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January 15, 2010

James J. McNulty
Secretary
Pennsylvania Public Utility Commission
400 North Street
Commonwealth Keystone Building, 2nd Floor
Harrisburg, Pennsylvania 17120

C-2009-2116347

Re: Complaint of the Municipal Authority of the Borough of West View against the Pennsylvania American Water Company

Dear Mr. Secretary,

Enclosed please find Exhibit's A, B, and C that were inadvertently omitted with the Complaint filed by the Municipal Authority of the Borough of West View against the Pennsylvania American Water Company.

Should the Commission require any further information please feel free to advise this office.

Very truly yours,



Fred E. Baxter, Jr.

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2010 JAN 19 AM 9:33
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SECRETARY'S BUREAU



PENNSYLVANIA
AMERICAN WATER

Bernie Grundusky P 717-795-7364
Manager Business Development F 717-795-1915
862 Weeley Drive
Mechanicsburg, PA 17055

September 9, 2009

Mr. Timothy Schoeffel, Chairman
Evans City Water and Sewer Authority
204 B. South Jackson Street,
Evans City, PA 16033

Mr. William Painter, President
Evans City Borough
204 B. South Jackson Street,
Evans City, PA 16033

Dear Mr. Schoeffel & Mr. Painter:

Pennsylvania American Water is pleased to present our response to your Request for Proposal dated August 3, 2009. We respectfully request that you treat our response in a confidential manner.

Should you have any questions or need any additional information please feel free to contact me.

Very truly yours,

Bernard J. Grundusky

Enclosure

Cc: Charles W. Johnston, Manager Business Development, PA American Water

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**Evans City Borough/Evans City Water and Sewer Authority
Proposal for Bulk Water Sales Agreement**

PENNSYLVANIA
AMERICAN WATER

improvements and will result in a water rate of \$2.60 per 1,000 gallons.

In both Alternatives 1 and 2, Pennsylvania American shall design, permit, finance, construct, own, operate and maintain the specified facilities it will provide to deliver water to the Authority.

7. NEED FOR EMERGENCY INTERCONNECTION

Pennsylvania American will not require an emergency interconnection from an alternate bulk water supplier.

8. MILESTONE TIMELINE

Based upon water service being required by the end of 2010, Pennsylvania American provides the following timeline for the project milestones:

- 8.i) Preparation and execution of a water sales agreement - 30-60 days
- 8.ii) The Company's Rider DRS Tariff requires that the water sales agreement be filed confidentially with the PUC within five days after its execution.
- 8.iii) PADEP permit review to include approval of a subsidiary allocation permit and a minor modification permit for the pressure reducing station. The minor modification permit has a 90-day DEP review period. Evans City would be responsible for preparing and filing a subsidiary allocation permit with the PADEP. Pennsylvania American is willing to assist Evans City in the preparation of this permit and would provide necessary documentation.
- 8.iv) We estimate the installation of the interconnecting facilities (pipeline and meter/prv vault) can be completed within 60-90 days of the start of construction. Construction to begin after receipt of all permits, PUC approval, rights-of-way and material delivery.

9. ANTICIPATED FLOWS AND PRESSURE

Pennsylvania American's proposed meter connection for Evans City is located within the Company's existing franchise area in Jackson Township. This places the meter location at an elevation of 960 feet. Based on low tank levels, the static pressure will be 163 psi and the pressure at a flow of 500,000 gallons per day will result in a residual pressure of no less than 155 psi.

**Evans City Borough/Evans City Water and Sewer Authority
Proposal for Bulk Water Sales Agreement**



3. SCHEDULE OF ESCALATION

The DRS rate set forth in the Bulk Water Sales Agreement shall be subject to an annual escalation clause, during the original and any renewal terms of the Agreement and shall be based on changes in published price indices and/or changes in the Company's cost of service, as Pennsylvania American and Evans City shall agree.

For example, "Escalation Factor" shall mean, for a given Contract Year, the annual increase in the national Consumer Price Index (CPI) expressed as a decimal less than one, plus one. For example, an increase in the CPI of three percent would produce an escalation factor of 1.03 percent for that year.

The "Consumer Price Index" shall mean the national CPI for all urban consumers as published by the Bureau of Labor Statistics of the United States Department of Labor. For this sub-category, the period 1982-1984 is equal to 100 on the index.

For the past 5 years (2004-2008) the December-December changes to this index were:

- 2004 - 2.66 percent
- 2005 - 3.39 percent
- 2006 - 3.23 percent
- 2007 - 2.85 percent
- 2008 - 3.71 percent

4. SERVICE TAP FEES

No service tap fees will be required.

5. MONTHLY METER FEES

There will be no monthly meter charge. Evans City will pay for water used at the rate per 1,000 gallons.

6. NECESSARY CAPITAL IMPROVEMENTS

The capital improvements necessary for Pennsylvania American to provide bulk water sales to the Evans City Public Water Supply System will include the installation of approximately 1,750 feet of 12-inch water line to a point of connection within the Company's existing service area in Jackson Township at the location noted above; a new meter/pressure reducing vault; telemetry; and a new water meter.

Capital costs to interconnect to the Authority's distribution system are estimated at \$200,000 to install the interconnecting pipeline, meter and telemetry and \$120,000 to install a new meter vault /pressure reducing station. As noted in the response to Question 1, Alternative 1 will require \$320,000 in capital improvements and result in a rate of \$2.85 per 1,000 gallons. Alternative 2, in which Evans City will install a meter pit with appropriate control valves at the point of connection, will require Pennsylvania American to fund \$200,000 in capital

PENNSYLVANIA
AMERICAN WATER**Evans City Borough/Evans City Water and Sewer Authority**
Proposal for Bulk Water Sales Agreement**1. PROPOSED RATE STRUCTURE**

Pennsylvania American Water ("Pennsylvania American" or "Company") proposes to sell water to the Evans City Water and Sewer Authority ("Authority") in accordance with the Company's Demand-Based Resale Service ("DRS") tariff. Copies of the Company's DRS tariff page and terms are attached as Appendix A.

Pennsylvania American has developed two bulk water sales alternatives for the Authority; the differences between the alternatives are based upon the funding of the necessary capital expenditures. Details of the alternatives are provided below.

