

CAPTION SHEET

CASE MANAGEMENT SYSTEM

1. REPORT DATE: 00 00/00 :
 2. BUREAU: FUS :
 3. SECTION(S): :
 5. APPROVED BY: : 4. PUBLIC MEETING DATE:
 DIRECTOR: : 00/00/00
 SUPERVISOR: :
 6. PERSON IN CHARGE: : 7. DATE FILED: 02/29/00
 8. DOCKET NO: A-230073 F0002 : 9. EFFECTIVE DATE: 00/00/00

PARTY/COMPLAINANT: COATESVILLE AUTHORITY, CITY OF

RESPONDENT/APPLICANT: PA-AMERICAN WATER CO-SEWER

COMP/APP COUNTY:

UTILITY CODE: 230073

ALLEGATION OR SUBJECT

APPLICATION OF PENNSYLVANIA-AMERICAN WATER COMPANY FOR APPROVAL OF 1) THE TRANSFER, BY SALE, OF SUBSTANTIALLY ALL OF THE CITY OF COATESVILLE AUTHORITY'S ASSETS, PROPERTIES AND RIGHTS RELATED TO ITS WASTEWATER SYSTEM TO PENNSYLVANIA AMERICAN WATER COMPANY AND 2) THE RIGHTS OF PENNSYLVANIA AMERICAN WATER COMPANY TO BEGIN TO OFFER OR FURNISH WASTEWATER SERVICE TO THE PUBLIC IN ALL OF THE CITY OF COATESVILLE AND PARKESBURG BOROUGH, CHESTER COUNTY, PENNSYLVANIA AND PORTIONS OF CALN TOWNSHIP, EAST FALLOWFIELD TOWNSHIP, VALLEY TOWNSHIP, SADSBUY TOWNSHIP, AND WEST SADSBUY TOWNSHIP, CHESTER COUNTY, PENNSYLVANIA.

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Pennsylvania-American Water Company

800 West Hershey Park Drive • P.O. Box 888 • Hershey, PA 17033-0888

(717) 533-5000 • FAX: (717) 531-3252

e-mail: vredmond@pawc.com

Velma A. Redmond
Vice President, Corporate Counsel
and Secretary

February 29, 2000

James J. McNulty, Secretary
Pennsylvania Public Utility Commission
New Filing Section, Room B-18
North Office Building
PO Box 3265
Harrisburg, PA 17105-3265

A-230073F0002

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SECRETARY'S BUREAU
P.A.U.C.

In re: Application of Pennsylvania-American Water Company for Approval of (1) the transfer, by sale, of substantially all of the City of Coatesville Authority's assets, properties and rights related to its wastewater system to Pennsylvania-American Water Company, and (2) the rights of Pennsylvania-American Water Company to begin to offer or furnish wastewater service to the public in all of the City of Coatesville and Parkesburg Borough, Chester County, Pennsylvania and portions of Caln Township, East Fallowfield Township, Valley Township, Sadsbury Township, and West Sadsbury Township, Chester County, Pennsylvania; and (3) certain additional regulatory approvals.

Dear Mr. McNulty:

On behalf of Pennsylvania-American Water Company, enclosed for filing with you are an original and three copies of the above-referenced Application. Also included is a check in the amount of \$350 for the Commission's filing fee. Please time stamp the additional copy of this letter and return it to me the enclosed, self-addressed stamped envelope.

Sincerely,

Velma A. Redmond

blg

Enclosures

cc: Office of Trial Staff
Office of Small Business Advocate
Office of Consumer Advocate

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Our commitment is crystal clear.™

An E.E.O. Employer M/F/H/V



ORIGINAL

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

In re: Application of Pennsylvania-American Water Company for Approval of (1) the transfer, by sale, of substantially all of the City of Coatesville Authority's assets, properties and rights related to its wastewater system to Pennsylvania-American Water Company, and (2) the rights of Pennsylvania-American Water Company to begin to offer or furnish wastewater service to the public in all of the City of Coatesville and Parkesburg Borough, Chester County, Pennsylvania and portions of Caln Township, East Fallowfield Township, Valley Township, Sadsbury Township, and West Sadsbury Township, Chester County, Pennsylvania; and (3) certain additional regulatory approvals.

Application No. A-230073 F 000 2

TO PENNSYLVANIA PUBLIC UTILITY COMMISSION:

1. Pennsylvania-American Water Company ("Pennsylvania-American" or "PAWC") hereby requests that the Pennsylvania Public Utility Commission ("PUC" or the "Commission") issue Certificates of Public Convenience evidencing its approval under Section 1102(a) of the Public Utility Code (66 Pa.C.S. §1102(a)) of: (1) Pennsylvania-American's acquisition of substantially all of the assets, properties and rights of the City of Coatesville Authority ("CCA") related to, or used in connection with, its wastewater system; (2) Pennsylvania-American's right to offer, render, furnish and supply wastewater service in the areas served by CCA; and (3) certain additional regulatory approvals.

2. The name and address of the Applicant is:

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

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3. The names and address of the Applicant's attorneys are:

Velma A. Redmond, Esquire
Susan D. Simms, Esquire
Pennsylvania-American Water Company
800 West Hersheypark Drive
Hershey, PA 17033
(717) 531-3210
(717) 531-3252 fax

4. The City of Coatesville Authority (CCA) is a municipal authority organized under the Pennsylvania Municipality Authorities Act of May 2, 1945, P.L. 382. It owns and operates a sanitary sewage collection and treatment service system in all of the City of Coatesville and Parkesburg Borough, Chester County, Pennsylvania and portions of Caln Township, East Fallowfield Township, Valley Township, Sadsbury Township, and West Sadsbury Township, Chester County, Pennsylvania.

5. Pennsylvania-American is a regulated public utility corporation duly organized and existing under the laws of the Commonwealth of Pennsylvania and is engaged in the business of collecting, treating, storing, supplying, distributing and selling water to the public, and collecting, treating, transporting and disposing of wastewater and sewage for the public. Wastewater services are furnished to the public in a service territory encompassing Coolbaugh Township, Monroe County, Pennsylvania, with a population of approximately 14,000. Water service is furnished to the public in a service territory encompassing more than 290 communities across the Commonwealth with a combined population of over 2,000,000. A description of Pennsylvania-American's certificated water and wastewater service territory is found at Exhibit A, along with a detailed corporate history, outlining all of the mergers, acquisitions and consolidations which have created Pennsylvania-American as it exists today.

6. As of December 31, 1999 CCA furnished wastewater service to 4,230 customers

as follows:

Residential	3,825
Commercial	303
Industrial	6
Municipal, sales for resale and others	96

7. As of December 31, 1999, Pennsylvania-American furnished wastewater service

to 4,819 customers, as follows:

Residential	4,805
Commercial	14

A. TRANSFER, BY SALE, OF SUBSTANTIALLY ALL OF THE CITY OF COATESVILLE AUTHORITY'S ASSETS, PROPERTIES AND RIGHTS RELATED TO ITS WASTEWATER SYSTEM TO PENNSYLVANIA-AMERICAN WATER COMPANY

All of the preceding and succeeding paragraphs are incorporated by reference into this sub-part A.

Summary of the Transaction

8. In June, 1998, CCA and the City of Coatesville, Pennsylvania (the "City"), entered into an agreement to jointly investigate the possible sale and/or lease of the water and wastewater assets of CCA. On October 22, 1998, CCA, in cooperation with the City, issued an Information Memorandum inviting interested parties to submit proposals to purchase and/or lease the water and wastewater assets. CCA and the City established a proposal process whereby interested parties submitted their qualifications to CCA for a determination by CCA as to their capability to adequately and dependably serve the City and CCA's customers in the long term. Once the pool of qualified proposers was established, CCA and the City would negotiate to achieve the best available transaction.

9. In the Information Memorandum, CCA identified eight “non-negotiable terms”, including the following:

- Rates - Proposer shall implement, at closing, CCA’s water and sewer rates then in effect. Proposer shall freeze said rates for a minimum of 3 years following closing during which time no other rates shall be charged in the CCA service area. Proposer shall have the option, at any time, to charge rates lower than CCA’s water and sewer rates in effect at Closing.

10. Five entities qualified to submit proposals. The final proposal process provided that sealed proposals from qualified proposers for either or both assets would be publicly opened and announced and a process was established to submit a higher bid until there were no further bids. Only two entities participated in the final bid process: PAWC and Chester Water Authority. As a result of the bid process, CCA entered into negotiations with PAWC, and on December 16, 1999, CCA and PAWC entered into Letters of Intent for the purchase of the water system for a purchase price of Thirty-Seven Million (\$37,000,000) Dollars and the wastewater system for a purchase price of Eleven Million Two Hundred Twenty-Five Thousand (\$11,225,000) Dollars, for a total purchase price of Forty-Eight Million Two Hundred Twenty-Five Thousand (\$48,225,000) Dollars. Final approvals were given by the CCA and the City, and the Asset Purchase Agreement for the Acquisition of the Assets of the Water System and the Wastewater System of the CCA (“Agreement”) was executed February 15, 2000. A copy of the Agreement is provided as Exhibit B.

11. Pursuant to the terms of the Agreement: (1) CCA agreed to sell and transfer to Pennsylvania-American, all of CCA’s right, title and interest in, under and to all of the assets, properties and rights related to the water and wastewater systems, as more fully described in Section 1.3 of the

Agreement; and (2) Pennsylvania-American agreed to purchase and acquire all of CCA's assets, properties and rights related to the water and wastewater systems. Additionally, Pennsylvania-American agreed to assume certain contracts to which CCA is a party, as more fully described in Section 1.5, and Schedule 1.5.1 of the Agreement. Pennsylvania-American agreed to certain additional terms including the adoption of CCA's current rates for a minimum of three (3) years.

Background Financial Information

12. There is attached hereto the balance sheet of CCA as of September 30, 1999 (Exhibit C), which is the latest available, and Pennsylvania-American as of December 31, 1999 (Exhibit D). All plant property and equipment used by CCA are not included on CCA's balance sheet. CCA completed an original cost study on September 30, 1997, the results of which are shown as Exhibit E. After Closing, this original cost study will be updated by Pennsylvania-American through Closing so as to be true and correct at Closing.

13. There are attached hereto the income statements of CCA for the 12 months ended September 30, 1999 (Exhibit F) which is the latest available, and Pennsylvania-American for the 12 months ended December 31, 1999 (Exhibit G).

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

Terms And Impact of the Transaction

15. This Application seeks approval of the transfer to Pennsylvania-American of substantially all of the wastewater property and rights of CCA. The terms and conditions of the transaction

are contained in the executed Agreement between Pennsylvania-American and CCA (Exhibit B). The specific property to be transferred is defined and described in Paragraph 1.3 of the Agreement.

16. The consideration for the transfer of the wastewater system is Eleven Million Two Hundred Twenty-Five Thousand (\$11,225,000) Dollars as outlined in Paragraph 1.7 of the Agreement. The transaction is at arm's length.

17. CCA's fixed capital installed and depreciation accumulated thereon from CCA's original cost study as of September 30, 1997 is shown at Exhibit E. After Closing, this original cost study will be updated by Pennsylvania-American through Closing so as to be true and correct at Closing. Upon completion of the updated original cost study after Closing, Pennsylvania-American will establish the depreciated original cost for CCA's utility plant based on the results of the study.

18. No investment securities will be transferred in the proposed transaction.

19. There is attached hereto a pro forma balance sheet of Pennsylvania-American as of December 31, 1999, giving effect to the transfer (Exhibit H). However, as noted in Paragraph 17, above, Pennsylvania-American will update the original cost study through Closing for the purpose of establishing the depreciated original cost of the utility plant of CCA. Once the original cost study is updated and the property's depreciated original cost and book value are finalized, Pennsylvania-American will amend the pro forma balance sheet giving effect to the transfer, accordingly.

20. There is attached hereto a pro forma consolidated income statement of Pennsylvania-American and CCA for the 12 months ended December 31, 1999 (Exhibit I).

