water reservoir would need to be replaced with a new tank and associated piping. Lead and copper level exceedances as well as other deficiencies would also need to be addressed. PAWC estimates that the cost just to lift the Do Not Consume and make the water potable would be \$500,000 to \$750,000. PAWC estimates that a five-year capital plan to bring the system to PAWC standards is estimated to be approximately \$2.5 million.

23. Maintaining PAWC as Receiver of the System on a long-term basis is not a practical or economically feasible alternative to ISWC’s abandonment of service.

24. The settlement provides an offer of a one-time payment of \$5,000 to owners of the residences that were connected to the ISWC System as of January 1, 2018, as a contribution toward the costs incurred by Customers for drilling private wells.

25. The one-time payment will be funded by the proceeds from the sale of ISWC's real property to Glen Summit Land Trust, a wholly-owned subsidiary of Glen Summit. The real property therefore will remain a community asset of the Glen Summit community.

26. The settlement provides direct, written notice of the proposed abandonment of service to ISWC customers remaining on the System at least three (3) months before the abandonment, if approved, would take place.

27. The settlement provides that ISWC customers remaining on the System will have at least 30 days to drill a well after receipt of the \$5,000 payment prior to abandonment of service.

28. The settlement provides that following abandonment of service, PAWC will continue to provide an alternative supply of water, in quantities sufficient for basic household purposes, to customers who are delayed by winter weather from drilling a well, until such customer drills a well or April 30, 2021, whichever is sooner.

29. PAWC is not able to connect Customers to its distribution system because it would not be permitted under the Company's DEP Orders of Confirmation.

30. Other alternatives to abandonment of service (such as acquisition, reorganization, merger, and acquisition by a municipality or municipal authority), have been considered by the Joint Petitioners, but found to be impractical or not economically viable. Additionally, no other water utility in the proximate area indicated either the capacity or desire to acquire or otherwise take over the operations of the ISWC System.

APPENDIX F
PROPOSED CONCLUSIONS OF LAW

PROPOSED CONCLUSIONS OF LAW

1. The Commission has jurisdiction over the subject matter of, and the parties to, this investigation. 66 Pa. C.S. § 529.

2. Commission policy promotes settlements. *See* 52 Pa. Code § 5.231.

3. A settlement lessens the time and expense that the parties must expend litigating a case and, at the same time, conserves precious administrative resources. The Commission has indicated that settlement results are often preferable to those achieved at the conclusion of a fully-litigated proceeding. *See* 52 Pa. Code § 69.401.

4. In order to accept a settlement, the Commission must determine that the proposed terms and conditions are in the public interest. *Pa. Pub. Util. Comm'n v. York Water Co.*, Docket No. R-00049165 (Order entered October 4, 2004); *Pa. Pub. Util. Comm'n v. C.S. Water and Sewer Assocs.*, 74 Pa. P.U.C. 767 (1991).

5. The Settlement and its proposed terms and conditions are in the public interest and, therefore, should be approved without modification.

6. At the time that the Pennsylvania Public Utility Commission ordered Pennsylvania-American Water Company to become the receiver of Indian Springs Water Company, Indian Springs Water Company was in violation of statutory or regulatory standards enforced by the Pennsylvania Department of Environmental Protection which affect the safety, adequacy, efficiency or reasonableness of the service provided by Indian Springs Water Company. 66 Pa. C.S. § 529(a)(1).

7. When the Pennsylvania Public Utility Commission ordered Pennsylvania-American Water Company to become the receiver of Indian Springs Water Company, Indian Springs Water Company had failed to comply, within a reasonable period of time, with an order

of the Pennsylvania Department of Environmental Protection concerning the safety, adequacy, efficiency or reasonableness of service. 66 Pa. C.S. § 529(a)(2).

8. If Pennsylvania-American Water Company would cease to be the receiver of Indian Springs Water Company, Indian Springs Water Company cannot reasonably be expected to furnish and maintain adequate, efficient, safe and reasonable service and facilities in the future. 66 Pa. C.S. § 529(a)(3).

9. The Settlement affords current and former customers of Indian Springs Water Company an adequate opportunity and means to drill wells that produce an alternative source of water supply.

10. Alternatives to the abandonment of service by Indian Springs Water Company have been considered and the Pennsylvania Public Utility Commission determines they are impractical or not economically feasible. 66 Pa. C.S. § 529(a)(4).

APPENDIX G
PROPOSED ORDERING PARAGRAPHS

PROPOSED ORDERING PARAGRAPHS

1. That the Joint Petition for Approval of Settlement of All Issues executed by Pennsylvania-American Water Company, The Indian Springs Company, The Glen Summit Company, the Office of Consumer Advocate, and the Pennsylvania Public Utility Commission's Bureau of Investigation and Enforcement is approved without modification.

2. That Pennsylvania-American Water Company continue to serve as Receiver of Indian Springs Water Company until a Certificate of Public Convenience to Abandon Service is issued by the Commission.

3. That Pennsylvania-American Water Company's costs of receivership shall be paid by Indian Springs Water Company from three sources: (1) all funds in the Indian Springs Water Company business checking account at First Keystone Community Bank; (2) all revenues collected by Pennsylvania-American Water Company from The Indian Springs Water Company customers as of the date a final Order is entered by the Commission in this proceeding; and (3) proceeds from the sale of real property owned by Indian Springs Water Company to The Glen Summit Company, consistent with Paragraph 8, below. Pennsylvania-American Water Company's costs of receivership shall include all reasonable costs necessary to effectuate the terms of the Settlement. Such costs may be reviewed and questioned by the parties.

4. That if Pennsylvania-American Water Company does not receive full reimbursement for all costs of receivership from The Indian Springs Water Company for any reason, including but not limited to this Settlement not being approved by the Commission or the Sale not closing, Pennsylvania-American Water Company may claim any unreimbursed costs in a subsequent base rate case. All parties to the Settlement reserve their respective rights to challenge a claim for recovery of such costs.

5. That Pennsylvania-American Water Company, as Receiver, on behalf of The Indian Springs Water Company, shall offer to provide a one-time payment of \$5,000 to Customers as a contribution toward the costs incurred by Customers to obtain alternative water supply, such offer to be mailed by Pennsylvania-American Water Company in the form attached to the Joint Petition for Approval of Settlement of All Issues as Appendix C within one (1) day after entry of a final Commission Order approving the proposed Settlement without modification that impacts the Offer. If the Offer is modified, Pennsylvania-American Water Company shall mail the Offer within three (3) business days after entry of the final Commission Order.

6. That each Customer shall have thirty (30) days after the Offer is postmarked to refuse the Offer in writing. Refusal will be registered by postmark or the email "sent" date.

7. That within forty-five (45) days after entry of a final Commission Order approving the proposed Settlement or ten (10) days after closing of the transaction contemplated in Paragraph 8, below, whichever is later, Pennsylvania-American Water Company, as Receiver, shall mail a check in the amount of \$5,000 to all Customers unless the contribution was refused in the manner described in Paragraph 6, above. Checks shall be mailed to the Customers' addresses used for billing. Pennsylvania-American Water Company, as Receiver, shall use best efforts to deliver the funds to all Customers. Pennsylvania-American Water Company also shall contact all Customers who received checks but did not cash them within forty-five (45) days after the checks were mailed. Pennsylvania-American Water Company shall comply with Pennsylvania unclaimed property requirements with regard to the balance of all uncashed checks.