Alternative 1 – Pennsylvania American offers to sell the Authority up to a maximum of 500,000 gallons of water per day in accordance with the Company's DRS tariff at a rate of \$2.85 per 1,000 gallons. The proposed term is for 25 years; however, should the Authority desire a shorter term, Pennsylvania American is willing to consider alternatives. The Authority shall agree to purchase its entire water supply requirement from Pennsylvania American. The Company shall design, permit, finance, construct, own, operate and maintain the facilities required to deliver water to the Authority at a point of connection within Pennsylvania American's existing service area in Jackson Township, Butler County located north of the Authority's water treatment plant, north of State Route 528. These facilities include approximately 1,750 feet of 12-inch interconnecting pipeline, a new meter/pressure reducing vault, new water meter and telemetry. The cost for these facilities is estimated at \$320,000.

Alternative 2 – Page 2 of the RFP states, "the Authority will install a meter pit with appropriate control valves at the point of connection so that the water flow rate, pressure and volume will be controlled/monitored for billing purposes and for operation control. In accordance with this language, Pennsylvania American offers to sell the Authority a maximum of 500,000 gallons of water per day in accordance with the Company's DRS tariff at a rate of \$2.60 per 1,000 gallons. The proposed term is for 25 years; however, should the Authority desire a shorter term, Pennsylvania American is willing to consider alternatives. The Authority shall agree to purchase its entire water supply from Pennsylvania American. The company shall design, permit, finance, construct, own, operate and maintain the facilities required to deliver water to the Authority at a point of connection within Pennsylvania American's existing service area in Jackson Township, the location of which has been noted above. These facilities include approximately 1,750 feet of 12-inch interconnecting pipeline, a new water meter and telemetry. The cost for these facilities is estimated at \$200,000.

2. SURCHARGES

There will be no surcharges.



PENNSYLVANIA
AMERICAN WATER

Evans City Borough/Evans City Water and Sewer Authority
Proposal for Bulk Water Sales Agreement

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Appendix A – Demand Based Resale Service Rate Tariff Page

Appendix B – Public Water Supply Report

Appendix C – Consumer Confidence Report





P E N N S Y L V A N I A
A M E R I C A N W A T E R

Proposal For Bulk Water Sales Agreement

EVANS CITY BOROUGH and

EVANS CITY WATER AND SEWER AUTHORITY

9 September 2009

Supplement No. 20 to
Tariff Water-PA P.U.C. No. 4
Second Revised Page 9E

PENNSYLVANIA-AMERICAN WATER COMPANY

Canceling First Revised Page 9E

RIDER DRS - DEMAND-BASED RESALE SERVICE

Applicability.

Throughout the territory served under this tariff.

Availability.

This rider is available to a customer that:

- (1) purchases water from the Company for resale;
- (2) enters into a Service Agreement for a term of not less than 10 years;
- (3) during the original and any renewal terms of the Service Agreement, agrees to maintain a daily load factor of not less than 0.75; and
- (4) has a viable competitive alternative to service from the Company and intends to select that alternative to the detriment of the Company and its other customers.

The Company shall require documentation to establish, to the Company's satisfaction, the existence of a competitive alternative. Such documentation may include, but is not limited to, an affidavit of the customer or, if the customer is a corporation, an affidavit of one or more of its officers.

Rate.

(C)

The rate(s) to be charged qualifying customers under this rider will be as set forth in the Service Agreement, provided, however, that such rate(s): (1) shall not exceed the Maximum Rate; (2) shall not be less than the Minimum Rate; and (3) shall be subject to an Escalation Clause, as hereafter defined.

Maximum Rate: The Maximum Rate shall be the charges specified in the Company's Rate Schedule that would otherwise apply to the qualifying customer absent this rider.

Minimum Rate: The Minimum Rate shall be sufficient to recover: (1) the Production Cost of Water; (2) the fixed costs (depreciation and pre-tax return) associated with all new facilities added to serve the customer; and (3) some portion of the fixed costs of the Company's other facilities. For purposes of this rider, the Production Cost of Water shall be the variable cost the Company incurs to produce additional treated water, which consists of expenses for electric power, chemicals and purchased water.

Escalation Clause: The rate set forth in the Service Agreement shall be subject to an Escalation Clause, during the original and any renewal terms of the Service Agreement, based upon changes in published price indices and/or changes in the Company's cost of service, as the Company and the qualifying customer shall agree.

Filing With The Pennsylvania Public Utility Commission/Confidentiality: Service Agreements entered into between the Company and qualifying customers under this rider shall be filed with the Commission on a confidential basis within five (5) days of their execution and shall not be subject to disclosure except by Petition made to and granted by the Commission pursuant to 52 Pa. Code §1.74 and the Commission's Order entered June 6, 1996 at Docket No. R-00943231. However, as required by that Order, the Company shall provide copies of such Service Agreements to the Pennsylvania Office of Consumer Advocate ("OCA") contemporaneously with their filing with the Commission, subject to the OCA's execution of a Confidentiality Agreement.

Evans City Borough/Evans City Water and Sewer Authority
Proposal for Bulk Water Sales Agreement



Appendix A – Pennsylvania American Rider DRS – Demand-Based Resale Service Tariff Page

Evans City Borough/Evans City Water and Sewer Authority
Proposal for Bulk Water Sales Agreement



APPENDIX SECTION

Public Water Supply ID Number – PA6370011

Appendix A – Pennsylvania American Rider DRS – Demand-Based Resale Service Tariff Page

Appendix B - Allocation Permit

Appendix C - Latest Consumer Confidence Report

Evans City Borough/Evans City Water and Sewer Authority
Proposal for Bulk Water Sales Agreement



10. SYSTEM PURCHASE ALTERNATIVE

Pennsylvania American is interested in purchasing the Evans City water system assets and assuming the operations, maintenance, regulatory and legal requirements of the Borough's Public Water Supply system. The Company may also be able to assume existing debt to the extent it is assignable (i.e. Pennvest Loans). Pennsylvania American would be willing to provide a proposal to acquire the Authority's water supply system pending receipt of due diligence information, such as financial statements, permits, agreements, customer information, and other necessary information, and the completion of a system tour.