21. Tentative journal entries to record the transfer in Pennsylvania-American's accounts are set forth below, based upon CCA's September 30, 1997 original cost study establishing the original cost of Twelve Million Four Hundred Twenty-Nine Thousand Three Hundred Twenty-Five (\$12,449,325) Dollars, an acquisition adjustment of One Million Four Hundred Seven Thousand Three Hundred Seventy-Six (\$1,407,376) Dollars, a depreciation reserve of Two Million Six Hundred Thirty-One Thousand Seven Hundred One (\$2,631,701) Dollars, and a purchase price of Eleven Million Two Hundred Twenty-Five Thousand (\$11,225,000) Dollars. However, as stated above, Pennsylvania-American will update CCA's original cost study. Upon completion of the updated original cost study, Pennsylvania-American will establish the depreciated original cost for CCA's utility plant based on the results of the study.

Utility plant	\$12,449,325
Acquisition Adjustment	1,407,376
Accumulated depreciation	\$ 2,631,701
Short term debt	11,225,000

22. There is attached a certified copy of the resolutions adopted by the Board of Directors of Pennsylvania-American authorizing the execution of the Agreement and the consummation of the proposed transfer (Exhibit J).

Effect on Service and Rates

23. The proposed transfer will have no detrimental effect on the service provided to Pennsylvania-American's existing customers or the customers transferred by CCA. Pennsylvania-American believes that the proposed transfer will have a beneficial effect on the customers of CCA in that they will receive the benefit of Pennsylvania-American's experience in managing and operating water and

wastewater systems which will result in efficiencies and improvements in the service to the customers to be transferred. Pennsylvania-American's existing customers will benefit because the acquisition will expand the customer base over which existing costs are recovered and thereby, stabilize or reduce per-customer costs. The proposed transfer is in the public interest and satisfies the applicable standard of Section 1103 for, among other, the following reasons:

a. Pennsylvania-American has the managerial, technical and financial capabilities to safely and adequately operate the CCA system in compliance with the Public Utility Code, the Clean Streams Law and other requisite regulatory requirements, and to make improvements as needed, on a short and long term basis.

b. The acquisition will further the Commission's goal of regionalization. CCA's wastewater system will become a part of a larger organization that is viable and is committed to providing improved service in the future. Any necessary system improvements can be completed within a reasonable period of time, without adversely affecting service to Pennsylvania-American existing customers.

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

d. The transferred customers will benefit from enhanced customer service in a number of areas, such as additional bill payment options, extended customer service and call center

hours, customer information and education programs, and the opportunity to participate in Pennsylvania-American's customer assistance programs.

e. The geographic proximity between CCA's service area and Pennsylvania-American's existing operations creates opportunities for functional and operational consolidation, and associated efficiencies and cost savings.

24 The proposed transfer will have no immediate effect on the rates for service to be charged to Pennsylvania-American's existing customers or to those customers to be transferred by CCA to Pennsylvania-American. Pennsylvania-American has agreed to adopt rates in the service territory equal to the current rates of CCA, as shown on Exhibit K, for a period of three (3) years following Closing. Specifically, with respect to the service area acquired from CCA, Pennsylvania-American will file a tariff supplement to become effective as of the date of the Closing that will adopt the rates for wastewater service shown on Exhibit K. Additionally, Pennsylvania-American will adopt rules and regulations regarding conditions of wastewater service identical to CCA's current rules and regulations, as shown on Exhibit L.

25. Pennsylvania-American will initially finance the purchase with short-term bank debt which, at the appropriate time will be replaced through the issuance of long-term debt and common equity.

26. The reason for the proposed transfer is the purchase by Pennsylvania-American of CCA's wastewater system.

27. Pennsylvania-American and CCA are not affiliated with each other.

28. CCA is not subject to any special or general assessments outstanding against it pursuant to Section 510 of the Public Utility Code.

B. THE RIGHTS OF PENNSYLVANIA-AMERICAN TO OFFER OR FURNISH WASTEWATER SERVICE TO THE PUBLIC IN ALL OF CITY OF COATESVILLE AND PARKESBURG BOROUGH, CHESTER COUNTY, PENNSYLVANIA, AND PORTIONS OF CALN TOWNSHIP, EAST FALLOWFIELD TOWNSHIP, VALLEY TOWNSHIP, SADSBUARY TOWNSHIP AND WEST SADSBUARY TOWNSHIP, CHESTER COUNTY, PENNSYLVANIA.

All of the preceding and succeeding paragraphs are incorporated by reference into this sub-part

B.

29. Pennsylvania-American is now furnishing water and wastewater services in the service territory as outlined in Paragraph 5. Pennsylvania-American currently provides wastewater services to approximately 4,800 customers in the Poconos.

30. The areas served by CCA are shown on the map at Exhibit M and are further described on Exhibit N.

31. No additional permanent capital will be required by Pennsylvania-American for the purpose of financing the matters and things involved in this Application except as stated in paragraph 25.

32. No corporation, partnership or individual other than CCA is now furnishing or has corporate or franchise rights to furnish service similar to that to be rendered by Pennsylvania-American in the territory covered by this Application, and no competitive condition will be created. As part of this

Application, Pennsylvania-American has requested approval to acquire, by purchase, substantially all the wastewater property and rights of CCA. CCA will permanently discontinue all wastewater service to the public.

33. The facilities to be employed are described in Paragraph 1.3 of the Agreement. Specifically excluded assets are described in Paragraph 1.4 of the Agreement.

34. Immediately upon Closing, Pennsylvania-American will adopt CCA's existing rates in the application territory, as shown on Exhibit K, and CCA's existing rules and regulations regarding conditions of service, as shown on Exhibit L.

35. The estimated annual revenues and expenses of Pennsylvania-American in the Application territory, based upon CCA's annual revenues and expenses, are set forth in Exhibit O.

C. ADDITIONAL REGULATORY APPROVALS

All of the preceding and succeeding paragraphs are incorporated by reference into this sub-part C.

36. Under the terms of the Agreement, Pennsylvania-American agrees to implement in the service area served by CCA the wastewater rates in effect as of December 16, 1999 (CCA's current rates as shown on Exhibit K), and to freeze said rates for a minimum of three (3) years following Closing. In accordance with the terms of the Agreement, and as discussed at Paragraph 24 above, Pennsylvania-American proposes that, immediately upon Closing, Pennsylvania-American will adopt CCA's existing

rates in the application territory, as shown on Exhibit K. Pennsylvania-American requests approval from the Commission to adopt and charge rates in the area to be acquired equal to the rates shown on Exhibit K and to adopt CCA's existing rules and regulations regarding conditions of service as shown on Exhibit L.

37. Pursuant to Section 1.5 of the Agreement, Pennsylvania-American is assuming the contractual rights, duties, and liabilities and obligations of CCA with respect to the contracts, agreements and commitments relating to the wastewater system. The assumed contracts are identified at Schedule 1.5.1 ("Assumed Contracts"), and include a number of agreements with neighboring municipalities. Pennsylvania-American requests approval from the Commission, pursuant to Section 507 of the Public Utility Code (66 Pa. C.S. §507), to assume and comply with the contracts, agreements and commitments relating to the CCA's wastewater system which are to be assumed by Pennsylvania-American in accordance with the terms of the Agreement.

D. CONCLUSION

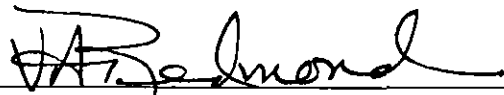
WHEREFORE, Applicant prays your Honorable Commission to issue the necessary Certificates of Public Convenience under the Public Utility Code, as amended, 66 Pa. C.S. §1102(a), authorizing:

- (a) the transfer, by sale, of substantially all the assets, properties and rights of CCA related to or used in connection with its wastewater system to Pennsylvania-American in accordance with the Agreement; and
- (b) the commencement by of Pennsylvania-American of wastewater service to the public in all of the City of Coatesville and Parkesburg Borough, Chester County, Pennsylvania, and portions of Caln Township, East

Fallowfield Township, Valley Township, Sadsbury Township and West
Sadsbury Township, Chester County, Pennsylvania.

In addition, the applicant asks that the Commission, in its Order authorizing the proposed transaction, grant the approvals relating to the adoption of rates and rules, and the assumption of contracts as requested herein.

Respectfully submitted,

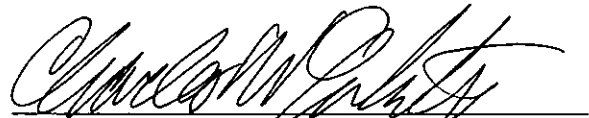


Velma A. Redmond, Esquire
Susan D. Simms, Esquire
Counsel for
Pennsylvania-American Water Company
800 West Hersheypark Drive
Hershey, PA 17033

Dated: February 29, 2000

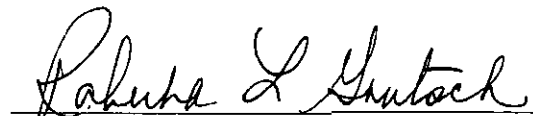
COMMONWEALTH OF PENNSYLVANIA)
) SS:
COUNTY OF DAUPHIN)

Personally appeared before me, a Notary Public in and for said Commonwealth and County, Charles W. Johnston, Vice President of Pennsylvania-American Water Company who, being duly sworn according to law, deposes and says that the facts set forth in the foregoing Application are true and correct to the best of his knowledge, information and belief.

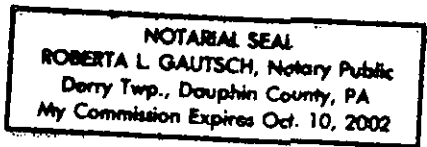


Vice President

Sworn to and subscribed before me
this 29th day of February,
2000.



Notary Public



PENNSYLVANIA-AMERICAN WATER COMPANY

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

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

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

Western Pennsylvania Water Company was the product of the merger of 17 water companies with and into South Pittsburgh Water Company at various times from 1970 to 1973. WPW added six water distribution systems, extending its service territory into portions of 12 western Pennsylvania counties. The company operated through the following district offices: Butler, Clarion, Connellsville, Ellwood, Indiana, Kane, Kittanning, McDonald, Mon Valley, New Castle, Pittsburgh, Punxsutawney, Uniontown, Warren, and Washington.

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

Since the merger of the former Pennsylvania-American Water Company (Riverton and Keystone) into Western Pennsylvania Water Company on February 1, 1989, the Company has acquired the following water systems: Smith Township Municipal Authority system (Washington County, February 27, 1989); Abington Township system (Lackawanna County, August 5, 1989); Summit Township Municipal Authority system (Butler County, August 31, 1993); Skyline Water Company (Dauphin County, December 2, 1993); Gregg Township Municipal Authority system (Union County, April 25, 1994); P-F Area Water Association system (Washington County, October 1, 1994); Country Place Water Company, Inc. and Country Place Waste Treatment Company, Inc. (Monroe County, June 30, 1995); Hickory Water Company, Pocono Farms East Water Company, Inc., and Silver Water Company (Monroe and Pike Counties, December 21, 1995); the water utility assets of Pennsylvania Gas and Water Company (Lackawanna, Luzerne, Susquehanna and Wayne Counties, February 16, 1996); the Municipal Authority of the Township

of Morris system (Clearfield County, April 24, 1996); Westford Water Company (Dauphin County, August 2, 1996); Clarion Township General Authority (Clarion County, January 28, 1998); Fairview Water Company, National Utilities, Inc.-Pocono Division, and Pocono Mountains Industrial Park Authority (Monroe County, May 7, 1998); Coolbaugh Township-Fire System (Monroe County, July 28, 1998); Greene Valley Water Company (Lackawanna County, August 28, 1998); Franklin Manor Utilities, Ltd. (Washington County, September 22, 1998); Taylor Township (Lawrence County, December 21, 1998); Evansburg Water Company (Montgomery County, December 30, 1998); Applewold Borough (Armstrong County, March 26, 1999); Cedar Grove Water Association (Washington County, July 8, 1999); Independence Township Municipal Authority (Washington County, July 8, 1999); Koppel Borough (Beaver County, November 5, 1999) and Center Township (Butler County, December 30, 1999). On July 2, 1990, Brownsville Water Company (Fayette County) and California Water Company (Washington County) were acquired and merged into the Company. On June 16, 1992, the former Forge Road Acres water system (Cumberland County) was sold to South Middleton Township.