8. That Pennsylvania-American Water Company, as Receiver, transfer title to the Land and consummate the Sale pursuant to the terms of the Asset Purchase Agreement attached as **Appendix D**.

9. That Pennsylvania-American Water Company, once the requirements below have been met, file a statement with the Commission's Secretary's Bureau, copied to all signatory parties, verifying that:

a. Pennsylvania-American Water Company, as Receiver, has complied with the terms of the Settlement to provide the Notice and Offer to Customers; and

b. All residences formerly served by The Indian Springs Water Company have wells connected to the homes, which are producing water of adequate quality and quantity for domestic use, or

That Pennsylvania-American Water Company, as Receiver, has obtained written confirmation from the Customer that the home will remain unoccupied while that Customer retains ownership, or

That Pennsylvania-American Water Company mailed the Customer a \$5,000 check and the Customer was afforded thirty (30) days after the check was mailed to have a well drilled and, if applicable, water is continuing to be provided, or

The Customer refused a \$5,000 contribution in the manner described in Settlement Paragraph 24; and

c. The Sale has closed.

The verified statement will specify the number of Customers who do not have wells connected to their homes as of the date the statement is filed. In addition, under confidential cover, PAWC shall file a list of amounts paid to each Customer pursuant to Settlement Paragraphs 22 and 25, copied to all Joint Petitioners.

10. That Pennsylvania-American Water Company file under confidential cover a list of amounts paid to each Customer copied to all signatory parties.

11. That Pennsylvania-American Water Company, when the foregoing requirements are met, but no earlier than sixty (60) days after entry of a Commission Order approving this Settlement, to comply with DEP requirements, if any, for abandonment of The Indian Springs Water system with such costs added to its costs of receivership and file a verification statement with the Commission's Secretary's upon completion of this action.

12. That Pennsylvania-American Water Company continue to provide an alternative supply of water to any Customer who is mailed a \$5,000 check and is unable, due to winter weather, to drill a well within thirty (30) days after the check is mailed, in quantities sufficient for basic household purposes, following abandonment of service until such Customer drills a well or until April 30, 2021, whichever is sooner.

13. That following entry of a final Commission Order approving the Settlement, if significant investment becomes required to restore or continue service from The Indian Springs Water Company facilities, Pennsylvania-American Water Company, as Receiver, will not be obligated to make such investment and instead will continue to provide an alternative supply of water, in quantities sufficient for basic household purposes, to all Customers who are taking service from The Indian Springs Water Company's system for at least sixty (60) days after the entry of the Order and until the conditions of Section III of the Settlement, Settlement Paragraph 30 and, if applicable, Paragraph 31 are met.

14. That, conditioned on compliance with the terms of Section III of the Settlement (Settlement Paragraphs 17 through 32), the Secretary's Bureau shall issue a certificate of public convenience evidencing Commission approval of The Indian Springs Water Company's abandonment of the provision of water service to the public in Pennsylvania.

15. That any other certificates or approvals appropriate, customary or necessary under the Code to effectuate the term of the Settlement in a lawful manner be issued.

16. That the Secretary's Bureau close Docket Nos. M-2019-3011972 upon the issuance of the certificate of public convenience evidencing Commission approval of The Indian Springs Water Company's abandonment of the provision of water service to the public in Pennsylvania.

APPENDIX H
STATEMENT IN SUPPORT OF
PENNSYLVANIA-AMERICAN
WATER COMPANY

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Administrative Law Judge Steven K. Haas

Pennsylvania Public Utility Commission	:	
	:	Docket Nos. M-2019-3011972
v.	:	C-2019-3012933
	:	
Indian Springs Water Company	:	
	:	

**STATEMENT OF PENNSYLVANIA-AMERICAN WATER
COMPANY IN SUPPORT OF JOINT PETITION FOR
APPROVAL OF SETTLEMENT OF ALL ISSUES**

Pennsylvania-American Water Company (“PAWC”) files this Statement in Support of the Joint Petition for Approval of Settlement of All Issues (“Settlement”), entered into by PAWC, Indian Springs Water Company (“ISWC”), The Glen Summit Company (“Glen Summit”), the Office of Consumer Advocate (“OCA”), and the Bureau of Investigation and Enforcement (“I&E”) of the Pennsylvania Public Utility Commission (“PUC” or “Commission”) (singularly, a “Joint Petitioner” and collectively, the “Joint Petitioners”).¹ PAWC respectfully requests that the Honorable Deputy Chief Administrative Law Judge Joel H. Cheskis (the “ALJ”) recommend approval of, and that the Commission approve, the Settlement, including all terms and conditions thereof, without modification.

¹ A formal complaint was filed by Thomas V. Tinsley at Docket No. C-2019-3012933 and subsequently consolidated with this proceeding. Mr. Tinsley is not a signatory to the Joint Petition for Approval of Settlement of All Issues.

I. INTRODUCTION

The Settlement is in connection with a proceeding commenced pursuant to Section 529 of the Public Utility Code, 66 Pa. C.S. § 529, concerning ISWC, a small, troubled water utility in in the community of Glen Summit in Fairview Township, Luzerne County, Pennsylvania. In order to resolve these matters, the Joint Petitioners have to seek approval from the Commission for ISWC to abandon service conditioned on certain requirements being met.

Commission policy promotes settlements. *See* 52 Pa. Code § 5.231. Settlements lessen the time and expense that the parties must expend litigating a case and, at the same time, conserve precious administrative resources. The Commission has indicated that settlement results are often preferable to those achieved at the conclusion of a fully-litigated proceeding. *See* 52 Pa. Code § 69.401. In order to accept a settlement, the Commission must determine that the proposed terms and conditions are in the public interest. *Pa. Pub. Util. Comm'n v. York Water Co.*, Docket No. R-00049165 (Order entered October 4, 2004); *Pa. Pub. Util. Comm'n v. C.S. Water and Sewer Assocs.*, 74 Pa. P.U.C. 767 (1991).

As an initial matter, the fact that the Settlement resolves all issues is, in and of itself, strong evidence that the Settlement is reasonable and in the public interest – particularly given the diverse interests of the Joint Petitioners and the active role that they have taken in this proceeding. The Settlement was achieved through the hard work and perseverance of the Joint Petitioners. They have repeatedly demonstrated their good faith and willingness to cooperate to resolve this complex case.

It should be noted that the Joint Petitioners, and their counsel and experts, have considerable experience in Commission proceedings. Their knowledge, experience and ability to evaluate the strengths and weaknesses of their litigation positions provided a strong base upon

which to build a consensus on all the issues. The Joint Petitioners, their counsel and experts fully explored all the issues in this case.