We suggest that, Pennsylvania American is uniquely positioned to serve the current and future water supply needs of Evans City. As described above, Pennsylvania American has an existing water supply system in Jackson Township within 1,750 feet of the point of interconnection to the Authority's system. Water will be provided by our Ellwood City treatment plant, whose source is Slippery Rock Creek. Water can also be supplied to Evans City by our Butler City treatment plant. These facilities are manned around the clock, are equipped with emergency generators and have two on-call supervisors at all times. Both systems have been awarded Five-Year U.S. Environmental Protection Agency Partnership for Safe Water Director's Awards in 2005 and have continued compliance with the Partnership's standards through the present day.

Our water tariff allows us to make a Company investment of \$8,122 per bona-fide service applicant toward the cost of line extensions to existing homes in need of water as well as proving the meter, service line to the curb and fire hydrants. We annually invest millions of dollars into our small main replacement program, where we identify undersized and high maintenance waterlines for replacement with larger diameter pipe to eliminate water loss and improve pressure and fire protection capabilities.

Pennsylvania American has acquired over 40 water systems in the past ten years including the 250-customer Franklin Township Municipal Water Authority, the 1,200-customer Center Township water system, the 2,150-customer Butler Township Water & Sewer Authority system, the T.O.W. Associates Industrial Park water system in Jackson Township, and the 600-customer Connoquenessing Borough Water Authority system.

Purchase price depends on many factors, including asset value, customer base and proximity to existing Pennsylvania American systems. Pennsylvania American acquires the water system assets--plant, pumps and pipes--and the Authority retains all cash and accounts receivable and pays any outstanding debt and accounts payable. Net proceeds from the sale would remain with the selling entity and could, for example, be used for sewer system rate relief, debt repayment or passed back to the creating municipality.

We welcome the opportunity to further discuss the benefits that Pennsylvania American ownership could offer the residents of Evans City Borough.

Evans City Borough/Evans City Water and Sewer Authority
Proposal for Bulk Water Sales Agreement



Appendix B - Allocation Permit

WWS-64-14-11-51
WATER ALLOCATION

File No. WA-213-A

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF FORESTS AND WATERS
WATER AND POWER RESOURCES BOARD

PERMIT

The Water and Power Resources Board, under and by virtue of the authority vested in and imposed upon it by an Act of the General Assembly of Pennsylvania, entitled "An Act relating to the acquisition of rights to divert water from rivers, streams, natural lakes, and ponds, or other surface waters within the Commonwealth or partly within and partly without the Commonwealth" etc., approved the 24th day of June, one thousand nine hundred and thirty-nine, P. L. 842 (Act No. 385) hereby grants leave to ELLWOOD CONSOLIDATED WATER COMPANY

with its principal offices located in Ellwood City, Pennsylvania

to acquire and use for public water supply purposes, subject to such existing rights and uses as may now be lawful, water rights in the following designated waters of the Commonwealth: additional 4.6 million gallons per day for a total of 8 million gallons per day to be taken from Slippery Rock Creek at an existing intake located approximately 400 feet upstream from its mouth in Wayne and Ferry Townships, Lawrence County.

This permit is issued in response to an application filed in the office of the Water and Power Resources Board on the 8th day of March, A. D. 1966, and with the understanding that the proposed source of water supply shall be developed as set forth in said application and in accompanying data filed with and made a part thereof

subject, however, to the provisions of the Act of June 24th, 1939, P. L. 842 (No. 385), and the following conditions, regulations and restrictions:

1. This permit does not give any property rights, either in real estate or material, nor any exclusive privileges, nor shall it be construed to grant or confer any right, title, easement or interest in, to or over any land belonging to the Commonwealth of Pennsylvania; neither does it authorize any injury to private property nor invasion of private rights, nor any infringement of Federal, State or local laws or regulations; nor does it obviate the necessity of obtaining Federal assent when necessary;

2. The duration of this permit shall be for a period of 50 years only; provided, however, that should the permittee for any reason whatsoever fail to take and use the water or water rights for which the permit is issued within a period of four (4) years, then this permit shall cease and be null and void; unless upon application of the permittee an extension of such period is granted by the Board.

3. The permittee shall, within twelve (12) months after the date of this permit, file proof with the Board of the method and extent of its acquisition;

4. The construction of the works necessary for the development of the supply of water allocated under this permit shall be begun within two (2) years from the date of the permit and completed within two (2) years thereafter, a total period of four (4) years;

5. Order of Confirmation, WA-213, approved July 15, 1967, and issued to Ellwood Consolidated Water Company is hereby revoked and shall be returned to the Water and Power Resources Board.

6. The permittee shall install accurate measuring and recording instruments or devices to determine the amount of water taken at each source. The design and layout of said measuring devices shall be submitted to and be approved by the Chief Engineer of the Board before installation. Records of daily flow readings shall be submitted to the Board at the end of each month and the original field records shall be available at all times for inspection by representa-

tives of the Board. The required measuring devices shall be installed and read-
ings shall begin immediately upon the use of the water for the intended purposes.

WITNESS my hand as Chairman of the Water and Power Resources Board this 10th
day of May, A. D. 1966

WATER AND POWER RESOURCES BOARD

Maurice K. Goddard
MAURICE K. GODDARD, Chairman

ATTEST:

George T. O'Brien
George T. O'Brien ACTING Secretary

How to Read This Table

Starting with a **Substance**, read across. **Year Sampled** is usually in 2008 or year prior. **MCL** shows the highest level of each substance (contaminant) allowed. **MCLG** is the goal level for that substance (goal may be set lower than what is allowed). **Highest Amount Detected** represents the measured amount (less is better). **Range** tells the highest and lowest amounts measured. A **Yes** under **Compliance Achieved** means the amount of the substance met government requirements. **Typical Source** tells where the substance usually originates.

Non-regulated substances are measured, but maximum allowed contaminant levels have not been established by the government. These contaminants are shown for your information.