As a result of the various mergers and acquisitions, the Company furnishes water service to about 543,740 customers in the following municipalities:

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

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

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

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

All, or portions of, the City of Butler, the Borough of East Butler and the Townships of Butler, Center, Connoquenessing, Oakland, Penn and Summit in Butler County;

All, or portions of, the Boroughs of Philipsburg and South Philipsburg and the Township of Rush in Centre County;

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

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

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

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

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

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

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

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

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

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

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

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

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

All, or portions of, the Borough of Mount Pocono and the Township of Coolbaugh in Monroe County;

Exhibit A

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

All, or portions of, the Boroughs of Bangor and Roseto and the Townships of Plainfield, Upper Mt. Bethel and Washington in Northampton County;

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

Portions of the Township of Delaware in Pike County;

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

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

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

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

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

Portion of the Township of Clinton in Wayne County.

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

As a result of an acquisition, the Company furnishes wastewater service to about 4,821 customers in the following municipality:

Portion of the Township of Coolbaugh in Monroe County.

[297 municipalities in 31 counties. Note: Ellwood City Borough is located in Beaver and Lawrence Counties; Hanover Township is located in Beaver and Washington Counties]

1/31/00

**Asset Purchase Agreement
for the Acquisition of the Assets of
the Water System and
the Wastewater System of the
City of Coatesville Authority
by
Pennsylvania-American Water Company**

Dated as of February 15, 2000

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Asset Purchase Agreement

This Asset Purchase Agreement ("Agreement") is made and entered into this 15th day of February, 2000, by and between, the City of Coatesville Authority, a Pennsylvania municipal authority ("CCA" or "Seller"), and Pennsylvania-American Water Company, a Pennsylvania corporation ("PAWC" or "Buyer").

WHEREAS, CCA, is a municipal authority duly organized by the City of Coatesville ("City"), and is engaged, inter alia, in the business of (a) collecting, treating, storing, supplying, distributing and selling water to the public ("Water System"); and, (b) collecting, treating, transporting and disposing of wastewater and sewage for the public ("Wastewater System") (collectively referred to as the "Systems");

WHEREAS, CCA owns, operates and maintains the Systems to serve its customers in the City and in portions of surrounding communities ;

WHEREAS, PAWC is a public utility engaged, inter alia, in the business of (a) collecting, treating, storing, supplying, distributing and selling water to the public in various areas of Pennsylvania; and, (b) collecting, treating, transporting and disposing of wastewater and sewage for the public in various areas of Pennsylvania;

WHEREAS, PAWC owns, operates and maintains, inter alia, public water supply systems and wastewater systems in various areas of Pennsylvania; and,

WHEREAS, subject to the terms and conditions set forth herein, CCA desires to sell, and PAWC desires to purchase, substantially all of the assets and rights of CCA used in connection with the Systems;

NOW THEREFORE, in consideration of the mutual covenants, warranties, representations and agreements set forth herein, and intending to be legally bound, CCA and PAWC (collectively referred to as the "Parties") agree as follows:

[Intentionally Left Blank]

Article 1

The Transaction

1.1 Incorporation of Recitals

The recitals set forth above are incorporated herein by reference and are a part of this Agreement.

1.2 Sale and Purchase of Assets

At Closing (as defined in Section 1.10 of this Agreement), subject to the terms and conditions of this Agreement, CCA shall sell, assign, transfer, deliver and convey to PAWC and PAWC shall purchase the Assets (as defined in Section 1.3 of this Agreement) for the Purchase Price (as defined in Section 1.7 of this Agreement).

1.3 Description of Assets

The term "Assets" means, subject to Sections 1.4 and 1.5 of this Agreement, all of CCA's right, title and interest in, under and to all of the assets, properties and rights related to the Systems or used in connection with the Systems as a going concern of every kind, nature and description existing on the Closing Date (as defined in Section 1.10 of this Agreement), wherever such assets, properties and rights are located and whether such assets, properties and rights are real, personal or mixed, tangible or intangible.

Without limiting the generality of the foregoing, the Assets shall include the following:

- (a) all land and real property (which are listed on Schedule 1.3(a).1) (together with all fixtures, buildings, structures and other improvements erected thereon), easements and rights-of-way (which are listed on Schedule 1.3(a).2), rights of use, licenses, permits, hereditaments, tenements, privileges and other appurtenances belonging or related to the Systems (such as appurtenant rights in and to public streets);
- (b) all water tanks, water distribution towers, water lines, water works plant and systems, water treatment systems, water purification systems, water filtration systems, pumping stations, pumps, wells, well buildings and related equipment, reservoirs, intake structures, water lines, water mains, service lines, distribution facilities, meters, curb boxes, curb stops, services lines, hydrants, valves, fittings, and other tangible personal property related to the Water System;

- (c) all sewer lines, sewer works plant and systems, sewer treatment systems, sewer screening systems, pumping stations, pumps, collection lines, conveyance lines, collection facilities, manholes, tanks, meters, valves, fittings and other tangible personal property related to the Wastewater System;
- (d) all equipment, machinery, vehicles, tools, motors, spare parts, materials, supplies, fixtures and improvements, construction in progress, jigs, molds, patterns, gauges, production fixtures, office equipment, computer systems, telephone systems and other tangible personal property related to the Systems;
- (e) all of CCA's rights under any written or oral contract, agreement, lease, plan, instrument, registration, license, sub-license (including any railroad crossing license or sub-license), permit, certificate, document, commitment, arrangement, undertaking, practice, authorization or approval of any nature relating to the Systems and entered into in the ordinary course of business consistent with past practice, but specifically excluding CCA's Collective Bargaining Agreement and the other Excluded Contracts (as defined in Section 1.5 of this Agreement);
- (f) all of CCA's water rights, water withdrawal rights, water reservation rights, water appropriation rights and rights to water flow relating to the Water System;
- (g) all of CCA's rights under any permit, franchise, license, sub-license, approval, authorization, order, registration, certificate, variance, document and any other similar rights obtained from any authority relating to the Systems, and all pending applications therefor;
- (h) all job classification, service length and wage information relating to the Employees (as defined in Section 3.6(a) of this Agreement);
- (i) all information, books, records, ledgers, files, documents, correspondence, data, plans, models, system maps, engineering records, mylars, planning studies, architectural plans, drawings and specifications, customer records and data, supplier lists, records of operations, quality control records and procedures, equipment maintenance records, manual and warranty information, laboratory books, intellectual property and goodwill (including any licenses and sub-licenses granted or obtained with respect thereto) and inspection processes relating to the Systems; and
- (j) all assets, property and rights relating to the Systems described in the report prepared by Gannett Fleming entitled "Original Cost and Related Accrued Depreciation of the City of Coatesville Authority Water and Sewer Systems as of September 30, 1997", as amended, which is attached hereto as Schedule 1.3(j).

1.4 Excluded Assets

Notwithstanding the foregoing, the Assets shall not include any of the assets, properties or rights listed on Schedule 1.4 ("Excluded Assets").

1.5 Assumption of Contracts

PAWC shall assume the contractual rights, duties, liabilities and obligations of CCA with respect to the contracts, agreements and commitments relating to the Systems, all such contracts, agreements and commitments being more specifically listed or described in Schedule 1.5.1 ("Assumed Contracts"), except that (i) PAWC shall not assume any liabilities or obligations for any breach or default by, or payment obligations of, CCA under such Assumed Contracts occurring or arising on or prior to the Closing Date; and, (ii) PAWC shall not assume any liabilities or obligations for any contracts, agreements or commitments listed on Schedule 1.5.2 ("Excluded Contracts").

1.6 Assumption of Liabilities

- (a) PAWC shall assume and agree to pay or discharge only the following liabilities and obligations of CCA: (i) all rights, duties, liabilities and obligations of CCA under the Assumed Contracts not required to be performed prior to the Closing Date; (ii) any change orders on projects in progress that were entered into between the date hereof and the Closing Date and that were requested by PAWC and approved by CCA before the Closing Date; and, (iii) any change orders that are approved or requested by PAWC after the Closing Date ("Assumed Liabilities").
- (b) CCA shall retain and discharge: (i) all rights, duties, liabilities and obligations required to be performed under the Excluded Contracts; (ii) all rights, duties, liabilities and obligations of CCA under the Assumed Contracts required to be performed prior to the Closing Date; (iii) any change orders on projects in progress that were approved by CCA but were not requested by PAWC before the Closing Date; and, (iv) all the liabilities and obligations arising out of the ownership, operation or use of the Assets or Systems prior to the Closing Date, excepting only the Assumed Liabilities ("Retained Liabilities").

1.7 Purchase Price

The total purchase price for the Assets to be paid by PAWC to CCA is the amount of Forty Eight Million, Two Hundred and Twenty Five Thousand Dollars (\$48,225,000) ("Unadjusted Purchase Price"), which shall be subject to adjustment as set forth in Section 1.8 of this Agreement ("Purchase Price").

The Unadjusted Purchase Price is apportioned between the Water System and the Wastewater System as follows: (a) Thirty Seven Million Dollars (\$37,000,000) to the Water System; and, (b) Eleven Million, Two Hundred and Twenty Five Thousand Dollars (\$11,225,000) to the Wastewater System.

1.8 Adjustments to Unadjusted Purchase Price

The Purchase Price to be paid to CCA, as set forth in Section 1.7 of this Agreement, shall be determined by reducing and/or increasing the Unadjusted Purchase Price, on a dollar for dollar basis, as follows:

- (a) reduce the Unadjusted Purchase Price by the amount of refundable customer advances or deposits held by CCA which are not placed in escrow or otherwise remitted to PAWC at the Closing;
- (b) reduce the Unadjusted Purchase Price by the amount of expenses for which CCA is responsible under Section 1.9 of this Agreement.
- (c) reduce the Unadjusted Purchase Price by the amount of any contract retainage held by CCA for the Assumed Contracts which is not placed in escrow or otherwise remitted to PAWC at Closing.
- (d) increase the Unadjusted Purchase Price by the amount of the verifiable cost to CCA of any capital improvements which CCA makes to the Systems after the date first written above and prior to Closing; provided, that any such capital improvement is approved by PAWC . This Subsection shall not apply to repairs, replacements and items occurring in the normal course of business to provide adequate service to CCA's customers.
- (e) increase the Unadjusted Purchase Price by the amount paid by (i) CCA to East Fallowfield Utilities, Inc. ("EFU"), as the purchase price under an Agreement of Sale dated ~~February 12-16-99, 2000~~ by and between CCA and EFU; and (ii) the amount of verifiable legal and engineering costs (as well as closing costs) incurred by CCA in consummating said transaction with EFU. Provided, however, this subsection shall not be used to increase the Unadjusted Purchase

Price by more than One Hundred and Thirty Five Thousand Dollars (\$135,000).

- (f) reduce the Unadjusted Purchase Price by the amount of all accrued Employee benefits, as stated on Schedule 1.8(f), for which (i) the Employee is entitled during the calendar year of Closing; and, (ii) the Employee has not taken, used or been compensated prior to Closing.

1.9 Proration of Expenses

The Parties agree hereto that the following expenses shall be calculated and pro rated as of the Closing Date, with CCA responsible for such expenses for the period up to the Closing Date, and PAWC to be responsible for the period on and after the Closing Date:

- (a) electric, fuel, gas, telephone, sewer and utility charges, in each case, to the extent relating to the Systems; and
- (b) rentals and other charges under the Assumed Contracts pursuant to Section 1.5 of this Agreement.

1.10 Closing

The date of closing of this transaction ("Closing Date") shall occur on or before forty-five (45) days after satisfaction (or waiver) of the conditions to Closing set forth in Article 4 of this Agreement, or such other date mutually agreed to by the Parties in writing.