The Settlement reflects a carefully balanced compromise of the interests of the Joint Petitioners and satisfies the various requirements of the Code. For these reasons, and the reasons set forth below, the Settlement is in the public interest and should be approved without modification.

II. THE SETTLEMENT IS IN THE PUBLIC INTEREST

A. Receivership

In the Settlement, PAWC agrees to continue to serve as Receiver of ISWC until the terms of the Settlement are met and service is abandoned. PAWC has operated the system as Receiver since August 19, 2019.² Throughout the receivership, PAWC has also provided customers with bottled water as the DEP's Do Not Consume Order has stayed in place.

The Settlement resolves how PAWC will be reimbursed for its costs of receivership. Notably, all of PAWC's costs of receivership are to be paid by ISWC and not by PAWC's customers through base rates. PAWC customers are not responsible for the condition of the ISWC system and gain no benefit from PAWC's receivership of such system. However, if for some reason PAWC is not fully reimbursed for its costs, it may claim any unreimbursed costs in a subsequent base rate case.

These provisions of the Settlement are in the public interest, are reasonable, and should be approved without modification. It is in the public interest for a capable public utility, such as PAWC, to serve as the receiver of a troubled water or wastewater system, but capable public

² See Quarterly Status Reports filed on December 18, 2020, March 5, 2020, June 9, 2020, September 4, 2020, and December 8, 2020 at the above-referenced docket.

utilities may not be willing to serve in that capacity if they do not believe they will recover the costs of their service as Receiver. The Settlement promotes the public interest by requiring ISWC to pay the costs incurred by PAWC, but allowing PAWC to include a claim for any shortfall from its service as Receiver in its next base rate case.

B. Conditions for Abandonment of System

The Joint Petitioners have agreed that the appropriate resolution for the troubled ISWC system is for service to be abandoned. However, such abandonment is conditioned on steps being taken to ensure that the remaining customers of ISWC have an adequate alternative water supply and that those customers who have drilled or will drill wells receive compensation to offset the cost.

PAWC, as Receiver for ISWC, ISWC, and Glen Summit have entered into an Asset Purchase Agreement (“APA”) by which Glen Summit will acquire real property owned by ISWC. The proceeds from that sale will pay PAWC’s unreimbursed receivership costs and a \$5,000 contribution to all customers of ISWC as of January 1, 2018, unless they choose not to accept it. Once the sale of the real property closes, all customers who wish to receive the contribution receive it, and any remaining customers are afforded a reasonable amount of time to drill a well, service will be abandoned. Pursuant to the Settlement, PAWC will continue to act as Receiver and provide bottled water until the terms of the Settlement are met and customers have an opportunity to secure an alternative supply of water.

These provisions of the Settlement are in the public interest because it will result in the abandonment of a system that has been troubled for some time. PAWC has been acting as Receiver of the System, so PAWC is well acquainted with the acquired system and what it would take to rehabilitate and bring into compliance to provide safe drinking water. It is simply cost prohibitive.

Moreover, the sale of real property to Glen Summit will keep the land for the benefit of the Glen Summit community now and in the future. It is PAWC's understanding that Glen Summit intends for the property to go into Pennsylvania's Clean and Green program, thus preserving it for future generations. These provisions of the Settlement are reasonable and in the public interest, and should be approved without modification.

III. Conclusion

WHEREFORE, Pennsylvania-American Water Company respectfully requests that the Honorable Administrative Law Judge Steven K. Haas recommend approval of, and that the Commission approve, the Settlement, including all terms and conditions thereof, without modification, and enter an order consistent with the Settlement.

Respectfully submitted,



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Counsel for *Pennsylvania-American Water Company*

Dated: December 15, 2020

APPENDIX I
STATEMENT IN SUPPORT OF THE
OFFICE OF CONSUMER ADVOCATE

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission	:	
	:	Docket Nos. M-2019-3011972
v.	:	C-2019-3012933
	:	
Indian Springs Water Company	:	

OFFICE OF CONSUMER ADVOCATE
STATEMENT IN SUPPORT OF
JOINT PETITION FOR SETTLEMENT

The Office of Consumer Advocate (OCA), one of the signatory parties to the Joint Petition for Approval of Settlement of All Issues (Settlement) respectfully requests that the terms and conditions of the Settlement be approved by the Pennsylvania Public Utility Commission (Commission). This request is based upon the OCA’s conclusion that the proposed Settlement is in the public interest and is in the interest of the recent and current customers of The Indian Springs Water Company (ISWC or Company).

I. BACKGROUND

On August 8, 2019, the Commission issued an Ex Parte Emergency Order¹ which initiated this proceeding pursuant to 66 Pa. C.S. § 529 and appointed Pennsylvania American Water Company (PAWC) as receiver of ISWC under Section 529(g). At that time, ISWC provided water service to 51 customers in the area of Glen Summit in Fairview Township, Luzerne County, Pennsylvania. The Order identified ten Notices of Violation issued by the Department of Environmental Protection (DEP) since 2015, a Field Order issued by DEP to ISWC on February

¹ See In re: The Indian Springs Water Co., Docket No. M-2019-3011972, Ex Parte Emergency Order (Aug. 8, 2019) (Order).

7, 2019, and a “Do Not Consume” advisory due to lead and copper exceedances as well as unsanitary conditions of the water system. Further, the Order noted that ISWC was informed multiple times by DEP that it had been issuing deficient public notices to its customers. The Commission ordered that, in response to the above mentioned circumstances, the Receiver should “act immediately to assess and correct conditions that would cause ISWC to provide unsafe, inadequate, or unreasonable water service to its customers and the public.” Order at [page].

On August 21, 2019, the OCA filed its Notice of Intervention. The OCA intervened in this proceeding to protect the interests of ISWC’s and PAWC’s customers and to ensure that a resolution would be found that was in accordance with applicable statutes.

The Commission held an Initial In-Person Prehearing Conference on August 27, 2019, attended by PAWC, the OCA, and Counsel for ISWC. At the prehearing, Administrative Law Judge (ALJ) Steven K. Haas directed that notice be sent to public utilities that provide the same type of service in the area (proximate providers) and ISWC customers. Tr. at 6-7.

On August 29, 2019, a Notice of Appearance was filed by the Commission’s Bureau of Investigation and Enforcement.

On September 5, 2019, the Commission received a Formal Complaint from Thomas V. Tinsley, a customer of ISWC, which was assigned docket number C-2019-3012933 and subsequently consolidated with the Section 529 investigation. Tr. 19.

On September 30, 2019, PAWC served ISWC’s customers with a Notice of Acquisition Investigation and Receivership. Within the notice, PAWC informed customers of the Section 529 investigation and its appointment as receiver of ISWC effective August 19, 2019. Additionally, PAWC notified ISWC customers that they would be billed at existing ISWC rates and that they are entitled to participate in the Section 529 acquisition investigation if they wish to either contact

the OCA, file a formal petition by October 21, 2019, or attend a public input hearing, if one is held. On October 1, 2019, the Secretary of the Commission issued a Notice of Section 529 Acquisition and Investigation to proximate service providers and proximate municipalities. On October 21, 2019, The Glen Summit Company² (Glen Summit) filed a Petition to Intervene in this matter.