Definitions of Terms Used in This Report

- **AL (Action Level):** The concentration of a contaminant, which, if exceeded, triggers treatment or other requirements, which a water system must follow.
- **MCL (Maximum Contaminant Level):** The highest level of a contaminant that is allowed in drinking water. MCLs are set as close to the MCLGs as feasible using the best available treatment technology.
- **MCLG (Maximum Contaminant Level Goal):** The level of a contaminant in drinking water below which there is no known or expected risk to health. MCLGs allow for a margin of safety.
- **MRDL (Maximum Residual Disinfectant Level):** The highest level of disinfectant allowed in drinking water. There is convincing evidence that addition of a disinfectant is necessary for control of microbial contaminants.
- **MRDLG (Maximum Residual Disinfectant Level Goal):** The level of drinking water disinfectant below which there is no known or expected risk to health. MRDLGs do not reflect the benefits of the use of disinfectants to control microbial contamination.
- **NA:** Not applicable
- **ND:** Not detected
- **NTU (Nephelometric Turbidity Units):** Measurement of the clarity, or turbidity, of the water.
- **pCi/L (picocuries per liter):** Measurement of the natural rate of disintegration of radioactive contaminants in water (also beta particles).
- **ppm (parts per million):** One part substance per million parts water, or milligrams per liter.
- **ppb (parts per billion):** One part substance per billion parts water, or micrograms per liter.
- **SS:** Single sample
- **TT (Treatment Technique):** A required process intended to reduce the level of a contaminant in drinking water.
- **%:** means percent.

Substances Expected to be in Drinking Water

In order to ensure that tap water is safe to drink, the EPA prescribes regulations which limit the amount of certain contaminants in water provided by public water systems. U.S. Food and Drug Administration regulations establish limits for contaminants in bottled water, which must provide the same protection for public health. Pennsylvania American Water's treatment processes are designed to reduce any such substances to levels well below any health concern and the processes are controlled to provide maximum protection against microbial and viral pathogens which could be naturally present in surface and groundwater. Drinking water, including bottled water, may reasonably be expected to contain at least small amounts of some contaminants. The presence of contaminants does not necessarily indicate that water poses a health risk. More information about contaminants and potential health effects can be obtained by calling EPA's Safe Drinking Water Hotline.

Some people may be more vulnerable to contaminants in drinking water than the general population. Immunocompromised persons such as persons with cancer undergoing chemotherapy, persons who have undergone organ transplants, people with HIV/AIDS or other immune system disorders, some elderly, and infants may be particularly at risk from infections. These people should seek advice about drinking water from their health care providers. EPA/CDC guidelines on appropriate means to lessen the risk of infection by Cryptosporidium and other microbial contaminants are available from the Safe Drinking Water Hotline.

The source of drinking water (both tap water and bottled water) includes rivers, lakes, streams, ponds, reservoirs, springs, and wells. As water travels over the surface of the land or through the ground, it dissolves naturally-occurring minerals and, in some cases, radioactive material, and can pick up substances resulting from the presence of animals or from human activity.

Contaminants that may be present in source water include:

Microbial Contaminants, such as viruses and bacteria, which may come from sewage treatment plants, septic systems, agricultural livestock operations, and wildlife. **Inorganic Contaminants**, such as salts and metals, which can be naturally-occurring or may result from urban stormwater runoff, industrial or domestic wastewater discharges, oil and gas production, mining, or farming.

Pesticides and Herbicides, which may come from a variety of sources, such as agriculture, urban stormwater runoff, and residential uses.

Organic Chemical Contaminants, including synthetic and volatile organic chemicals, which are by-products of industrial processes and petroleum production, and also may come from gas stations, urban stormwater runoff, and septic systems.

Radioactive Contaminants, which can be naturally occurring or may be the result of oil and gas production and mining activities.

Water Quality Statement

We are pleased to report that during the past year, the water delivered to your home or business complied with all state and federal drinking water requirements. For your information, we have compiled a list in the table below showing what substances were detected in your drinking water during 2008. The Pennsylvania DEP allows us to monitor for some contaminants less than once per year because the concentration of the contaminants does not change frequently. Some of our data, though representative, are more than one year old. Although all of the substances listed below are under the Maximum Contaminant Levels (MCL) set by the U.S. Environmental Protection Agency and the Pennsylvania DEP, we feel it is important that you know exactly what was detected and how much of each substance was present in the water.

Water Quality Results

Turbidity - A Measure of the Clarity of the Water at the Treatment Facility							
Location	Parameter	Year Sampled	MCL	Range	Compliance	Typical Source	
Effwood City	Turbidity (NTU) ¹	2008	NA	TT	0.10	Yes	Soil runoff
All Turbidity readings were below the treatment technique requirement of 0.3 NTU in 95% of all samples taken for compliance on a monthly basis.							
Regulated Substances (Measured on the Water Leaving the Treatment Facility)							
Substance (ppm)	Year Sampled	MCL	Range	Compliance	Typical Source		
Barium (ppm)	2008	2	2	0.04	SS	Yes	Discharge of drilling wastes; discharge from metal refineries; erosion of natural deposits
Fluoride (ppm)	2008	2	2	0.10	SS	Yes	Erosion of natural deposits; discharge from fertilizer and aluminum factories
Nitrate (ppm)	2008	10	10	0.39	0.24 to 0.39	Yes	Runoff from fertilizer use; leaching from septic tanks, sewage; erosion of natural deposits
Substance (ppm)	Year Sampled	MCL	Range	Compliance	Typical Source		
Chloramines (ppm) *	2008	4	4	2.3	1.6 to 2.3	Yes	Water additive used to control microbes
*MRDL (Maximum Residual Disinfectant Level) applies							
Total Organic Carbon Removal							
Parameter	Year Sampled	Range of Percent Removal Required	Compliance	Typical Source			
Total Organic Carbon (TOC) (% removal) *	2008	TT	15 to 35	40 to 50	Yes	Naturally present in the environment	
Adequate removal of TOC may be necessary to control the unwanted formation of chlorinated by-products. Naturally occurring organic matter present in the source water can react with the disinfectants used at the treatment facility to form these by-products.							
Bacteria Results (from the Distribution System)							
Parameter	Year Sampled	Compliance	Typical Source				
Total Coliforms (number of positive samples)	2008	Zero bacteria	1 positive sample during the month	Zero Bacteria Detected	Yes	Naturally present in the environment	
Tap Water Samples: Lead and Copper Results							
Substance	Year Sampled	MCL	Range	Number of Samples Above Action Level	Typical Source		
Lead (ppb)	2007	15	0	30	6	0	Corrosion of household plumbing systems; erosion of natural deposits
Copper (ppm)	2007	1.3	1.3	30	0.32	0	Corrosion of household plumbing systems; erosion of natural deposits; leaching from wood preservatives
Other Compounds (Measured in the Distribution System)							
Substance (ppm)	Year Sampled	MCL	Range	Compliance	Typical Source		
Alpha Emitters (pCi/L)	2002	0	15	3	SS	Yes	Erosion of natural deposits
Combined Radium (pCi/L)	2002	0	5	0.2	SS	Yes	Erosion of natural deposits
Total Trihalomethanes (TTHM) (ppb) ²	2008	NA	80	37	20 to 52	Yes	By-product of drinking water chlorination
Halooacetic Acids (HAA5) (ppb) ²	2008	NA	60	22	11 to 31	Yes	By-product of drinking water disinfection
Total Chlorine Residual (ppm) ²	2008	4	4	1.9	1.0 to 2.4	Yes	Water additive used to control microbes
¹ Range represents sampling of individual sample points. ² MRDL (maximum residual disinfectant level) applies.							