On the Closing Date (at a time of day to be mutually agreed upon by the Parties), subject to the terms and conditions of this Agreement, the acts of closing pertaining to this transaction ("Closing") shall occur and title and possession of the Assets shall be sold, assigned, transferred, delivered and conveyed to PAWC.

The Closing shall take place at the offices of CCA, or such other location as the Parties may mutually agree.

1.11 Deliveries at Closing by CCA to PAWC

Subject to the terms and conditions of this Agreement, at the Closing, CCA shall deliver (or cause to be delivered) to PAWC:

- (a) bills of sale and instruments of assignment to the Assets, duly executed by CCA;
- (b) consents of transfer, of all transferable or assignable contracts, agreements, licenses and permits to the extent specifically required hereunder;
- (c) title certificates to any motor vehicles included in the Assets, duly executed by CCA, (together with any other transfer forms necessary to transfer title to such vehicle);
- (d) one or more special warranty deeds of conveyance of the real property which was acquired by CCA by way of a deed with warranty or covenant of title (and, one or more quit claim deeds of conveyance of the real property which was acquired by CCA by way of a deed without warranty or covenant of title), duly executed and acknowledged by CCA, and in recordable form;
- (e) a Foreign Investment in Realty Property Tax Act ("FIRPTA") Certification and Affidavit for such real property, duly executed by CCA;
- (f) CCA's Closing Certificates pursuant to Section 4.1(d) of this Agreement;
- (g) all agreements and other documents required by this Agreement;
- (h) CCA's updated meter reading information pursuant to Section 3.2(j) of this Agreement;
- (i) CCA's Opinion of Counsel pursuant to Section 4.1(k) of this Agreement;
- (j) a receipt for the payment of the Purchase Price; and
- (k) all such other instruments of conveyance as shall be, in the reasonable opinion of PAWC and its counsel, necessary to transfer to PAWC the Assets in accordance with this Agreement and where necessary or desirable, in recordable form.

1.12 Deliveries at Closing by PAWC to CCA

Subject to the terms and conditions of this Agreement, at the Closing, PAWC shall deliver (or cause to be delivered) to CCA:

- (a) a wire transfer of immediately available funds in an amount equal to the Purchase Price to such account (or accounts) as shall be designated by CCA;
- (b) PAWC's Opinion of Counsel pursuant to Section 4.2(h) of this Agreement;
- (c) PAWC's Closing Certificates pursuant to Section 4.2(c) of this Agreement;
- (d) all agreements and other documents required by this Agreement; and
- (e) all such other documents that are, in the reasonable opinion of CCA and its counsel, necessary to consummate the transactions contemplated by this Agreement.

Article 2 Representations and Warranties

2.1 Representations and Warranties of CCA

CCA represents and warrants to PAWC as follows:

- (a) **Organization and Good Standing.** CCA is a municipal authority duly organized, validly existing and in good standing under the laws of the Commonwealth of Pennsylvania.
- (b) **Authorization and Enforceability.** CCA has the full power and lawful authority to execute this Agreement and to consummate and perform the transactions contemplated hereby and has duly and validly authorized the execution of this Agreement (including such other necessary agreements, instruments and documents in connection herewith) and all necessary proceedings.

This Agreement constitutes the legal, valid and binding obligation of CCA, enforceable against CCA in accordance with its terms, except as such enforceability may be limited by applicable laws relating to bankruptcy, insolvency, fraudulent conveyance, reorganization or affecting creditor's rights generally.

- (c) **No Violations of Laws or Agreements.** CCA's performance of this Agreement, as of the Closing Date, shall not (i) require any further approvals or consents from any other party; (ii) violate any law, ordinance or regulation; or, (iii) conflict with or result in a breach of, or constitute a default under, any contract, lease, permit or other agreement or commitment to which CCA is a party.
- (d) **No Pending Litigation or Proceedings.** Except as listed on Schedule 2.1(d), to the best of CCA's knowledge, there is no action, claim, litigation, arbitration, proceeding, judgment, injunction, audit or legal, administrative or governmental investigation pending or threatened against CCA which could reasonably be expected to have a Material Adverse Effect (as defined in Section 8.10 of this Agreement) on the Assets and the Systems or the transaction contemplated by this Agreement.
- (e) **Brokerage.** CCA has not made any agreement or taken any other action which might cause any person to become entitled to a broker's or finder's fee or commission as a result of the transactions contemplated hereunder which could result in liability to PAWC.
- (f) **Permits and Compliance with Law.** To the best of CCA's knowledge, all of CCA's permits relating to the operation of the Systems are in full force and effect, except those the failure of which to be in full force and effect would not individually or in the aggregate have a Material Adverse Effect.

Except as disclosed in Schedule 2.1(f).1, to the best of CCA's knowledge, CCA possesses and is in substantial compliance with all permits required to operate the Systems as presently operated and to own, lease, or otherwise hold the Assets under all applicable laws, rules, regulations, ordinances, and codes (including environmental laws), except to the extent that any failure to possess, or to comply with, any permit, laws, rules, regulations or orders would not, individually or in the aggregate have a Material Adverse Effect.

To CCA's knowledge, there are no proceedings pending or threatened that seek the revocation, cancellation, suspension or any adverse modification of any permits presently possessed by CCA, other than those revocations, cancellations, suspensions or modifications which do not individually or in the aggregate have a Material Adverse Effect.

Except as disclosed in Schedule 2.1(f).2, to the best of CCA's knowledge, the Systems are conducted by CCA in substantial compliance with all applicable laws (including zoning, building and similar laws and environmental laws), rules, regulations, ordinances, codes, judgments and orders, except for such failures to comply which do not individually or in the aggregate have a Material Adverse Effect.

- (g) **Title to Assets.** CCA owns and shall convey (subject to matters of public record other than mortgages, liens and security interests): (i) good and marketable title, insurable by any reputable Title Insurance Company at the regular and marketable rates, the real property included in the Assets which was acquired by CCA by way of a deed **with** warranty or covenant of title; (ii) by quit claim deed, its interests in the real property included in the Assets which was acquired by CCA by way of a deed **without** warranty or covenant of title; (iii) good and valid leasehold title to any leased real property included in the Assets; and, (iv) good title to, or valid interest in, any personal property included in the Assets.

Any mortgages, liens and security interests associated with the Assets will be removed as of the Closing, to the effect that the Assets will be conveyed free and clear of all mortgages, liens, pledges and security interests, excepting only the following: (i) those imposed by law and incurred in the ordinary course of business for indebtedness not yet due to carriers, warehousemen, laborers, or material men and the like; (ii) those in respect of pledges or deposits under workmen's compensation laws or similar legislation; (iii) those for property taxes, assessments or governmental charges not yet subject to penalties for nonpayment; and, (iv) those affecting real property, which is owned by third parties, containing easements or rights-of-way relating to the Assets.

- (h) **Contracts.** To the best of CCA's knowledge, the Assumed Contracts are valid and enforceable in accordance with their terms.
- (i) **Employees.** The regular or full-time employees who CCA expects will be employed by CCA on the Date of Closing are listed on Schedule 2.1(i).
- (j) **Customer Advances.** CCA has (i) completed construction of all water and sewer facilities construction projects for which CCA received customer advances; or, (ii) placed in an escrow account all unexpended, refundable customer advances for projects in progress pursuant to Section 3.2(h) of this Agreement. Except as listed on Schedule 2.1(j), to the best of CCA's knowledge, CCA is not a party to contracts or agreements for future payment of refunds under main extension agreements, customer deposit agreements or other commitments which would result, on the Closing Date, in an outstanding refund.
- (k) **Condition of Assets.** To the best of CCA's knowledge, all of the buildings, machinery, equipment, tools, furniture, improvements and other tangible assets of the Systems, which are included in the Assets, are being sold in working condition, normal wear and tear excepted.
- (l) **Environmental Matters.** Except as listed on Schedule 2.1(l), and with such exceptions as are not reasonably likely, individually or in the aggregate to have a Material Adverse Effect:

- (i) CCA has not knowingly disposed of or arranged for the disposal of or released any hazardous substances, other than in conformity with applicable laws and regulations at any real estate included in the Assets, or at any other facility, location or site to be transferred to PAWC pursuant to the terms of this Agreement.
- (ii) CCA has not received any written notice or request for information with respect to, and to the best of CCA's knowledge, CCA has not been designated a potentially liable party for remedial action or response costs, in connection with any real property included in the Assets, or, as of the date hereof, with respect to the Assets or the operation of the Systems, at any other facility, location or other site under the federal Comprehensive Environmental Response Compensation and Liability Act ("CERCLA") or comparable state statutes.
- (iii) To the best of CCA's knowledge, except for such use or storage of hazardous substances as is incidental to the operation of the Systems, which use and storage is or has been in compliance with applicable laws and regulations, no real property included in the Assets has been used for the storage, treatment, generation, processing, production, or disposal of any hazardous substances or as a landfill or other waste disposal site in violation of any law, rule or regulation.
- (iv) To the best of CCA's knowledge, underground storage tanks (other than tanks for the storage of water) are not, and have not been in the past located on or under any real property in violation of any law, rule or regulation.
- (v) To the best of CCA's knowledge, there are no pending or unresolved claims against CCA or the Systems for investigatory costs, clean-up, removal, remedial or response costs, or natural resource damages arising out of any releases or threat of release of any hazardous substances at any real property included in the Assets or, as of the date hereof, with respect to the Systems or the Assets or any other facility, location or other site.
- (vi) To the best of CCA's knowledge, no polychlorinated biphenyls ("PCBs") or asbestos containing materials are located at or in any real property in violation of environmental laws or which require remedial action with the exception of transite pipe located in the Systems.
- (vii) Within thirty (30) days of the date hereof, CCA will provide PAWC with a copy of all written environmental audits or investigations of which CCA is aware (after due inquiry) that were prepared for the real property included in the Assets or the operations of the Systems.

2.2 Representations and Warranties of PAWC

PAWC represents and warrants to CCA as follows:

- (a) **Organization and Good Standing.** PAWC is a corporation duly organized and validly existing and in good standing under the laws of the Commonwealth of Pennsylvania.
- (b) **Authorization and Enforceability.** PAWC has the full power and lawful authority to execute this Agreement and to consummate and perform the transactions contemplated hereby and has duly and validly authorized the execution of this Agreement (including such other necessary agreements, instruments and documents in connection herewith) and all necessary proceedings.

This Agreement constitutes the legal, valid and binding obligation of PAWC, enforceable against PAWC in accordance with its terms, except as such enforceability may be limited by applicable laws relating to bankruptcy, insolvency, fraudulent conveyance, reorganization or affecting creditor's rights generally.

- (c) **No Violations of Laws or Agreements.** PAWC's performance of this Agreement, as of the Closing Date, shall not (i) require any further approvals or consents from any other party; (ii) violate any law, ordinance or regulation; and, (iii) conflict with or result in a breach of any contract, lease of permit to which PAWC is a party.
- (d) **No Pending Litigation or Proceedings.** Except as listed on Schedule 2.2(d), to the best of PAWC's knowledge, there is no claim, litigation, arbitration, proceeding, judgment, injunction, audit or governmental investigation pending or threatened against PAWC which could reasonably be expected to have a Material Adverse Effect on the transaction contemplated by this Agreement.
- (e) **Brokerage.** Neither PAWC nor any of its affiliates has made any agreement or taken any other action which might cause any person to become entitled to a broker's or finder's fee or commission as a result of the transactions contemplated hereunder which could result in liability to CCA.
- (f) **Financing.** PAWC has, or at the Closing Date will have, sufficient resources to pay the Purchase Price to CCA.

Article 3 Covenants

3.1 Mutual Covenants of CCA and PAWC

The Parties mutually covenant and agree that, except as otherwise approved by the other party in advance and in writing:

- (a) **Cooperation.** The Parties shall cooperate and shall cause their respective officers, employees, agents and representatives to cooperate to ensure the orderly transition of the Assets from CCA to PAWC and to minimize any disruption to the customers of the Systems from the transactions contemplated by this Agreement.