At a Further Prehearing Conference held on November 13, 2019, the participating parties agreed to suspend formulating a litigation schedule to allow the parties to engage in settlement negotiations and work toward an amicable resolution. From October 2019, ISWC, Glen Summit, PAWC as Receiver, the OCA and the Commission's Bureau of Investigation & Enforcement, engaged in extensive negotiations and reached an agreement in principle in August 2020 to resolve this proceeding, pending the negotiation of an acceptable asset purchase agreement between PAWC, on behalf of ISWC, and Glen Summit for the sale of real property owned by ISWC.³

On December 14, 2020, PAWC, as Receiver, entered into an Asset Purchase Agreement (APA) with The Glen Summit Land Trust Ltd., a wholly owned subsidiary of Glen Summit, for transfer of the real property of ISWC to The Glenn Summit Land Trust Ltd. Settlement Appendix D. Throughout this process, the parties to this Settlement participated in extensive discussions to reach an agreement on terms to ensure that ISWC contributes toward the cost for customers to drill private wells and that water, in quantities suitable for all household purposes, continues to be provided to remaining ISWC customers until they have reasonable opportunity to drill a well. As of December 14, 2020, only five customers remain connected to the ISWC system, the others having already drilled wells and disconnected.

² Glen Summit functions as a home-owners association for the residents and long-term lessees of the community known as "Glen Summit". See Petition of Glen Summit to Intervene ¶ 1. All current and former Indian Springs customers are residents of Glen Summit. Id. ¶ 2.

³ Mr. Tinsley did not join in the Settlement. As discussed below, he will be mailed a complete copy of the Settlement and have thirty (30) days to file Comments on the proposed Settlement and the allegations raised in his Complaint.

II. SETTLEMENT TERMS

A. Receivership (Settlement ¶¶ 17-19)

The terms of the Settlement ensure that ISWC's five remaining customers will continue to receive water, in quantities sufficient for all household purposes and including drinking water, until all requirements of the Settlement are met and a certificate of public convenience for abandonment is issued by the Commission. Settlement ¶ 17; see also Settlement ¶¶ 29-32. In addition, the Settlement benefits PAWC's existing customers because it recovers the costs of ISWC's receivership from ISWC, largely to be funded by the sale of ISWC's real property to The Glen Summit Land Trust. Settlement ¶ 18. The signatory parties have the ability to review and question the costs that PAWC identifies, to ensure that all reasonable and appropriate costs are included in the amount paid by ISWC and, thus, to minimize or avoid a subsequent claim by PAWC for reimbursement from its own customers in a subsequent rate case. Id. In the event of such claim, however, the Settlement preserves the right of the OCA and the other parties to challenge. Settlement ¶ 19. Altogether, the terms of the proposed Settlement are fair and in the public interest as ISWC, and not PAWC's customers, will properly bear the costs of receivership and ISWC's customers will continue to receive water service until ISWC is permitted to abandon service under the terms of this Settlement.

B. Conditions for Certificate of Public Convenience for Abandonment of Service

1. Notice (Settlement ¶¶ 20-21)

The Settlement helps to ensure that ISWC customers listed in Confidential Appendix A, those who left the system since December 2018 because of the poor water quality and current customers who will be required to drill wells if ISWC is permitted to abandon service (hereafter referred to as Customer or Customers), have adequate and reasonable notice about the proposed

Settlement. Settlement ¶ 20. Specifically, on the date the proposed Settlement is filed, the Receiver will mail each Customer a complete copy of the Settlement and a Notice that (1) explains the option to file Comments on the proposed Settlement, (2) specifies the offer of a one-time payment that will be made to Customers, (3) specifies that ISWC will no longer provide water service if the Settlement is approved, whether or not customers refuse the offer, (4) contains links to reliable information and guidance for private well owners and (5) provides contact information for the OCA and PAWC if customers have questions. Id. Consistent with ALJ Haas' directive, Mr. Tinsley will have the opportunity to file Comments on the proposed Settlement and the allegations raised in his Complaint. Settlement ¶ 21.

As a result of the time periods established within the Settlement, Customers will have direct, written notice of the proposed abandonment of service a minimum of 3 months before abandonment could take place – and likely longer as that does not include the time needed for ALJ and Commission review. Settlement ¶¶ 21, 24, 25, 30. Moreover, all Customers will be afforded the opportunity to file Comments that will be considered by the ALJ and Commission in their consideration of the Settlement. Thus, together these Settlement provisions will ensure that Customers have reasonable and adequate notice and opportunity to be heard.

2. Contribution Toward the Costs for Alternative Supply and Continuous Provision of Water to Remaining Customers (Settlement ¶¶ 22-25, 29-33)

The signatory parties have agreed that ISWC will contribute \$5,000 toward the cost incurred by Customers to secure their own source of water so that ISWC may abandon service. Settlement ¶ 22. This provision aligns with prior water utility abandonment case law where the utilities contributed payments to remaining customers to help defray the cost of obtaining alternative water supply before the Commission granted approval of a certificate for abandonment

for service.⁴ The condition that ISWC must contribute \$5,000 to each Customer for the installation of a well is in the public interest as it defrays some of the costs for the Customers to establish their own source of water to replace the unsafe and inadequate service from ISWC's failing water system. It also recognizes that with only five customers remaining, making the necessary investment in the ISWC system to provide safe and adequate service in the short or long-term is not practical or economically feasible. Settlement, Appendix E ¶¶ 21, 22, 30. As such, the OCA submits that contributing funds from the sale of ISWC's real property to the Customers is a more reasonable and productive use of ISWC's available assets.

If the proposed Settlement is approved, the Receiver will mail an offer regarding the one-time payment to the Customers, who will have the option to refuse the offer in writing, within 30 days. Settlement ¶¶ 22, 24, 25. Importantly, Customers do not have to take any action in order to receive a check for \$5,000. If a Customer takes no action, the Receiver will mail them a check. Settlement ¶ 25. The proposed Settlement also provides at least 30 days after the checks are mailed so that Customers who remain connected to the system have the benefit of those funds in advance of the deadline to install wells. Settlement ¶ 29.b. In addition, if, due to the timing of the Commission's Order and mailing of the checks, the Customer is unable to drill a well within 30 days because the ground is frozen, the Settlement requires the Receiver to continue to provide an alternative supply of water to that Customer through the winter of 2020. Settlement ¶¶ 31, 32.

⁴ See Application of Bald Eagle Water Co., 76 Pa. P.U.C. 556, 564 (1992) (approving a Certificate for abandonment of service where water utility committed to pay each customer \$3,500 for the purpose of installing an alternative ¶domestic water supply); See also, Application of Borough of Duncannon, 1996 Pa. PUC LEXIS 124 (1996) (approving a Certificate for abandonment of service conditioned upon contributing \$3,000 each toward new water sources for four (4) customers and \$15,000 toward a new water source for the Perry County Recreation Assoc.); Application of Megargel's Golf, Inc., 1985 Pa. PUC LEXIS 9 (1985) (approving a Certificate for abandonment of service with the condition that the water utility contribute \$6,000 to a customer cooperative if formed, or otherwise \$300 to each property owner, to defray the cost of securing an adequate water supply).