Source Water Information

The Slippery Rock Creek is the sole source of supply for the Ellwood City service area. Pennsylvania American Water maintains a treatment facility on the Slippery Rock Creek capable of processing a maximum of 5.2 million gallons of water per day (MGD). The water supply is distributed for residential, commercial, and industrial use.

Protecting Your Water Source

The Pennsylvania Department of Environmental Protection (DEP) and PAW completed an assessment for the drinking water source for Ellwood City in February 2003. The water source is considered most vulnerable to the following activities: the accidental release of contaminants along the major transportation corridors, bridges, and railroads; storm water runoff from agricultural activities; storm water runoff from residential areas; accidental release or overflow from wastewater treatment plants; and discharge leachate from landfills.

A copy of the completed Source Water Assessment may be viewed by calling the local office of the Pennsylvania DEP at (724) 656-3160. PAW encourages you to take an active part in protecting your water supply by participating in activities as they occur in your local area.

Other Water Quality Parameters of Interest

Is there lead in your water?

If present, elevated levels of lead can cause serious health problems, especially for pregnant women and young children. Lead in drinking water is primarily from materials and components associated with service lines and home plumbing. Pennsylvania American Water is responsible for providing high quality drinking water, but cannot control the variety of materials used in plumbing components. When your water has been sitting for several hours, you can minimize the potential for lead exposure by flushing your tap for 30 seconds to 2 minutes before using water for drinking or cooking. If you are concerned about lead in your water, you may wish to have your water tested. Information on lead in drinking water, testing methods, and steps you can take to minimize exposure is available from the Safe Drinking Water Hotline or at <http://www.epa.gov/safewater/lead>.

Does your water contain nitrates?

PAW's normal range of nitrate levels is below the MCL of 10 ppm. Nitrate enters the water supply from fertilizers used on farms and natural erosion of deposits in the watershed. Levels above 10 ppm are a health risk for infants under six months of age and can cause blue baby syndrome. Check with your physician if you have questions.

How hard is your water?

Hardness is a measure of the concentration of two minerals naturally present in water – calcium and magnesium. High hardness levels cause soap not to foam as easily as it would at lower levels. Hardness levels range from 1.2 ppm to 284 ppm, or 7 to 17 grains per gallon of water.

How much sodium is in your water?

The sodium level is approximately 14 ppm.

What is the pH (acidity) range of your water?

Water in the distribution system averages 7.9 pH units. A pH of 7.0 is considered neutral, neither acidic nor basic.

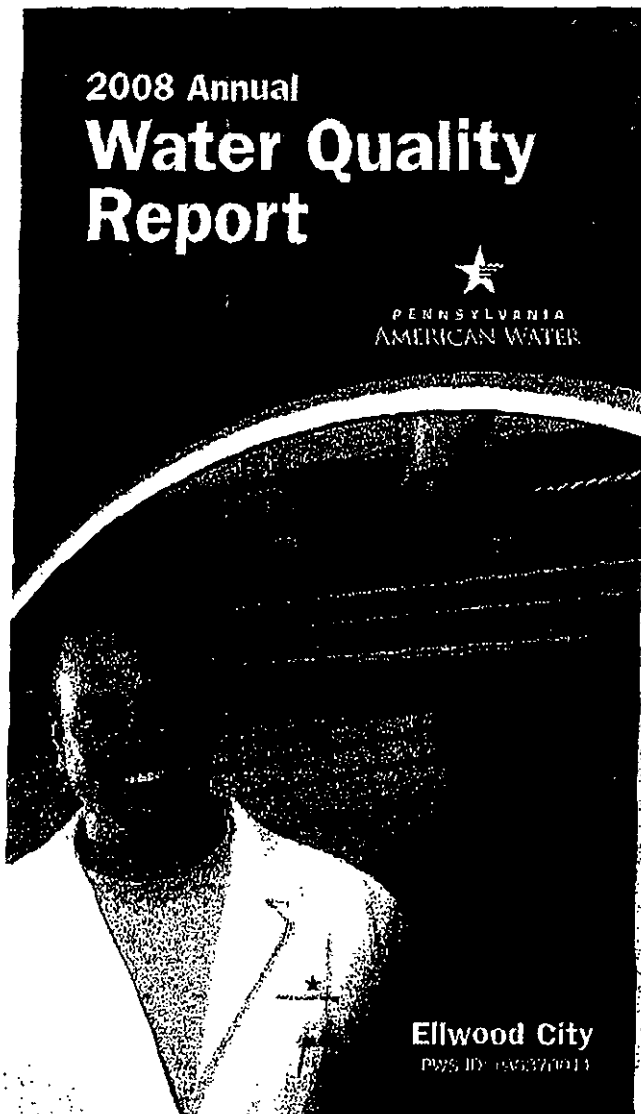
Is there fluoride in your water?

PAW does not add fluoride to your water supply.

Partnership for Safe Drinking Water Program

In 2005, the Ellwood City system was awarded the prestigious "Five-Year Director's Award" under the Partnership for Safe Water program administered by the U.S. Environmental Protection Agency (EPA), the Pennsylvania Department of Environmental Protection, and other water-related organizations. The award honors water utilities for achieving operational excellence, by voluntarily optimizing their treatment facility operations and adopting more stringent performance goals than those required by federal and state drinking water standards. We are proud to report that we have maintained those standards throughout 2008.





A Message from Kathy Pape, President

As a trusted leader in the industry, Pennsylvania American Water places a strong emphasis on sharing information with customers about the quality of the water service we provide.