The Parties shall furnish to the other party any necessary information or reasonable assistance as the other party may request in connection with the consent, approval or authorization of, or registration with or filing or submission to any third party (including any governmental or regulatory agency).

In an effort to encourage as many of CCA's customers as possible to exercise the right to transfer ownership of the water and/or sewer laterals (as defined in Sections 3.4(c) (water laterals) and/or 3.5(c) (sewer laterals) of this Agreement) to PAWC, the Parties shall cooperate in sending any customer notices that in PAWC's judgment are necessary or desirable in connection with the transactions contemplated herein (including the transfer of laterals). Prior to Closing, CCA shall accept any such transfer on the condition that it shall not become effective until Closing. Any and all such customer notices shall be reasonably acceptable to both CCA and PAWC. PAWC shall be responsible for the expense of any such notices.

- (b) **Further Assurances.** The Parties shall cooperate and deliver such instruments and take such action as may be reasonably requested by the other party in order to carry out the provisions and purposes of this Agreement and the transactions contemplated hereby.

After the Closing, the Parties shall take such other actions and execute such other documents as may be reasonably requested by the other party (i) in order to transfer more effectively to PAWC or to put PAWC more fully in possession of any of the Assets; or, (ii) in connection with the preparation of any tax return, audit or examination by any governmental or taxing authority.

- (c) **Expenses.** The Parties shall each bear their own respective accounting, legal and other expenses incurred in connection with the transactions contemplated by this Agreement.
- (d) **Unbilled Service.** CCA shall maintain its normal billing cycle prior to Closing. After Closing, PAWC shall issue bills to the customers transferred from CCA to PAWC for water and/or sewer service which was (i) provided by CCA to the transferred customers prior to Closing; (ii) provided during the billing period in which Closing occurs; and, (iii) not previously billed by CCA ("Unbilled Service"). As PAWC collects payments for such Unbilled Service, PAWC shall remit such payments, if any, to such account (or accounts) as shall be designated by CCA every thirty (30) days based on a proration to the Closing Date of customer payments received by PAWC for the billing period during which Closing occurs.

PAWC does not guarantee the collectability of CCA's Unbilled Service.

PAWC will not terminate water and/or sewer service for CCA's uncollectible accounts, except as may be required by law.

3.2 Covenants of CCA

CCA hereby covenants and agrees that, except as otherwise approved in advance in writing by PAWC:

- (a) **Continuation of Business.** CCA shall operate the Systems until the Closing Date in the ordinary course of business, consistent with past practice, so as to preserve (i) its business organization intact; and, (ii) the relationships of the Systems with suppliers, customers and others.
- (b) **Continuation of Insurance.** CCA shall keep in existence all policies of insurance insuring the Assets and the Systems against liability and property damage, fire and other casualty through the Closing Date, consistent with the policies in effect on the date first written above.
- (c) **Standstill Agreement.** Until the Closing Date, unless this Agreement is earlier terminated pursuant to Article 5 of this Agreement, CCA shall not, directly or indirectly, solicit offers for the Assets or the Systems, or respond to inquiries from, share confidential information with, negotiate with or in any way facilitate inquiries or offers from, third parties who express or who have heretofore expressed an interest in accruing any or all of the Assets or the Systems.

- (d) **Access.** CCA shall (i) give to PAWC and its representatives, from the date first written above until the Closing Date, full access during normal business hours, upon reasonable notice, to all the properties, books, data, contracts, agreements, documents and records connected to the Assets and/or the Systems; and, (ii) make available to PAWC and its representatives all other information with respect to the Assets and/or the business and affairs of the Systems as PAWC may reasonably request. Provided, such access does not interfere with CCA's operation of the Systems and the Assets in the ordinary course of business.
- (e) **FIRPTA Certificate.** CCA agrees to provide PAWC, at Closing, such certificate as is reasonably necessary to insure that a withholding is not required under the Foreign Investment in Real Property Tax Act ("FIRPTA") and Sections 1445 and 6039C of the Internal Revenue Code.
- (f) **Contractual Consents.** CCA shall, at all times, use its best efforts and diligently pursue all approvals, authorizations and consents of transfer to all material transferable or assignable contracts, agreements, licenses and permits to the extent specifically required by the terms of such contracts, agreements, licenses or permits.
- (g) **Customer Advances.** Prior to Closing, CCA shall either (i) complete construction of all water and sewer facilities construction projects for which CCA received customer advances; or, (ii) place the amount of all unexpended, refundable customer advances for projects in progress together with the amount of any other refunds which are outstanding as of the Closing Date in an escrow account or otherwise remit such amount to PAWC.
- (h) **Projects in Progress.** The capital improvements projects and/or studies which may still be in progress at the time of Closing are listed on Schedule 3.2(h).

Should there be any capital improvements projects and/or studies still in progress at the time of Closing, CCA shall place into an escrow account for each project the balance of the contracted project costs including retainage held and including any change orders approved by CCA up to the Closing Date. Payments on the contracts will be made from the escrow account after the Closing. Prior to Closing, CCA shall be required to approve any and all change orders that are known to be necessary at that time in order to complete the scope of each capital improvement project in progress at or prior to Closing

Any change order requested by PAWC that changes the scope of the project and is not required to be approved by CCA in the normal course of business prior to Closing and all change orders generated after the Closing will be the responsibility of PAWC to pay. After the Closing, it will be the responsibility of PAWC to complete any project contract and to approve any change orders.

CCA will not be responsible for any change orders approved by PAWC. Any costs incurred for the close out of the project not specifically included in the escrow account will also be the responsibility of PAWC. Prior to the Closing, the Parties will calculate and agree to the amounts of the outstanding balances on projects in progress before the escrow account is established.

- (i) **Regulatory Consents.** To the extent applicable, CCA shall, at all times, use its best efforts and diligently pursue all approvals, authorizations, consents and permits required to be obtained by CCA for CCA to sell the Assets.

CCA shall (i) as promptly as practicable, make or cause to be made such filings and submissions under laws, rules and regulations applicable to it as may be required for CCA to sell the Assets pursuant to the terms of this Agreement; and, (ii) keep PAWC apprised of the status of any filing or submission to any such governmental or regulatory agency.

- (j) **Meter Reading Information.** Within thirty (30) days of the execution of this Agreement, CCA shall provide PAWC with a complete list of customers, including names, service addresses, billing addresses, meter sizes and meter serial numbers in meter reading route sequence. This complete list shall be updated at closing and provided to PAWC at Closing so as to be true and correct on the Closing Date.

- (k) **Transfer of Distribution Annex.** Prior to, or at, Closing, CCA shall transfer to the City, and the City shall accept, the Distribution Annex at 103 East Diamond Street, Coatesville, Pennsylvania ("Distribution Annex").

3.3 Covenants of PAWC

PAWC hereby covenants and agrees that, except as otherwise approved in advance in writing by CCA:

- (a) **Regulatory Consents.** PAWC shall, at all times, use its best efforts and diligently pursue all approvals, authorizations, consents and permits required to be obtained to consummate the transaction contemplated by this Agreement, including, without limitation (i) the consent of the Pennsylvania Public Utility Commission; and, (ii) the approval of every regulatory agency of federal, state or local government that may be required.

PAWC shall (i) as promptly as practicable, make or cause to be made such filings and submissions under laws, rules and regulations applicable to it as may be required to consummate the terms of this Agreement; and, (ii) keep CCA

apprised of the status of any filing or submission to the Pennsylvania Public Utility Commission or any other governmental or regulatory agency.

- (b) **Maintenance of Books and Records.** No files, books, documents or records existing on the Closing Date and relating to the Assets or the operation of the Systems shall be destroyed by PAWC for a period of five (5) years after the Closing Date without giving CCA at least thirty (30) days prior written notice, during which time CCA shall have the right to examine (during normal business hours) and copy (at its own expense) such files, books, documents or records.

- (c) **Confidentiality.** Until the Closing Date, PAWC will maintain in confidence, and will cause the directors, officers, employees, agents and advisors of PAWC to maintain in confidence, and not use to the detriment of CCA, any written, oral or other information that is designated by CCA to be private, proprietary, privileged or obtained in confidence from CCA in connection with this Agreement or the transactions contemplated by this Agreement unless (i) such information is already known to PAWC or to others not bound by a duty of confidentiality; (ii) such information becomes publicly available through no fault of PAWC; (iii) the use of such information is necessary or appropriate in making any filing or obtaining any approval, authorization or consent required for the consummation of the transactions contemplated by this Agreement; (iv) the furnishing or use of such information is required by legal proceedings; or, (v) CCA otherwise consents to use of such information.

For purposes of this Section, the following information is designated by CCA as private, proprietary, privileged or obtained in confidence from CCA: (i) information not required to be disclosed by CCA under Pennsylvania's Right-to-Know Act; (ii) information entitled to confidential treatment under statute, regulation, case law, administrative court order, or other legal authority (including, but not limited to, the social security numbers, home addresses and home telephone numbers of CCA's Employees and customers); and (iii) any other information designated or identified, in writing, by CCA as private, proprietary, privileged or confidential.

If this Agreement is terminated pursuant to Article 5 of this Agreement, PAWC will return such private, proprietary, privileged or confidential information to CCA. In the event of a breach or threatened breach by PAWC of Section 3.3(c) of this Agreement, CCA shall be entitled to an injunction restraining PAWC from utilizing or disclosing, in whole or in part, such information. Nothing in Section 3.3(c) of this Agreement shall be construed as prohibiting CCA from pursuing any other available remedy for such breach or threatened breach, including, without limitation, the recovery of damages.

- (d) **Taxes.** PAWC shall be responsible for all state and local sales, use, transfer, real property transfer, documentary stamp, recording and other taxes arising from and with respect to the sale and purchase of the Assets.

3.4 Special Covenants of PAWC for the Water System

PAWC hereby covenants and agrees to comply with the following special covenants relating to the Water System :

- (a) **Rates.** At Closing, PAWC shall implement, in the area currently served by the Water System, CCA's water rates then in effect as of December 16, 1999. PAWC shall freeze said rates for a minimum of three (3) years following Closing during which time no other rates shall be charged in the area served by the Water System. PAWC shall have the option, at any time, to charge rates lower than CCA's water rates in effect as of December 16, 1999.

Nothing in this Section shall prevent PAWC from applying its rules and regulations regarding conditions of service after Closing.

- (b) **Municipal Service Credit.** PAWC shall provide the City a one-time Ten Thousand Dollar (\$10,000) credit for future water service.

The City shall not, at any time, be required to pay charges for public fire hydrants.

- (c) **Laterals.** Within ninety (90) days after Closing, PAWC shall notify all water customers that the individual customers have the option of dedicating to PAWC, at no cost to PAWC, water service lines between the main and the curb stop for the purpose of PAWC owning and maintaining said service lines. If any such customer wishes to exercise said option, PAWC shall accept said water service line being dedicated by such customer.

- (d) **Fluoride.** PAWC shall maintain, on a permanent basis in the Water System, at least the minimum fluoride treatment in existence at the time of Closing, unless (i) future federal, state or regulatory requirements reduce the level of fluoridation; (ii) otherwise prohibited by the Pennsylvania Department of Environmental Protection, the United States Environmental Protection Agency or any successor governmental agency (or agencies); or, (iii) otherwise modified or prohibited by law.

Any blending of other water supplies connecting to the Water System shall be fluoridated so that the combined water supply shall meet the existing, minimum fluoridation requirement set forth above at all times.

3.5 Special Covenants of PAWC for the Wastewater System

PAWC hereby covenants and agrees to comply with the following special covenants relating to the Wastewater System:

- (a) **Rates.** At Closing, PAWC shall implement, in the area currently served by the Wastewater System, CCA's sewer rates then in effect as of December 16, 1999. PAWC shall freeze said rates for a minimum of three (3) years following Closing during which time no other rates shall be charged in the area served by the Wastewater System. PAWC shall have the option, at any time, to charge rates lower than CCA's sewer rates in effect as of December 16, 1999.