Accordingly, the OCA submits that the Settlement provisions related to the \$5,000 contribution (per customer) are consistent with prior case abandonment case law and in the public interest as they serve to defray some of the costs incurred by Customers to secure an alternative source of water, while ensuring continuous water supply until the remaining Customers must drill wells.

Finally, the Settlement provisions requiring PAWC to verify that the parties have complied with the requirements of the Settlement before the Commission approves a Certificate of public convenience for abandonment of service for ISWC (Settlement ¶¶29, 30, 33) are in the public interest because they provide verification and transparency to the process of complying with the proposed Settlement.

2. Real Property Asset Purchase Agreement (Settlement ¶¶ 26-27, 29.c, 33)

The Settlement seeks Commission approval of an APA entered into by PAWC as Receiver to transfer title to real property from ISWC to Glen Summit Land Trust. Settlement ¶ 26; Settlement, Appendix D. The closing of this sale will be a condition for a Certificate of Public Convenience for abandonment of service. Settlement ¶¶ 27, 29.c, 33. This condition requiring the sale of ISWC's real property is in the public interest as it provides funds to contribute toward the Customers' costs to secure alternative water supply and reimburses PAWC for the costs of receivership. This helps to ensure that ISWC contributes toward its Customers' costs before ISWC is permitted to abandon service and that ISWC, and not PAWC's customers, will properly bear the costs of receivership.

III. CONCLUSION

The OCA submits that the proposed Settlement is in the public interest. The Settlement is the result of extensive negotiations of parties with different interests to achieve a reasonable result that helps to mitigate the harm resulting from ISWC's failure to provide safe and adequate service. Approval of this Settlement also serves the public interest by avoiding the delay, uncertainties and cost of further litigation. For all of the foregoing reasons, the OCA submits that the terms and conditions of the Settlement are in the public interest and should be approved by the Commission without modification.

Respectfully Submitted,



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DATE: December 14, 2020
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APPENDIX J
STATEMENT IN SUPPORT OF THE
BUREAU OF INVESTIGATION
AND ENFORCEMENT

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

In Re: The Indian Springs Water Company : Docket No. M-2019-3011972
 : C-2019-3012933
 :

**BUREAU OF INVESTIGATION AND ENFORCEMENT
STATEMENT IN SUPPORT OF
JOINT PETITION FOR APPROVAL OF SETTLEMENT OF ALL ISSUES**

TO: ADMINISTRATIVE LAW JUDGE STEVEN K. HAAS

The Bureau of Investigation and Enforcement (“I&E”) of the Pennsylvania Public Utility Commission (“Commission”), by and through Prosecutor Scott B. Granger, hereby respectfully submits that the terms and conditions set forth in the foregoing Joint Petition for Approval of Settlement of All Issues (“Joint Petition” or “Settlement”) of the investigation ordered by the Commission in the Commission’s August 8, 2019 Order (“Emergency Order”)¹ regarding *In Re: The Indian Springs Water Company* (“Indian Springs” or “ISWC” or “Company”). The Commission also ordered that the Pennsylvania American Water Company (“PAWC”) be appointed receiver for Indian Springs.²

After extensive analysis and negotiations engaged in by the parties: Indian Springs, the Office of Consumer Advocate (“OCA”), PAWC, I&E, and The Glenn

¹ *In Re: The Indian Springs Water Company*, Docket No. M-2019-3011972, Order Entered August 8, 2019 (Emergency Order), p. 1.
² Emergency Order, p.6.

Summit Company (“Glen Summit”); I&E believes that the terms and conditions set forth in the Joint Petition are in the public interest and represent a fair, just, and reasonable balance of the interests of Indian Springs, the Indian Springs customers, PAWC, OCA, Glen Summit, and I&E (hereinafter collectively referred to as the “Parties” or “Joint Petitioners”).

I. BACKGROUND

1. Indian Springs has provided water service to approximately 51 customers in the community of Glen Summit in Fairview Township, Luzerne County, Pennsylvania.³

2. Indian Springs is a small water utility⁴ that gradually fell into a constant state of disrepair.⁵

3. Since 2015, the Pennsylvania Department of Environmental Protection (“DEP”) has issued ten Notices of Violation to Indian Springs for a variety of issues and failures.⁶

4. The DEP issued a Field Order to Indian Springs on February 7, 2019, for violations identified during an inspection conducted by DEP personnel on February 6, 2019.⁷

5. The Commission became aware that Indian Springs had been on a “Do Not Consume” advisory since the February 7, 2019 Field Order due to lead and copper exceedances as well as unsanitary conditions in the water system.⁸

³ Joint Petition, ¶ 1. *See generally* Emergency Order, p. 1.

⁴ *See* 66 Pa. C.S. § 529(m).

⁵ *See generally* Emergency Order, pp. 1-8.

⁶ Emergency Order, pp. 1-2.

⁷ *Id.*

⁸ *Id.*

6. The Commission noted, in its Emergency Order, “of great concern to the Commission is the fact that Indian Springs has been informed multiple times by the DEP that the public notices issued by it are deficient, and that a public notice due May 12, 2019, has not been provided to the DEP.”⁹

7. The Commission opined:

[b]ased on these and other matters described herein, the Commission believes that a receiver should act immediately to assess and correct conditions that would cause Indian Springs to provide unsafe, inadequate, or unreasonable water service to its customers and the public. Indian Springs should also appear before the Commission to demonstrate that it is capable of providing safe, reliable, and reasonably continuous water service in accordance with the requirements of the Public Utility Commission and the DEP. To this end, the Commission will initiate a proceeding pursuant to 66 Pa. C.S. § 529, where Indian Springs shall appear before the Commission to address these matters and, if necessary, provide reasonable solutions thereto. In the interim the Commission will appoint a receiver pursuant to 66 Pa. C.S. § 529(g) to protect the interests of Indian Springs’ customers and members of the affected public. The responsibilities of the receiver are specified in the attached Appendix A.¹⁰

8. 66 Pa. C.S. §529 (“Section 529”) “is an emergency provision in which the Public Utility Code authorizes the Commission to take immediate action to protect the public interest.”¹¹

9. The Commission also stated that “Section 529(a)(4) requires the Commission to explore alternatives to acquisition as outlined in 66 Pa. C.S. § 529(b).”¹² Therefore, the Commission determined that I&E shall participate in this matter to address fitness determinations, alternatives to acquisition, and factors for consideration required

⁹ *Id.*, p. 2.

¹⁰ Emergency Order, p. 1.

¹¹ *Id.*, p. 3.