One way we do this is by providing annual reports with the results of the tests that we perform on the water delivered to your home. Please review this Consumer Confidence Report (CCR), which outlines information that is applicable to your local water system for tests completed through December 2008. You'll find that we provide water that surpasses or meets all federal and state water quality regulations. In fact, we often address regulations well before they go into effect.

Just as important, Pennsylvania American Water makes the necessary investments to maintain and upgrade its facilities, so that we can deliver quality water directly to your tap 24 hours a day, seven days a week.

Our customers are our top priority, and we are committed to providing you with the highest quality drinking water and service possible now and in the years to come. In addition to this written report, you can view information about Pennsylvania American Water and your water system on our website at www.pennsylvaniaamwater.com. For more information or if you have any questions about this report, please contact Pennsylvania American Water's Customer Service Center at (800) 565-7292.

Sincerely,

Our Mark of Excellence

Founded in 1886, American Water is the largest investor-owned U.S. water and wastewater utility company. With headquarters in Voorhees, N.J., the company employs more than 7,000 dedicated professionals who provide drinking water, wastewater and other related services to approximately 15 million people in 32 states and Ontario, Canada.

We are once again proud to present our annual water quality report. This edition covers all testing completed from January through December 2008. Over the years, we have dedicated ourselves to producing drinking water that meets or surpasses all state and federal drinking water standards. We continually strive to adopt new and better methods of delivering the best quality drinking water to you. As regulations and drinking water standards change, it is our commitment to you to incorporate these changes system-wide in an expeditious and cost-effective manner, while maintaining our objective of providing quality drinking water at an affordable price.

We are pleased to tell you that our compliance with all state and federal drinking water laws remains exemplary. To that end, we remain vigilant in meeting the challenges of source water protection, water conservation, and community education while continuing to serve the need of all our water users.

For more information about this report, or for any questions relating to your drinking water, please feel free to call our Customer Service Department at 1-800-565-7292.

**MUNICIPAL WATER AUTHORITY
OF ADAMS TOWNSHIP**

P.O. BOX 807
MARS, PA 16046-0807

PHONE: (724) 625-3166 FAX: (724) 625-3134

August 25, 2009

Mr. Bill Painter
Evans City Borough
204 B South Jackson Street
Evans City, Pennsylvania 16033

Mr. Timothy Schoeffel
Evans City Water and Sewer Authority
204 B South Jackson Street
Evans City, Pennsylvania 16033

Re: Evans City Borough and Evans City Water and Sewer Authority
Proposal for Bulk Water Sales Agreement

RECEIVED
 2010 JAN 19 AM 9:34
 P.A.P.U.C.
 SECRETARY'S BUREAU

Dear Mr. Painter and Mr. Schoeffel:

The Municipal Water Authority of Adams Township (MWAAT) is pleased to respond to your "Request for Proposal" of August 3, 2009 to provide bulk water service to Evans City Borough (Borough) and the Evans City Water and Sewer Authority (Authority). MWAAT is prepared to provide bulk water and offers the following response and proposal to the Borough and Authority. We have utilized your ten items to respond with.

MWAAT is submitting this proposal based on the following usage requirements, again as presented in your August 3, 2009 request.

- Average day demand is approximately 300,000 gallons per day (GPD) with a maximum day demand of 500,000 GPD.
- Metered connections consist of 790 domestic users, 61 commercial users (revised per August 19, 2009 email), 9 industrial users, 2 institutional users and 4 municipal connections. One unmetered connection exists at the baseball field in the Borough.
- The existing water storage facilities will be maintained to provide maximum hour and peak instantaneous flows to water supply customers.
- Bulk water sales agreement if negotiated, would commence in the third or fourth quarter of 2010.
- The Authority will install a meter pit with appropriate control valves at the point of connection so that the water flow rate, pressure and volume will be controlled/monitored for billing purposes and for operational control.

**PLAINTIFF'S
EXHIBIT**
 B

PENGAD-Bayonne, N. J.

Bulk Water Service Proposal Response
August 19, 2009
Page 2 of 5

- 1) *Proposed rate structure to offer bulk water sales. Provide the proposed terms of agreement for these specified rates and whether the rates are based upon daily rate charges or total volume of water sold over a given period of time. Note the Authority will consider a long-term agreement so as to obtain a more favorable rate.*

MWAAT's current rate structure is \$5.95 per 1,000 gallons up to 250,000 gallons and then decreasing to \$5.72 per 1,000 gallons above 250,000 gallons. MWAAT proposes to provide bulk water service to the Borough and Authority for \$4.25 per 1,000 gallons based on a five (5) year service contract. This fee shall remain constant for the five (5) year period unless otherwise negotiated with the Borough and or Authority. MWAAT makes this statement "with the Borough and/or Authority" as it understands the Borough's potable water system may be transferred or sold to the Authority. Furthermore, MWAAT is submitting this fee with the understanding the maximum daily and maximum monthly average daily need will not exceed 500,000 GPD. Should the Borough/Authority's potable water usage exceed 500,000 GPD then MWAAT reserves the right to increase the proposed rate of \$4.25 per 1,000 gallons as needed to cover all associated costs for the increased service or system improvements as noted herein.

- 2) *Indicate any surcharge values based upon fire fighting needs, usage above average or peak daily demands, etc.*

MWAAT will not impose a surcharge on any flow whether it is for fire fighting, usage above the average or peak daily demands (500,000 GPD as stated in the aforementioned August 3, 2009 letter). However, if the average daily demand exceeds 500,000 GPD on a weekly basis then MWAAT reserves the right to impose such charge or to increase the proposed rate of \$4.25 per 1,000 gallons.

- 3) *Provide a proposed schedule of any escalation charges (0 - 5 year period) to the proposed rates and the basis of these escalated charges (whether published price indices, resolutions, etc). Please provide your rates and escalation charges for the past 5 years.*

Since MWAAT's inception in 1999, the water rate has only been increased twice, both increases in response to an increase imposed by its water supplier, West View Water Authority. The first increase occurred in 2002 with the rates increasing to \$5.30 per 1000 gallons. The second increase occurred in 2006 when the rates increased to their present value as presented herein. Per our statement to Item 1 MWAAT proposes to maintain the rate of \$4.25 per 1,000 gallons for a five year period as stated herein.