Nothing in this Section shall prevent PAWC from applying its rules and regulations regarding conditions of service after Closing.

- (b) **Municipal Service Credit.** PAWC shall provide the City a one-time Ten Thousand Dollar (\$10,000) credit for future sewer service.
- (c) **Laterals.** Within ninety (90) days after Closing, PAWC shall notify all sewer customers that the individual customers have the option of dedicating to PAWC, at no cost to PAWC, sewer service lines between the main and the property line for the purpose of PAWC owning and maintaining said service lines. If any such customer wishes to exercise said option, PAWC shall accept said sewer service line being dedicated by such customer.

3.6 Special Covenants of PAWC for the Systems

In addition to the special covenants in Sections 3.4 and 3.5 of this Agreement, PAWC hereby covenants and agrees to comply with the following additional special covenants relating to the Systems:

- (a) **Employees.** Prior to Closing, PAWC shall offer employment, effective as of the completion of Closing, to the regular or full-time equivalent employees of CCA listed on Schedule 2.1(i) ("Employees") who are employed by CCA on the Closing Date. PAWC shall offer such employment at equivalent or greater wages, benefits and classifications as the Employees received as employees of CCA, with credit for term of service while employed by CCA. The work locations for the Employees shall be within a twenty (20) mile radius of their work location at CCA. The minimum term of any such employment shall be twelve (12) months, excluding voluntary terminations and discharges for misconduct.

CCA shall be responsible to the Employees for all employee benefits that accrue prior to Closing.

- (b) **Local Office.** PAWC shall maintain a local business office in the downtown of the City for at least six (6) months following Closing. This local business office shall have the ability to process walk-in bill payments. If and when said local office is eliminated, PAWC shall maintain, on a permanent basis, arrangements within the City for at least two (2) locations where customers can make walk-in bill payments.
- (c) **Local Advisory Board.** PAWC shall meet at least quarterly with a local advisory board appointed by the City.

Article 4 Conditions Precedent

4.1 Conditions Precedent to PAWC's Obligations

The obligation of PAWC to consummate the transactions contemplated by this Agreement is subject to the satisfaction, on or prior to the Closing Date, of each of the following conditions (any one or more of which may be waived in writing, in whole or in part, by PAWC, in its sole discretion):

- (a) **Representations and Warranties.** CCA's representations and warranties contained in this Agreement or in any Schedule, list, certificate or document delivered pursuant to the provisions of this Agreement shall be true in all material respects at and as of the time of Closing, except for changes in the ordinary course of business after the date first written above that are in conformity with the covenants, warranties, representations and agreements contained in this Agreement.
- (b) **Performance of Agreements.** CCA shall have performed and complied, in all material respects, with all covenants, agreements and conditions required by this Agreement to be performed, or complied with by it prior to or at the Closing.
- (c) **Adverse Change.** There shall not have been a material adverse change, occurrence or casualty, financial or otherwise, to the Systems or the Assets, whether covered by insurance or not.

- (d) **Closing Certificates.** CCA shall have delivered to the PAWC: (i) a certificate of the Secretary (or Assistant Secretary) of CCA, to the best of such Secretary's knowledge, certifying and attaching true and complete copies of the Articles of Incorporation and Bylaws of CCA as the same are in force on the Closing Date and of the resolutions adopted by its Board of Directors relating to this Agreement and the transactions contemplated hereby; and, certifying the incumbency of the officers of CCA executing this Agreement or any documents delivered hereunder; and, (ii) a certificate signed by the Chairman (or Vice-Chairman) of CCA, confirming, to the best of such Chairman's (or Vice-Chairman's) knowledge, satisfaction of the conditions set forth in Subsections (a) to (c), inclusive, of Section 4.1 of this Agreement.
- (e) **Closing Deliveries.** CCA shall have delivered the documents and other items described in Section 1.11 of this Agreement.
- (f) **No Litigation.** There shall not be any pending, or to the knowledge of CCA, threatened action, proceeding or investigation by or before any court, arbitrator, governmental body or agency which shall seek to restrain, prohibit or invalidate the transactions contemplated hereby or which, if adversely determined, would result in a breach of a representation, warranty or covenant of either party herein.
- (g) **Regulatory Consents.** PAWC shall have obtained the written, final and unappealable approvals, authorizations and consents (including consents for permit transfers) that are required to consummate the transactions contemplated by this Agreement, including, without limitation (i) the approval of the Pennsylvania Public Utility Commission; and, (ii) the approval of every regulatory agency of federal, state or local government that may be required in the opinion of either PAWC or CCA. Provided, however, that consummation of the transactions contemplated by this Agreement is not conditioned upon the approval by the Pennsylvania Public Utility Commission of the covenants set forth in Subsections (b) to (d), inclusive, of Section 3.4 of this Agreement, Subsections (b) to (c), inclusive, of Section 3.5 of this Agreement, and/or Section 3.6 of this Agreement.
- (h) **Contractual Consents.** CCA shall have obtained written approvals, authorizations and consents of transfer to all material transferable or assignable contracts, agreements, licenses and permits to the extent specifically required by the terms of such contracts, agreements, licenses or permits.
- (i) **Defeasance.** As of the Closing, all mortgages, liens and security interests associated with the Assets or the Systems will be removed (subject to the exceptions listed in Section 2.1(g) of this Agreement), including CCA's outstanding Water Revenue Bonds and Sewer Revenue Bonds which will be

properly defeased, and any and all liens and encumbrances of said Bonds on the Assets or the Systems will be removed.

- (j) **Lease of Distribution Annex.** PAWC shall have obtained a "triple-net" lease (with standard terms and conditions; including, reasonable rent payments) from the City for the Distribution Annex on such terms and conditions as are mutually acceptable to PAWC and the City.
- (k) **Opinion of Counsel.** CCA shall have delivered to PAWC a favorable written opinion of CCA's counsel, dated as of the Closing Date and addressed to PAWC, in form and substance satisfactory to PAWC, to the effect set forth in Schedule 4.1(k).

4.2 Conditions Precedent to CCA's Obligations

The obligation of CCA to consummate the transactions contemplated by this Agreement is subject to the satisfaction, on or prior to the Closing Date, of each of the following conditions (any one or more of which may be waived in writing, in whole or in part, by CCA, in its sole discretion):

- (a) **Representations and Warranties.** PAWC's representations and warranties contained in this Agreement or in any Schedule, list, certificate or document delivered pursuant to the provisions of this Agreement shall be true in all material respects at and as of the time of Closing, except for changes in the ordinary course of business after the date first written above that are in conformity with the covenants, warranties, representations and agreements contained in this Agreement.
- (b) **Performance of Agreements.** PAWC shall have performed and complied, in all material respects, with all covenants, agreements and conditions required by this Agreement to be performed or complied with by it prior to or at the Closing.
- (c) **Closing Certificates.** PAWC shall have delivered to CCA: (i) a certificate of the Secretary (or Assistant Secretary) of PAWC, to the best of such Secretary's knowledge, certifying and attaching true and complete copies of the resolutions of the Board of Directors of PAWC authorizing the execution and delivery of this Agreement and the transactions contemplated hereby and the performance of the obligations of PAWC hereunder; and, certifying the incumbency of the officers of PAWC executing this Agreement or any documents delivered hereunder; and, (ii) a certificate of the President (or Vice President) of PAWC confirming, to the best of such President's (or Vice President's) knowledge,

satisfaction of the conditions set forth in Subsections (a) and (b) of Section 4.2 of this Agreement.

- (d) **Closing Deliveries.** PAWC shall have (i) paid the Purchase Price to CCA as described in Sections 1.7, 1.8 and 1.12(a) of this Agreement; and, (ii) delivered the documents and other items described in or required by Section 1.12 of this Agreement.
- (e) **No Litigation.** There shall not be any pending, or to the knowledge of PAWC, threatened action, proceeding or investigation by or before any court, arbitrator, governmental body or agency which shall seek to restrain, prohibit or invalidate the transactions contemplated hereby or which, if adversely determined, would result in a breach of a representation, warranty or covenant of either party herein.
- (f) **Regulatory Consents.** PAWC shall have obtained the written, final and unappealable approvals, authorizations and consents (including consents for permit transfers) that are required to consummate the transactions contemplated by this Agreement, including, without limitation (i) the approval of the Pennsylvania Public Utility Commission; and, (ii) the approval of every regulatory agency of federal, state or local government that may be required in the opinion of either PAWC or CCA. Provided, however, that consummation of the transactions contemplated by this Agreement is not conditioned upon the approval by the Pennsylvania Public Utility Commission of the covenants set forth in Subsections (b) to (d), inclusive, of Section 3.4 of this Agreement, Subsections (b) to (c), inclusive, of Section 3.5 of this Agreement, and/or Section 3.6 of this Agreement.
- (g) **Other Consents.** PAWC shall have obtained any other approvals, authorizations and consents that are required to enable PAWC to consummate the transactions contemplated by this Agreement and to operate the Systems.
- (h) **Opinion of Counsel.** PAWC shall deliver to CCA a favorable written opinion of PAWC's counsel, dated as of the Closing Date and addressed to CCA, in form and substance satisfactory to CCA, to the effect set forth in Schedule 4.2(h).

Article 5 Termination

5.1 Termination

This Agreement may be terminated prior to the Closing Date only as follows and in each case only by written notice:

- (a) by the mutual written consent of CCA and PAWC;
- (b) by either CCA or PAWC, if the Closing has not occurred (other than through the failure of any party seeking to terminate this Agreement to comply fully with its obligations under this Agreement) on or before the first (1st) anniversary of the date first written above, or such later date as the Parties may agree upon;
- (c) by either CCA or PAWC, if a material breach of any covenant, warranty, representation, agreement or provision of this Agreement has been committed by the other party and such breach has not been (i) cured within thirty (30) days after the non-breaching party gives written notice of said breach to the breaching party; or, (ii) waived by the non-breaching party;
- (d) by either CCA or PAWC, if the Pennsylvania Public Utility Commission does not approve of any of the following matters: (i) the acquisition by purchase of the Assets of the Systems; (ii) the right of PAWC to offer, render, furnish, or supply water and sewer service to the public in the area(s) served, respectively, by the Water System and the Wastewater System; (iii) the right of PAWC to charge the rates that CCA has in effect at Closing; or, (iv) the right and obligation of PAWC to comply with CCA's contracts and agreements consistent with Section 1.5 of this Agreement, provided, however, that consummation of the transactions contemplated by this Agreement is not conditioned upon the approval of the Pennsylvania Public Utility Commission of the covenants set forth in Subsections (b) to (d), inclusive, of Section 3.4 of this Agreement, Subsections (b) to (c), inclusive, of Section 3.5 of this Agreement, and/or Section 3.6 of this Agreement;
- (e) by PAWC, if any of the conditions in Section 4.1 of this Agreement (i) have not been satisfied as of the Closing Date; or, (ii) have become impossible (other than through the failure of PAWC to comply with its obligations under this Agreement); and PAWC has not waived such condition on or before the Closing Date; and

- (f) by CCA, if any of the conditions in Section 4.2 of this Agreement (i) have not been satisfied as of the Closing Date; or, (ii) have become impossible (other than through the failure of CCA to comply with its obligations under this Agreement); and, CCA has not waived such condition on or before the Closing Date

5.2 Effect of Termination

Each party's right of termination under Section 5.1 of this Agreement is in addition to any other rights it may have under this Agreement or otherwise, and the exercise of a right of termination will not be an election of remedies.

If this Agreement is terminated pursuant to Section 5.1 of this Agreement, all further obligations of the Parties under this Agreement will terminate, except that the obligations in Sections 3.1(c) (Expenses), 3.3(c) (Confidentiality) and 8.14 (Jurisdiction) of this Agreement shall survive. Provided, however, that if this Agreement is terminated by a party because of the breach of this Agreement by the other party or because one or more of the conditions to the terminating party's obligations under this Agreement is not satisfied as a result of the other party's failure to comply with its obligations under this Agreement, the terminating party's right to pursue all legal remedies will survive such termination unimpaired.