¹² Emergency Order, p. 4.

under Sections 529(a), (b), and (c) as it deems appropriate and before a final determination on acquisition can be rendered.¹³

10. Indian Springs entered its appearance on August 16, 2019.

11. The Office of Consumer Advocate (“OCA”) filed a Notice of Intervention on August 21, 2019.

12. An initial Prehearing Conference was held on August 27, 2019.

13. I&E filed its Notice of Appearance on August 29, 2019.

14. On September 30, 2019, PAWC provided notice to ISWC’s customers of PAWC’s receivership and of the initiation of the Section 529 investigation. The Commission provided notice to proximate service providers and proximate municipalities on October 1, 2019.

15. Glenn Summit filed a petition to intervene on October 21, 2019.

16. By agreement, the Parties engaged in informal discovery throughout the entire negotiation process without objection.

17. A Further Prehearing Conference was held on November 13, 2019. The Parties agreed during the Further Prehearing Conference that a litigation schedule would not be established at that time to allow additional time for settlement discussions. Further, it was Ordered that beginning on or before December 13, 2019, and continuing every 30 days thereafter, the parties shall file with the Commission a status report in which they provide a summary of settlement efforts that have taken place to date.

¹³ *Id.*

18. PAWC, as Receiver, filed Quarterly Status Reports with the Commission on December 18, 2019; March 5, 2020; June 9, 2020; September 4, 2020, and December 8, 2020.

19. In accordance with Commission policy favoring settlements at 52 Pa. Code § 5.231, I&E participated in multiple telephonic settlement discussions with the Company and the other Parties to the proceeding. Following extensive settlement negotiations and recognizing that a settlement is the result of compromises made by all Parties, the Parties in this proceeding reached a full and complete Settlement of all issues.

II. TERMS AND CONDITIONS OF SETTLEMENT

20. I&E is charged with representing the public interest in Commission proceedings related to rates, rate-related services, and applications affecting the public interest. In negotiated settlements, it is incumbent upon I&E to identify how amicable resolution of any such proceeding benefits the public interest and to ensure that the public interest is served. Based upon I&E's participation in and its analysis of the final settlement terms and conditions, acceptance of this proposed Settlement is in the public interest and I&E recommends that Administrative Law Judge Steven K. Haas (the "ALJ") and the Commission approve the Settlement in its entirety.

21. "The prime determinant in the consideration of a proposed Settlement is whether the settlement is in the public interest."¹⁴ The Commission has recognized that a settlement "reflects a compromise of the positions held by the parties of interest, which, arguably fosters and promotes the public interest."¹⁵

¹⁴ *Pennsylvania Public Utility Commission v. Philadelphia Electric Company*, 60 PA PUC 1, 22 (1985).

¹⁵ *Pennsylvania Public Utility Commission v. C S Water and Sewer Associates*, 74 PA PUC 767, 771 (1991).

22. I&E submits that the Settlement in the instant proceeding balances the interests of the Company, its customers, and the Parties in a fair and equitable manner and presents a resolution for the Commission's adoption that best serves the public interest. Furthermore, the negotiated Settlement demonstrates that compromises are evident throughout the Joint Petition. Accordingly, for the specific reasons articulated below to achieve the full scope of benefits addressed in the Settlement, I&E requests that the Settlement be recommended by ALJ Haas; and approved by the Commission, without modification.

A. Resolution of the PAWC Receivership (Joint Petition ¶¶ 17-19).

In the Settlement, the Parties agree, PAWC will continue to serve as Receiver of ISWC, pursuant to the Commission's Emergency Order, until the terms of this Settlement are met and a Certificate of Public Convenience for Abandonment is subsequently issued by the Commission. Further, PAWC's costs of receivership will be paid by ISWC from three sources: (1) all funds in the ISWC business checking account at First Keystone Community Bank; (2) all revenues collected by PAWC from ISWC customers as of the date a final order is issued by the Commission in this proceeding; and (3) out of the proceeds from the sale of the real property as described in the Joint Petition at ¶ 26. Finally, PAWC will remove its costs of ISWC's receivership from its claim in the pending base rate proceeding at Docket Nos. R-2020-3019369.

I&E agrees with the Parties that it is necessary for PAWC to continue in its role as Receiver until the terms of the Settlement are met to insure the continuity of service to the remaining ISWC customers until final abandonment. I&E supports this settled upon

term as a full and fair compromise that addresses the concerns raised by the Commission in its Emergency Order; provides regulatory certainty; and provides a resolution of any potential service issues; all of which facilitates the Commission's stated preference favoring negotiated settlements as in the public interest.

B. Conditions for Abandonment of Certificate of Public Convenience and Water Service (Joint Petition ¶¶ 20-33).

1. Notice (Joint Petition ¶¶ 20-21).

In the Settlement, the Parties agree, PAWC, as Receiver, shall mail direct notice of the proposed Settlement ("Notice") to all current owners of residences that were connected to the ISWC system as of January 1, 2018 (hereafter "Customers"). A list of the fifty-one (51) Customers is attached to the Joint Petition as Confidential Appendix A. Customers shall have the opportunity to provide written comments to the ALJ regarding the proposed Settlement within 30 days of filing. The Notice will specify the offer that will be made to Customers pursuant to Joint Petition Paragraph 22. It will also specify that ISWC will no longer provide water service if the Settlement is approved, whether or not Customers refuse the offer. PAWC, as Receiver, will mail the Notice to Customers on the date the proposed Settlement is filed and will provide thirty (30) days for Customers to email or mail comments.

I&E agrees with the Parties that it is necessary that; the current owners of properties that were connected to the ISWC system as of January 1, 2018 receive notice of the proposed Settlement; that ISWC will no longer provide service if the Settlement is approved; and, that they be provided the opportunity submit written comments to the ALJ regarding the Settlement. I&E supports this settled upon term as a full and fair

compromise that provides proper notice to the ISWC customers, regulatory certainty and a resolution of this issue; all of which facilitates the Commission's stated preference favoring negotiated settlements as in the public interest. I&E recognizes that these settlement terms are the result of compromises by the Parties and I&E believes the agreed upon Settlement terms reflect the amicable agreement among the Parties.

**2. Contribution toward the Cost of Alternative Supply (Wells)
(Joint Petition ¶¶ 22-25).**

In the Settlement, the Parties agree, ISWC shall offer to provide a one-time payment of \$5,000 to Customers ("Offer"). The payment is a contribution toward the costs incurred by Customers to obtain alternative water supply. PAWC, as Receiver, will mail the Offer to all Customers within one (1) day after entry of a final Commission Order approving the proposed Settlement. Each Customer will have thirty (30) days after the Offer is postmarked to refuse the Offer in writing. Within forty-five (45) days after entry of a final Commission Order approving the proposed Settlement or ten (10) days after closing of the transaction contemplated in Paragraph 26 of the Joint Petition, whichever is later, PAWC, as Receiver, will mail a check in the amount of \$5,000 to all Customers unless the contribution was refused in the manner described in Paragraph 24 of the Joint Petition.

I&E agrees with the Parties that as part of ISWC's proposal to abandon water service to its customers, a one-time payment of \$5,000.00 represents a full and fair compromise. I&E supports this settled upon term as it provides regulatory certainty and a resolution of the abandonment of service issue. All of which facilitates the Commission's stated preference favoring negotiated settlements as in the public interest.