- 4) *Provide tap in fees if applicable.*

MWAAT will waive a tap-in fee for this bulk water service connection due to all costs associated with the physical connection and metering system being paid for by the Borough/Authority.

- 5) *Provide monthly meter charge rates if applicable.*

The monthly meter charge is \$302.75 per month for a six inch meter and \$435.00 per month for an eight inch meter. The size of the meter would be determined by the Borough/Authority and agreed to by MWAAT. MWAAT would provide the meter to the Borough/Authority for installation in the metering pit and would retain ownership of the meter.

Bulk Water Service Proposal Response
August 19, 2009
Page 3 of 5

- 6) *Please provide known or anticipated capital improvements necessary to provide bulk water sales to the Public Water Supply System. Provide a cost estimate of these improvements including engineering, administrative and legal fees. Indicate what cost if any will be shared by each entity. Indicate who will have ownership and operation and maintenance responsibilities of the proposed installed infrastructure.*

As stated in MWAAT's initial response letter of June 24, 2009 the Borough/Authority would be responsible for the costs to install a third high-flow pump at MWAAT's Warrendale Water Booster Station having a 2009 estimated materials cost of \$40,000 to \$50,000 and a total installed/permitted cost of \$70,000 to \$90,000 and an portable generator having an estimated 2009 cost of \$25,000 to \$30,000. These items would be necessary to provide the bulk water service and would be a direct cost to the Borough/Authority. MWAAT would, if requested, include the costs for the booster station and generator as part of the usage fee, by increasing said fee based on an agreed to time period for cost recovery over a five, ten or 15 year period.

In addition, the Borough/Authority would need to install a water line with metering station from BASF to the Borough/Authority's line. MWAAT would consider constructing this line providing any future customers on this line section be a customer of MWAAT directly.

MWAAT is intending to install a 2,000,000 gallon water storage tank on Horseshoe Drive; its construction would not affect the proposed bulk service fee.

- 7) *Please indicate whether you will require an emergency interconnection from an alternate bulk water supplier.*

MWAAT does not require an emergency interconnection with an alternative supplier, but being this connection now exists with Cranberry Township, MWAAT suggests this connection be retained.

- 8) *Based upon water service being required by the end of 2010, please provide a timeline for the following milestones:*

- i) Preparation and execution of a water sales agreement,*
- ii) Public Utility Commission review of the water sales agreement, if applicable,*
- iii) PADEP permit review and approval including subsidiary allocation permit &*
- iv) Estimated date of complete installation of interconnecting facilities.*

Providing an initial agreement to provide bulk water service can be made between MWAAT and the Borough/Authority by January 2010, MWAAT believes all above issues can be resolved by the end of August 2010. Please note that bulk water service provided by MWAAT would not fall under PUC jurisdiction and that MWAAT would complete all PADEP applications at no fee to the Borough/Authority.

Bulk Water Service Proposal Response
 August 19, 2009
 Page 4 of 5

- 9) *Provide anticipated maximum flow and corresponding pressure at the point of connection, as well as the anticipated maximum working pressure at that point.*

The point of connection will be at the existing 16 inch-diameter line serving the BASF facility. This line is fed through the 1,000,000 gallon North Area storage tank. The flows and residual pressures are based on a direct feed from the tank to the BASF line; no correction has been made for other usage along this line and only represents the probable flows and pressures at the point of connection. Note the static pressure is based on a partially full tank.

GPM	Residual Pressure (PSI)
0	169.05
100	168.60
200	167.44
300	165.65
400	163.25
500	160.29
600	156.77
700	152.72
800	148.14
900	143.04
1000	137.43
1100	131.33
1200	124.74
1300	117.65
1400	110.09
1500	102.06
1600	93.55
1700	84.58
1750	79.93
1800	75.15
1900	65.26
2000	54.92

- 10) *As an alternate to this Request for Proposal, please indicate whether there is an interest in purchasing and taking over all debt and all operations, maintenance, and regulatory and legal requirements of the Borough's Public Water System.*

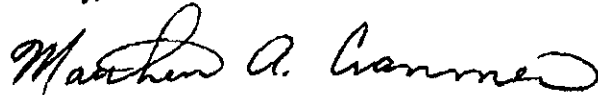
MWAAT believes it is in the best interest of the Borough/Authority and MWAAT to retain separate distribution systems and therefore is not interested in acquiring the Borough/Authority's system.

Bulk Water Service Proposal Response
August 19, 2009
Page 5 of 5

MWAAT's Public Water Supply Number is 5100141 and attached is our water allocation permit and our 2008 consumer confidence report.

The MWAAT appreciates this opportunity to present its proposal for providing bulk water service. This proposal is valid through December 31, 2009. Should the Borough/Authority wish to meet to discuss our proposal please contact me at the telephone number listed herein.

Sincerely,



Matthew A. Cranmer

Manager

Municipal Water Authority of Adams Township



<http://www.cranberrytownship.org>

2525 Rochester Road
Cranberry Township, PA 16066-6499

Administration suite 400 p 724.776.4806 f 724.776.5488

Police suite 500 p 724.776.5180 f 724.776.0237

Public Works suite 400 p 724.776.4806 f 724.776.6199

August 28, 2009

Evans City Borough
William Painter, President
204 B. South Jackson Street
Evans City, PA 16033

Evans City Water and Sewer Authority
Timothy Schoeffel, Chairman
204 B. South Jackson Street
Evans City, PA 16033

RECEIVED
2010 JAN 19 AM 9:33
PA PUBLIC
SECRETARY'S BUREAU

**RE: Evans City Borough and Evans City Water and Sewer Authority
Request for Bulk Water Sales Agreement**

Dear Mr. Painter and Mr. Schoeffel:

As requested in your letter dated August 3, 2009, Cranberry Township is pleased to offer this Proposal for bulk water sales to the Evans City Borough and the Evans City Water and Sewer Authority. This proposal has been developed considering the assumptions listed below:

ASSUMPTIONS:

1. Bulk water services would be provided at the Authority's discretion with minimal effort at the existing meter pit location on Old Ehrman Road until modifications are completed to the existing meter pit. Modifications could be completed prior to the third or fourth quarter of 2010.
2. Since projected future water demands are not available, the average day demand of 300,000 gpd and maximum day demand of 500,000 gpd is assumed.
3. The Borough and the Authority would use their existing storage facilities to provide maximum hour and peak instantaneous flows.
4. Modifications to the existing meter pit include, installing a meter pit with appropriate control valves at the point of connection, the pit would be sized to accommodate a bypass meter and an 8-inch meter.
5. The 8-inch meter would be purchased by Evans City and owned by Cranberry Township.
6. The point of connection will be at or very near the existing emergency connection.