Article 6 Indemnification

6.1 Definition of Damages

For purposes of this Agreement, "Damages" means the aggregate amount of all damages, claims, losses, obligations, liabilities (including any governmental penalty, fines or punitive damages), deficiencies, interest, costs and expenses arising out of or relating to a matter and any actions, judgments, costs and expenses (including reasonable attorney's fees and all other expenses incurred in investigating, preparing, or defending any litigation or proceeding, commenced or threatened) incident to such matter or to the enforcement of this Agreement.

6.2 Indemnification by CCA

CCA agrees to indemnify, defend and hold harmless PAWC, and its affiliates, and their respective officers, directors and agents from and against any and all Damages arising out of or resulting from:

- (a) any misrepresentation, breach of warranty, or non-fulfillment of any covenant or agreement made by CCA in this Agreement or in any Schedule, statement, certificate or other document furnished or to be furnished to PAWC in connection with the transactions contemplated by this Agreement;
- (b) any and all liabilities of CCA of any nature, (whether due or to become due), (whether accrued, absolute, contingent or otherwise), existing prior to the Closing Date or arising out of any transaction entered into, any state of facts existing or any event occurring prior to the Closing Date, other than Assumed Liabilities;
- (c) the Retained Liabilities; and
- (d) the successful enforcement of this Section of this Agreement.

CCA's obligations under this Section of this Agreement shall be discharged, and all amounts payable hereunder (including costs and fees in the defense of any litigation), shall be paid to PAWC as they are incurred by PAWC.

6.3 Indemnification by PAWC

PAWC agrees to indemnify, defend and hold harmless CCA and its respective officers, directors and agents from and against any and all Damages arising out of or resulting from:

- (a) any misrepresentation, breach of warranty, or non-fulfillment of any covenant or agreement made by PAWC in this Agreement or in any Schedule, statement, certificate or other document furnished or to be furnished to CCA in connection with the transactions contemplated by this Agreement;
- (b) the ownership, operation or use of the Assets or Systems on or after the Closing Date, excepting only (i) the Retained Liabilities; and, (ii) liabilities resulting from breaches by CCA of covenants, warranties, representations and agreements hereunder;
- (c) the Assumed Liabilities; and
- (d) the successful enforcement of this Section of this Agreement.

PAWC's obligations under this Section of this Agreement shall be discharged, and all amounts payable hereunder (including costs and fees in the defense of any litigation), shall be paid to CCA as they are incurred by CCA.

6.4 General Indemnification Procedures

- (a) During the applicable survival period specified in Article 7 of this Agreement, a party seeking indemnification pursuant to Article 6 of this Agreement (an "Indemnified Party") shall give prompt written notice to the party from whom such indemnification is sought (the "Indemnifying Party") of the assertion of any claim, the incurrence of any Damages, or the commencement of any action, suit or proceeding, of which it has knowledge in respect of which indemnity may be sought hereunder, and will give the Indemnifying Party such information with respect thereto as the Indemnifying Party may reasonably request, but failure to give such required notice shall relieve the Indemnifying Party of any liability hereunder only to the extent that the Indemnifying Party has suffered actual prejudice thereby.

The Indemnifying Party shall have the right exercisable by written notice to the Indemnified Party after receipt of notice from the Indemnified Party of the commencement of or assertion of any claim or action, suit or proceeding by a third party in respect of which indemnity may be sought hereunder (a "Third Party Claim"), to assume the defense of such Third Party Claim which involves (and continues to involve) solely monetary damages; provided, that (i) the Indemnifying Party expressly agrees in such notice that, as between the Indemnifying Party and the Indemnified Party, solely the Indemnifying Party shall be obligated to satisfy and discharge the Third Party Claim; (ii) such Third Party Claim does not include a request or demand for injunctive or other equitable relief; and, (iii) the Indemnifying Party makes reasonably adequate provision to assure the Indemnified Party of the ability of the Indemnifying Party to satisfy the full amount of any adverse monetary judgment that is reasonably likely to result.

- (b) Neither the Indemnified Party nor the Indemnifying Party shall settle any Third Party Claim without the prior written consent of the other, which consent shall not be unreasonably withheld or delayed.
- (c) The Indemnifying Party or the Indemnified Party, as the case may be, shall have the right to participate (but not control), at its own expense, in the defense of any Third Party Claim which the other party is defending as provided in this Agreement.

- (d) Notwithstanding any other provision of Article 6 of this Agreement, no claim for indemnification may be asserted under Article 6 of this Agreement, and no indemnification shall be due and owing from any party unless and until the aggregate of all such claims which may be made against such party exceeds Ten Thousand Dollars (\$10,000).

Article 7 Survival

7.1 Survival

All covenants, warranties, representations and agreements made by the Parties in this Agreement or in any Schedule, document, statement or certificate furnished in connection with the transaction contemplated by this Agreement shall survive the Closing.

7.2 Limitations on Survival

- (a) The covenants, warranties, representations and agreements set forth in Subsections (b) and (d) of Section 3.4, Section 3.5(b), Subsections (b) to (c), inclusive, of Section 3.6 and Section 7.3 of this Agreement shall survive the Closing for an unlimited period of time.
- (b) The covenants, warranties, representations and agreements set forth in Section 2.1(l), Subsections (a) to (c), inclusive, of Section 3.1 and Section 3.3(b) of this Agreement shall survive the Closing for a period of five (5) years.
- (c) The covenants, warranties, representations and agreements set forth in Section 3.4(a) and 3.5(a) of this Agreement shall survive the Closing for a period of three (3) years.
- (d) Article 6 of this Agreement shall survive the Closing for the applicable period(s) of the indemnified covenants, warranties, representations and agreements as limited by this Article 7.
- (e) The covenants, warranties, representations and agreements that are not explicitly limited by Subsections (a) to (d), inclusive, of Section 7.2 of this Agreement shall survive the Closing for a period of one (1) year.

7.3 Covenant Running with the Land

The special covenants in Sections 3.4, 3.5 and 3.6 of this Agreement, to the extent they are in effect under Article 7 of this Agreement, are covenants running with the land binding on any owner, assignee, lessee or transferee of all or any part of the Assets used to provide water, wastewater and/or sewage service to the public.

Article 8 Miscellaneous

8.1 Schedules

All Exhibits and Schedules ("Schedules") annexed or referred to in this Agreement are hereby incorporated in and made a part of this Agreement as if set forth in full herein.

Schedules are made to the best of the parties' knowledge as of the date first written above. Prior to Closing, the Parties shall promptly deliver an amended or supplemented Schedule when any change in fact, condition or information requires an amendment or supplement to such Schedule.

8.2 Entire Agreement

This Agreement constitutes the entire agreement between the Parties concerning the sale and purchase of the Assets, and supersedes all prior oral or written agreements, understandings, representations and warranties, and courses of conduct and dealing between the Parties on the subject matter hereof.

8.3 Amendment

This Agreement may be amended or modified only by a writing executed by all of the Parties.

8.4 Extension or Waiver of Performance

Either CCA or PAWC may extend the time for or waive the performance of any of the obligations of the other, waive any inaccuracies in the warranties or representations by the other, or waive compliance by the other with any of the covenants, conditions or agreements contained in this Agreement, provided that any such extension or waiver shall be in writing

and signed by the waiving party in the case of a waiver, or by both CCA and PAWC in the case of an extension.

8.5 Assignment or Delegation

The Parties shall not assign, delegate or otherwise transfer any of their duties, rights or obligations under this Agreement without the prior written consent of the other party.

Notwithstanding the above provision, CCA may assign, delegate or otherwise transfer any of its duties, rights or obligations to the City without the prior written consent of PAWC.

8.6 Successors and Assigns; Binding Effect

This Agreement shall be binding upon, and inure to the benefit of the Parties and their respective successors and permitted assigns.

8.7 Governing Law

This Agreement shall be governed by and construed under the laws of the Commonwealth of Pennsylvania.

8.8 Notices

All notices provided for in this Agreement shall be in writing, addressed to CCA or PAWC, as the case may be, at the addresses set forth in this Paragraph and may be (a) delivered in person; (b) sent by United States registered or certified mail, return receipt requested; (c) sent by Federal Express or any other nationally recognized overnight courier or delivery service from which a receipt may be obtained; or, (d) sent by facsimile or telefax transmission during regular business hours (9:00 a.m. to 5:00 p.m., Monday-Friday, excluding holidays):

To CCA: Wayne G. Reed, Executive Director
City of Coatesville Authority
114 East Lincoln Highway
P.O. Box 791
Coatesville, PA 19320
(610) 384-4400
Fax: (610) 380-8532

With a copy to: Helen J. Esbenshade, Esquire
Conrad O'Brien Gellman & Rohn, P.C.
17 West Gay Street, Suite 100
West Chester, PA 19380-3090
(610) 701-9100
Fax: (610) 701-9195

To PAWC: Robert M. Ross, President
Pennsylvania-American Water Company
800 West Hershey Park Drive
P.O. Box 888
Hershey, PA 17033-0888
(717) 531-3200
Fax: (717) 531-3252

With a copy to: Velma A. Redmond, Esquire
Corporate Counsel
Pennsylvania-American Water Company
800 West Hershey Park Drive
P.O. Box 888
Hershey, PA 17033-0888
(717) 531-3210
Fax: (717) 531-3252

To the City: Paul G. Janssen, Jr.
City Manager
City of Coatesville
One City Hall Place
Coatesville, PA 19320
(610) 384-0300
Fax: (610) 384-3612

With a copy to: John S. Carnes, Esquire
202 N. Church Street
P.O. Box 3449
West Chester, PA 19381-3449
(610) 436-6604
Fax: (610) 436-6020

The Parties shall have the right to designate a new address for the receipt of notices by written notice to the other party as provided in Section 8.8 of this Agreement.

8.9 Captions

The headings and captions used with the subsections, sections and articles of this Agreement are for convenience or reference only and shall not be deemed to modify or limit the provisions of this Agreement.

8.10 Construction

The Parties have participated jointly in the negotiation and drafting of this Agreement. In the event any ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement.

Any reference to any federal, state, local or foreign statute shall be deemed to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise.

Words used herein, regardless of the number and gender specifically used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context may require. The word "Including" means included, without limitation.

"Material Adverse Effect" means a change or effect (or series of related changes or effects) which has or is reasonably likely to have a material adverse change in or effect upon the business, assets, condition (financial or otherwise), or results of operations of the Systems or Assets, taken as a whole.

8.11 Cumulative Remedies

The remedies afforded in this Agreement are cumulative to each other and to all other remedies provided by law.

8.12 No Waiver

No delay of or omission in the exercise of any right, power or remedy accruing to any party as a result of any breach or default by any other party under this Agreement shall impair any such right, power or remedy; nor shall it be construed as a waiver of or acquiescence in

any such breach or default, or any similar breach or default occurring later; nor shall any waiver of a single breach or default be deemed a waiver of any other breach or default occurring before or after that waiver.

8.13 Time of the Essence

Time is of the essence of this Agreement.

8.14 Jurisdiction

The Parties each irrevocably submit to the exclusive jurisdiction of (a) the Court of Common Pleas for Chester County in the Commonwealth of Pennsylvania and (b) the United States District Court for the Eastern District of Pennsylvania, for the purposes of any suit, action or other proceeding arising out of this Agreement or any transaction contemplated by this Agreement.

When the above-mentioned courts may properly exercise jurisdiction over an action, suit or proceeding relating to this Agreement, the Parties agree not to commence or maintain any such action, suit or proceeding in a court or forum other than the above-mentioned courts.

8.15 Third Party Beneficiaries

The Parties agree and acknowledge that the City (a) is a donee third-party beneficiary under this Agreement; and, (b) has the same rights and remedies as CCA to enforce this Agreement against, or compel performance by, PAWC.

Nothing herein expressed or implied is intended or should be construed to confer upon or give to any person (other than the Parties and the City) any rights or remedies under or by reason of this Agreement.