3. Sale of Real Property (Joint Petition ¶¶ 26-28).

In the Settlement, the Parties agree, the proposed Settlement shall seek PUC approval for PAWC, as Receiver, to transfer title to 86.4 acres of real property owned by ISWC (the “Land”) (a legal description of the property is attached to the Joint Petition as Exhibit A to the APA) from ISWC to Glen Summit Land Trust (“Sale”), upon terms agreed to by PAWC, ISWC and Glen Summit in the APA, provided that:

- (1) Proceeds of the Sale are, at a minimum, sufficient to meet ISWC’s obligations in Paragraphs 18 and 25 of the Joint Petition. The minimum is not intended to represent a fair market value of the real property to be transferred or anything other than the sum necessary to meet the ISWC’s obligations in paragraphs 18 and 25;
- (2) PAWC is given a temporary easement, as Receiver, to continue to access the spring, spring house, and pump house and any other part of the ISWC distribution system as necessary to provide water service until a Certificate of Public Convenience for Abandonment is subsequently issued by the Commission; and,
- (3) Commission approval of the proposed Settlement is a condition of closing the Sale.

I&E and the Parties agree that in order to effectuate the proposed dissolution of ISWC and the abandonment of service, the sale of the 86.4 acres of real property to Glen Summit is integral to the proposed Settlement reaching its desired conclusion. After lengthy negotiations between and among the Parties; I&E supports this settled upon term as a full and fair compromise that provides regulatory certainty and a resolution of this

proceeding; all of which facilitates the Commission's stated preference favoring negotiated settlements as in the public interest.

4. Verification of Final Resolution by PAWC as Receiver (Joint Petition ¶¶ 29-32).

In the Settlement, the Parties agree, that once the requirements set forth in the Joint Petition have been met, PAWC shall file a statement with the Commission's Secretary's Bureau, copied to all Joint Petitioners, verifying that:

- (1) PAWC, as Receiver, has complied with Paragraphs 20, 21, 24 and 25 of the Joint Petition; and,
- (2) All residences formerly served by ISWC have wells connected to the homes, which are producing water of adequate quality and quantity for domestic use; or PAWC, as Receiver, has obtained written confirmation from the Customer that the home will remain unoccupied while that Customer retains ownership; or PAWC mailed the Customer a \$5,000 check and the Customer was afforded thirty (30) days after the check was mailed to have a well drilled and, if applicable, water is continuing to be provided pursuant to Paragraphs 31 and 32 below; or the Customer refused a \$5,000 contribution in the manner described in Paragraph 24 of the Joint Petition; and,
- (3) The Sale has closed.

The verified statement will specify the number of Customers who do not have wells connected to their homes as of the date the statement is filed. In addition, under confidential cover, PAWC shall file a list of amounts paid to each Customer pursuant to Paragraphs 22 and 25 of the Joint Petition, copied to all Joint Petitioners.

When the foregoing requirements are met but no earlier than sixty (60) days after entry of a Commission Order approving this Settlement, PAWC, as Receiver, shall comply with all DEP requirements, if any, for abandonment of the ISWC system with such costs added to its costs of receivership and file a verification statement with the Commission's Secretary's upon completion of this action.

I&E agrees with the Parties that verification of the final resolution by Receiver PAWC is necessary to alleviate the legitimate concerns raised by the Commission in its Emergency Order; and, is a necessary step in the proposed abandonment of service by ISWC. I&E supports this settled upon term as it provides the regulatory certainty necessary for a full resolution of this proceeding. I&E recognizes that these settlement terms are the result of compromises by the Parties and they do not necessarily represent the position(s) that would be advanced by I&E or the other Parties in the event this proceeding were to be fully litigated. I&E believes the agreed upon Settlement terms reflect the amicable agreement of the Parties and is in the public interest as it facilitates the Commission's stated preference favoring negotiated settlements.

5. Certificate of Public Convenience to Abandon Service (Joint Petition ¶ 33).

In the Settlement, the Joint Petitioners request that, conditioned on compliance with Paragraphs 17 through 32 of the Joint Petition, the Commission issue a Certificate of Public Convenience authorizing ISWC to abandon public water supply service.

I&E agrees with the Parties that this is a necessary step in the proposed abandonment of service by ISWC. I&E supports this settled upon term as it provides the regulatory certainty necessary for a full resolution of this proceeding.

C. Termination of Proceedings (Joint Petition ¶ 34).

In the Settlement, the Joint Petitioners request that the Commission terminate and close the proceeding at Docket No. M-2019-3011972 upon the issuance of the certificate of public convenience described in Paragraph 33 of the Joint Petition.

I&E agrees with the Parties that this is a necessary step in the proposed termination of this proceeding. I&E supports this settled upon term as it provides the regulatory certainty necessary for a final resolution of this proceeding.

D. Other Necessary Approvals (Joint Petition ¶ 35).

In the Settlement, the Joint Petitioners request that the Commission issue any other certificates or approvals as may be appropriate, customary or necessary under the Public Utility Code to effectuate the terms of the Settlement in a lawful manner.

I&E agrees with the Parties that this is a necessary step to effectuate the terms of this Settlement in a lawful manner. I&E supports this settled upon term as it provides the regulatory certainty necessary for a full resolution of this proceeding.

III. THE SETTLEMENT SATISFIES THE PUBLIC INTEREST

23. I&E represents that all issues raised in this proceeding have been satisfactorily resolved through informal discovery and lengthy negotiations among the Parties and are incorporated in the resolution proposed in the Settlement. The very nature of a settlement requires compromise on the part of all parties. This Settlement exemplifies the benefits to be derived from a negotiated approach to resolving what can appear at first blush to be irreconcilable regulatory differences. The Parties have carefully discussed and negotiated all issues raised in this proceeding, and specifically

those addressed and resolved in this Settlement. Further line-by-line identification of the ultimate resolution of the disputed issues beyond those presented in the Settlement is not necessary as I&E represents that the Settlement maintains the proper balance of the interests of all parties. I&E is satisfied that no further action is necessary and considers this Section 529 investigation complete.

24. I&E further submits that the acceptance of this Settlement negates the need for evidentiary hearings, which would compel the extensive devotion of time and expense for the preparation, presentation, and cross-examination of multiple witnesses, the preparation of Main and Reply Briefs, the preparation of Exceptions and Replies, and the potential of filed appeals, all yielding substantial savings for all parties and ultimately all customers. Moreover, the Settlement provides regulatory certainty with respect to the disposition of issues and final resolution of this case which all the Parties agree benefits their discrete interests and is in the public interest.

25. The Settlement is conditioned upon the Commission's approval of all terms without modification. Should the Commission fail to grant such approval or otherwise modify the terms and conditions of the Settlement, it may be withdrawn by the Company, I&E, or any other Party.