7. The Evan City Borough and the Evans City Water and Sewer Authority are referenced as the "Authority" for the purpose of this Proposal. Also, Cranberry Township will be referenced as "Township".

TASK 1: *Proposed rate structure to offer bulk water sales. Provide the proposed terms of agreement for these specified rates and whether the rates are based upon daily rate charges or total volume of water sold over a given period of time. Note, the Authority will consider a long-term agreement so as to obtain a more favorable rate.*

Response: The current rate for water customers is \$3.85/1,000 gallons. The charges are subject to change at any time. Cranberry Township does expect nominal increases in water rates over the next five (5) years. Rates would be evaluated in November of each year of the agreement.

TASK 2: *Indicate any surcharge values based upon fire fighting needs, usage and above average or peak daily demands, etc.*

Response: There would not be a surcharge based upon fire fighting needs or usage above average or peak flows. The Township would monitor the monthly averages. If the monthly average was exceeded for two consecutive months, the Township would require the Authority to renegotiate the terms of the Agreement regarding the maximum allocation. If infrastructure improvements would be required due to the increased allocation, the Authority would be required to participate in the financing of the improvements.

TASK 3: *Provide a proposed schedule of any escalating charges (0-5 year period) to the proposed rates and the basis of these escalating charges (whether published price indices, resolutions, etc). Please provide your rates escalating charges for the last five (5) years.*

Response: The Township does not have a schedule of escalating rate charges. The water rates are published in the Township's Fee Resolution, which is attached. Water rates were last adjusted in 2006, raising the rate from \$3.15/1,000 gallon to \$3.85/1,000 gallon.

Task 4: *Provide tap in fees if applicable.*

Response: The Township would not require a tap fee. Since the Authority already has an existing connection, the usage is already accounted for in the Township's system.

Task 5: *Provide monthly meter charge rates if applicable.*

Response: The current meter and usage charges are available in the attached Fee Resolution 2009-33, Page 8, Section 1A. This section identifies the quarterly minimum meter charge for each meter size. It appears that the current meter may require upsizing, please use the charges identified in the fee resolution to calculate the cost of the new meter. Also, an 8-inch meter is currently \$800.00 per quarter.

Task 6: *Provide known or anticipated capital improvements necessary to provide bulk water sales to the Public Water Supply System. Provide cost estimate of these improvements including engineering, administrative and legal fees. Indicate what costs, if any, will be shared by each entity. Indicate who will have ownership and operational maintenance responsibilities of the proposed installed infrastructure.*

Response: The Township's water model indicates that no immediate system improvements would be required other than a new or modified meter pit at the point of the existing emergency connection. We would anticipate an 8-inch minimum meter size. This should also allow for fire flow. The estimated cost for the meter pit with an 8-inch meter is approximately \$20,000, depending on current material cost. The Authority would be responsible for all costs associated with the design and installation of the meter pit. The Township would own and maintain the meter, while the Authority would own and maintain the meter pit including all appurtenances within the pit.

Task 7: *Please indicate whether you will require an emergency interconnection from an alternate bulk water supplier.*

Response: The Township would not require an additional connection, although a second connection is recommended for redundancy.

Task 8: *Based upon water service being required by the end of 2010, please provide a time line for the following milestones:*

i. *Preparing and executing of water sales agreement.*

Response: The Township anticipates six (6) months from the time of awarding the proposal. The Township proposes modifying the existing agreement between the Township and the Authority for providing bulk water service to Glade Run Estates in Jackson Township.

ii. *Public Utility Commission review of water sales agreement, if applicable.*

Response: A Public Utility Commission review is not applicable.

iii. *PADEP permit review and approval including subsidiary allocation permit.*

Response: The Township will not have to modify the existing allocation permit with the West View Water Authority. Evans City would need to revise their water allocation permit. Past experience suggests that six (6) to eight (8) months will be required to make the revision and obtain approval from PADEP.

iv. *Estimated date of complete installation of interconnecting facilities.*

Response: The Township could begin serving bulk water immediately. The proposed meter pit improvements will improve flow and pressure. The meter pit improvements would take approximately six (6) months from design to construction. If the proposal is awarded to the Township, the meter pit modification or new installation could be completed by March of 2010.

Task 9: *Provide anticipated maximum flow and corresponding pressure at the point of connection, as well as the anticipated maximum working pressure at that point.*

Response: The anticipated max flow of 350 gpm / 65 psi and at 210 gpm/ 75 psi.

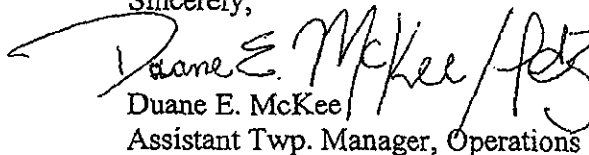
Task 10: *As an alternate to this Request for Proposal, please indicate whether there is an interest in purchasing and taking over all debt and all operations, maintenance, and regulatory and legal requirements of the Borough's Public Water System.*

Response: The Township does not have an interest in purchasing the Authority's Public Water System. However, the Township would also propose the opportunity for the Authority to outsource their water utility billing process to the Township. Our invoicing system is completely automated, allowing the economies of scale to lower expenses. This would save the Authority administrative costs, simplify operations and allow the existing staff to focus on other tasks. The cost of this proposed service would be negotiated at a later date.

As requested, please find two (2) signed copies of this Proposal, along with the Township's Water Supply ID Number: PWS ID#: 5100094. Also, enclosed, are two (2) copies of the Township's Water Allocation Permit, two (2) copies of the latest Water Quality Report, and two (2) copies of the Township's current Fee Resolution.

The Township appreciates the opportunity to provide the Evans City Borough and the Evans City Water and Sewer Authority with this proposal. If you have any questions or require any additional information, please contact me at 724-776-4806 extension 1121.

Sincerely,


Duane E. McKee
Assistant Twp. Manager, Operations

DEM/TSZ/dm

Enclosure