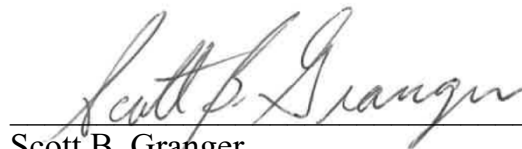
26. This Settlement is being presented only in the context of this Section 529 investigation to resolve the issues in a manner that is fair and reasonable. I&E's agreement to settle this case is made without any admission or prejudice to any position that I&E might adopt during subsequent litigation in the event the Settlement is rejected by the Commission or otherwise properly withdrawn by any other Parties to the

Settlement. Furthermore, the Settlement reflects compromises on all sides, and is presented without prejudice to the positions that any of the parties may advance in future proceedings on the merits of the issues.

27. If ALJ Haas recommends that the Commission adopt the Settlement as proposed, I&E agrees to waive the filing of Exceptions. However, I&E does not waive its right to file Replies to Exceptions with respect to any modifications to the terms and conditions of the Settlement or any additional matters that may be proposed by ALJ Haas in his Recommended Decision. Further, I&E does not waive the right to file Replies in the event any party files Exceptions.

WHEREFORE, the Commission's Bureau of Investigation and Enforcement represents that it supports the Joint Petition for Settlement of this Section 529 Investigation as being in the public interest and respectfully requests that Administrative Law Judge Steven K. Haas recommends, and the Commission approves, the terms and conditions contained in the Settlement without modification.

Respectfully submitted,



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Dated: December 15, 2020

APPENDIX K
STATEMENT IN SUPPORT OF THE
INDIAN SPRINGS WATER COMPANY AND
GLEN SUMMIT COMPANY

COMMONWEALTH OF PENNSYLVANIA
BEFORE THE PENNSYLVANIA PUBLIC
UTILITY COMMISSION

In re: The Indian Springs Water Company : Docket No. M-2019-3011972

**STATEMENT OF THE INDIAN SPRINGS WATER COMPANY
AND GLEN SUMMIT COMPANY IN SUPPORT OF THE
SETTLEMENT AMONG AND BETWEEN INDIAN
SPRINGS WATER COMPANY; PENNSYLVANIA
AMERICAN WATER COMPANY , RECEIVER; THE OFFICE OF
CONSUMER ADVOCATE; THE BUREAU OF INVESTIGATION
AND ENFORCEMENT; AND GLEN SUMMIT COMPANY**

TO THE HONORABLE ADMINISTRATIVE LAW JUDGE STEVEN K. HAAS:

The Indian Springs Water Company (“Indian Springs”) and the Glen Summit Company (“GSC”) hereby submit their joint Statement in Support of the Joint Settlement Petition in the above-captioned matter.

1. BACKGROUND

Glen Summit is a small historically significant lake community of about 70 homes about twenty miles north of Hazleton that was founded in 1882 as a summer resort area. In the late 1800’s, the Indian Springs water system was developed to serve that community. In the 1930’s, stock in Indian Springs was issued and originally owned by a small group of residents of the Glen Summit community.

GSC is an entity that is owned, for the most part, by residents of the Glen Summit community (a few shares are held by former residents or their family members). GSC, among other things, provides, operates and maintains the common areas and recreational facilities in Glen Summit.

All current and former customers of Indian Springs are Glen Summit residents. Both GSC and Indian Springs have been run by Glen Summit resident volunteers. Indian Springs originally served 51 of the 70 homes. Nineteen of the 70 homes were never served by Indian Spring's gravity flow system because of their location or elevation; those homes always had wells.

GSC owns about 400 acres of undeveloped land in Glen Summit, which is preserved as woodlands for hiking, cycling, and other recreational activities by the Glen Summit community.

Another part of the attraction of Glen Summit, and a significant part of the community's history and identity, is that it is adjacent to undeveloped woodlands and Fountain Lake ("the recreational land"). The Glen Summit community has for over a century used the recreational land for swimming, hiking, cycling, camping, fishing and community events. Glen Summit residents have invested a considerable amount to preserve the undeveloped woodlands, and Fountain Lake is an important gathering place for the community.

The woodlands and lake, by historical occurrence, are owned by Indian Springs but have been used exclusively by the Glen Summit community for over 120 years. Transferring the recreational land into GSC's name was discussed over the decades, but with the advent of modern utility regulations, no one was sure how to accomplish that task easily, so GSC leased the recreational land from Indian Springs; residents volunteered to maintain it and covered its expenses. That property has never been used or useful in the provision of public water supply service. The recreational land enhances the value of the real estate in Glen Summit. It is basically conservation land. Potential loss of any of that land has motivated this

settlement because it would be a significant detriment to the community and possibly the local environment.

A couple of residents installed wells starting in late 2016, about a year after the death of Catherine Hourigan, a Glen Summit resident who ran Indian Springs on a voluntary basis. However, most of the individual well drilling began after PAWC withdrew from the proposed acquisition of the Indian Springs water system in May 2019. In 2018, Indian Springs and PAWC negotiated the terms of an acquisition for the water distribution system that excluded the recreational land (PAWC required only a limited easement to use a small portion of the recreational land to access the spring). This arrangement would have allowed GSC to purchase the lake and adjoining woodlands. In 2019, before the acquisition could be completed, the Department of Environmental Protection (“DEP”) demanded improvements that could not be satisfied by Indian Springs due to the lack of capital and a diminishing customer base and which PAWC found unacceptable. Ultimately, the DEP situation led to PAWC’s terminating the acquisition. Many Glen Summit residents thought that it was unlikely that Indian Springs would be able to find another buyer that would agree to the same terms and were very concerned about the possibility of losing the recreational land. Glen Summit residents discussed the situation and, for the most part, decided that they would prefer to install wells and request that Indian Springs close down rather than risk the recreational land falling into the hands of a third party and potentially losing this historical and integral part of the community’s identity and appeal. In terms of expense and value, the overwhelming majority of Glen Summit residents determined that the cost of installing a private well is far outweighed by the benefit of preserving the recreational land, Glen Summit’s amenities, social structure and history and maintaining property values, with the added benefit of not having a monthly or quarterly water bill.

2. REASONS WHY THE SETTLEMENT AS PROPOSED IS IN THE PUBLIC INTEREST.

- A. Virtually all of Indian Springs' customers have drilled wells. Therefore, the water system is totally non-viable. The settlement recognizes the reality of the existing situation in an orderly way and resolves the gravamen of the Section 529 proceeding. The settlement provides for the issuance of a certificate of public convenience authorizing Indian Springs to abandon public water supply service when all the conditions have been met.
- B. The settlement provides significant compensation to ISWC customers who drilled wells when Indian Springs' questionable future became apparent and the potential purchase of the system by PAWC terminated.
- C. The settlement also provides for Indian Springs' capacity, via PAWC as receiver, to pay that compensation to customers.
- D. The settlement also assures that PAWC will receive reimbursement for expenses associated with the receivership which might otherwise have to be paid by PAWC's ratepayers.
- E. The settlement also provides revenue for Indian Springs to pay all other outstanding bills, including its PURTA.
- F. The settlement will assure that Fountain Lake and the remainder of the recreational land will remain an integral asset of the Glen Summit community in the future. GSC intends Fountain Lake and the adjoining acreage to go into the Pennsylvania's Clean and Green program, thus preserving it for future generations.