8.16 Counterparts

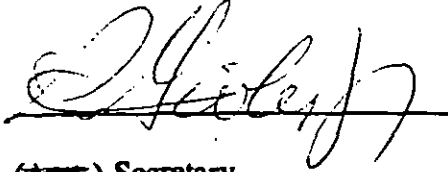
This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original copy of this Agreement and all of which, when taken together, shall be deemed to constitute one and the same agreement.

[Signatures Appear on Next Page]

WHEREFORE, in consideration of the foregoing and intending to be legally bound by the terms herein, the Parties have caused this Agreement to be executed as set forth below.

CITY OF COATESVILLE AUTHORITY:

Attest:



~~(Asst.)~~ Secretary

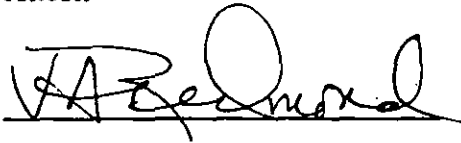
By:



~~(Vice)~~ Chairman

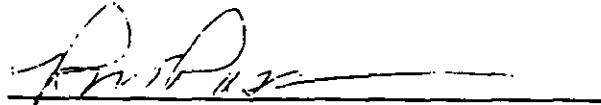
PENNSYLVANIA-AMERICAN WATER COMPANY:

Attest:



~~(Asst.)~~ Secretary

By:



~~(Vice)~~ President

List of Schedules for Asset Purchase Agreement

- 1.3(a).1 Land and Real Property
- 1.3(a).2 Easements and Rights-of-Way
- 1.3(j) Copy of Report by Gannett Fleming (As Amended)
- 1.4 Excluded Assets
- 1.5.1 Assumed Contracts
- 1.5.2 Excluded Contracts
- 1.8(f) Accrued Employee Benefits
- 2.1(d) CCA's Pending Litigation or Proceedings
- 2.1(f).1 Substantial Compliance - Permits
- 2.1(f).2 Substantial Compliance - Laws
- 2.1(i) List of CCA's Employees
(Cross Referenced at Section 3.6(a))
- 2.1(j) Customer Advances or Refunds
- 2.1(l) Environmental Matters
- 2.2(d) PAWC's Pending Litigation or Proceedings
- 3.2(h) Projects in Progress
- 4.1(k) Form of Opinion of Counsel for CCA's Counsel
- 4.2(h) Form of Opinion of Counsel for PAWC's Counsel

Schedule 1.3(a).1 Land and Real Property

As of the date of this Agreement, CCA's investigation into the information for this Schedule on each parcel or tract of land and real property is incomplete.

Prior to Closing, CCA shall deliver an amended or supplemented Schedule 1.3(a).1 which shall list each parcel or tract of land and real property being purchased by PAWC.

Chester County			
	Grantor	Date of Instrument	Recording Information
1.	City of Coatesville	April 30, 1981	Vol. G, Book 58, Page 194
2.	Octoraro Water Company	December 27, 1985	Book 177, Page 508
3.	General Waterworks Corp.	December 27, 1985	Book 177, Page 510
4.	Julius Gordon & Anthony Pitcherella	August 31, 1987	Book 891, Page 530
5.	Samuel L. & Naomi L. Fisher (Husband & Wife)	April 19, 1988	Book 1115, Page 366
6.	City of Coatesville	July 7, 1988	Book 1227, Page 306
7.	City of Coatesville	July 10, 1996	Book 4057, Page 1097
8.	World Com, Inc.	November 7, 1997	Book 4258, Page 269

Lancaster County			
	Grantor	Date of Instrument	Recording Information
1.	Octoraro Water Company	December 27, 1985	Book T93, Page 492

Schedule 1.3(a).2 Easements and Rights-of-Way

As of the date of this Agreement, CCA's investigation into the information for this Schedule on each easement or right-of-way is incomplete.

Prior to Closing, CCA shall deliver an amended or supplemented Schedule 1.3(a).2 which shall list each easement or right-of-way being purchased by PAWC.

Chester County			
	Grantor	Date	Recording Information
1.	City of Coatesville	April 30, 1981	Vol. G, Book 58, Page 194
2.	Octoraro Water Company	December 27, 1985	Book 177, Page 517
3.	Octoraro Water Company	December 27, 1985	Book 177, Page 521
4.	Robert A. Duca	March 28, 1996	Book 4015, Page 1082
5.	Joseph P. McGrail	December 3, 1996	Book 4170, Page 1671
6.	Joseph P. McGrail	December 3, 1996	Book 4170, Page 1678
7.	Eddie P. Drogaris & Andriana Drogaris	December 12, 1996	Book 5270, Page 17
8.	Lukens Steel Company	March 26, 1998	Book 4237, Page 2068
9.	Borough of Parkesburg	September 2, 1998	Book 4414, Page 425
10.	West Caln Township	November 15, 1999	[To be determined]

Lancaster County			
	Grantor	Date	Recording Information
1.	Octoraro Water Company	December 27, 1985	Book T93, Page 435

Schedule 1.3(j)

Report by Gannett Fleming

The report prepared by Gannett Fleming entitled "Original Cost and Related Accrued Depreciation of the City of Coatesville Authority Water and Sewer Systems as of September 30, 1997" ("original report") was amended and updated as of September 30, 1998 ("updated report"). The original report (215 pages) with a cover letter dated October 13, 1998, was superseded by the updated report (215 pages) with a cover letter dated December 21, 1998. Both the original report and the updated report are incorporated herein by reference.

Schedule 1.4 Excluded Assets

- All cash balances of any kind.
- All accounts receivable and accounts payable.
- Four (4) Pentium computer units and the Geographic Information System (GIS) system developed by CCA.
- The Distribution Annex at 103 E. Diamond Street.
- The site of the former Mount Pleasant Storage Reservoir.
- The following vehicles and/or equipment (listed by department):

Water Plant:

1990 Ford F-150 Van
1991 GMC Sonoma
1996 Ford F-150
1998 GMC Sonoma

Distribution:

1990 Ford WGN Van
1991 Ford Supercab
1991 Ford Supercab
1994 Chevrolet S10 Supercab
1996 Ford F-150

Wastewater:

1993 Ford Ranger
1995 Pequea Trailer
1997 Ford F-700 Dump Truck
1998 GMC Sonoma
Ford L454 Loader

Engineering:

1993 Ford Ranger
1996 Jeep Cherokee

Schedule 1.5.1 Assumed Contracts

A list of the Assumed Contracts follows this page.

CITY OF COATESVILLE AUTHORITY

ASSUMED AGREEMENTS

(February 15, 2000)

1. City of Coatesville (1998) – Jointly investigate sale and/or lease of assets.
2. Valley Township
 - a. Water agreement (1990)
 - b. Sewer agreement (1992)
 - c. Water conveyance agreement (1992)
 - d. Sewer conveyance agreement (1992)
3. Borough of Quarryville (1951) – Water supply agreement transferred to CCA in 1985 upon purchase of system from Octoraro Water Company.
4. Caln Township and Caln Authority
 - a. Sewage Treatment Agreement (1966)
 - b. Indenture to 1966 Sewage Treatment Agreement (1968)
 - c. Supplemental agreement to 1966 Sewage Treatment Agreement (1968)
 - d. Sewage Treatment Agreement #2 for specified area (1971)
 - e. Stipulation from Chester County Court of Common Pleas (1981)
5. West Brandywine Township and West Brandywine Township Authority – Bulk Sewer Agreement (1994)
6. Township of West Sadsbury – Wastewater Service District #1 (1998)
7. Sadsbury Township – Bulk Sewer Agreement (1997)
8. Borough of Parkesburg
 - a. Sewage Agreement taking over sewer system and providing certain services and collection of debt services fees, etc. (1994)
 - b. Addendum to 1994 Sewage Agreement (1998)
9. East Fallowfield Township
 - a. Water and Wastewater Services Agreement – District #1 (1991)
 - b. Water and Wastewater Services Agreement – District #2 (1991)
 - c. Water and Wastewater Conveyance and Lease Agreement to CCA for 99 years (1991)
 - d. Water Conveyance Agreement for Mount Carmel Road (1992)
 - e. Water and Wastewater Agreement amending District #2 to create District #2A and District #2B.
10. United States Veterans Administration Hospital (1938) – Water and Sewer services agreement.

11. Air Liquide America Corporation (1997) – Water main extension and repayment of main extension costs up to \$40,000 and capacity fees of \$10,000 on a monthly basis for ten years.
12. Metropolitan Communications, Inc. (1990) – Lease of portion of North Hill Water Tank site for radio communications tower.
13. Comcast Metrophone (1998) – Lease of portion of Parkesburg Water Tank site for radio communication facilities.
14. Trilogy Development Company (Strasburg Hunt Subdivision) (Includes reimbursement to developer of capacity fees)
 - a. Water and sewer main extension agreement in Valley Township (1992)
 - b. Water and sewer main extension agreement – change size of portion of water main (1993)

Agreements, Annual Maintenance

Maint. Agreement

Canon Copier

Postage Machine & Electronic Scale

Company:

ABS Canon

Friden Neopost

Schedule 1.5.2 Excluded Contracts

- CCA's Collective Bargaining Agreement.
- CCA's Loan Agreements (including, but not limited to, CCA's Water Revenue Bonds and Sewer Revenue Bonds).
- CCA's Employment Agreement with CCA's Executive Director.

Schedule 1.8(f) Accrued Employee Benefits

As of the date of this Agreement, it is impossible for CCA to accurately determine the amount of Accrued Employee Benefits for which (i) the Employee is entitled during the calendar year of Closing; and, (ii) the Employee has not taken, used or been compensated prior to Closing.

Prior to Closing, CCA shall deliver an amended or supplemented Schedule 1.8(f) which shall show the amount of Accrued Employee Benefits that will reduce the Purchase Price under Section 1.8(f) of this Agreement.

	Employee	List of Accrued Employee Benefits (As of Closing)	Dollar Amount for Reduction Under Section 1.8(f)
1.	Leroy C. Althouse	<input type="checkbox"/> Vacation <input type="checkbox"/> Sick Leave <input type="checkbox"/> Personal Days	
2.	Danette M. Balistreri	<input type="checkbox"/> Vacation <input type="checkbox"/> Sick Leave <input type="checkbox"/> Personal Days	
3.	Alexander M. Balla	<input type="checkbox"/> Vacation <input type="checkbox"/> Sick Leave <input type="checkbox"/> Personal Days	
4.	Edward D. Butler	<input type="checkbox"/> Vacation <input type="checkbox"/> Sick Leave <input type="checkbox"/> Personal Days	
5.	Jan C. Crooks	<input type="checkbox"/> Vacation <input type="checkbox"/> Sick Leave <input type="checkbox"/> Personal Days	
6.	Joseph A. DiMatteo	<input type="checkbox"/> Vacation <input type="checkbox"/> Sick Leave <input type="checkbox"/> Personal Days	
7.	Linda L. Doto	<input type="checkbox"/> Vacation <input type="checkbox"/> Sick Leave <input type="checkbox"/> Personal Days	

8.	Michael M. Douglass	___ ___ ___	Vacation Sick Leave Personal Days	
9.	Gordon K. Druck	___ ___ ___	Vacation Sick Leave Personal Days	
10.	Richard D. Dunlap	___ ___ ___	Vacation Sick Leave Personal Days	
11.	Ron R. Evans	___ ___ ___	Vacation Sick Leave Personal Days	
12.	John P. Farrier	___ ___ ___	Vacation Sick Leave Personal Days	
13.	Richard L. Garver	___ ___ ___	Vacation Sick Leave Personal Days	
14.	Roston J. Hicks	___ ___ ___	Vacation Sick Leave Personal Days	
15.	Robert Hilton	___ ___ ___	Vacation Sick Leave Personal Days	
16.	Paul D. Hoffman	___ ___ ___	Vacation Sick Leave Personal Days	
17.	John Horblinski	___ ___ ___	Vacation Sick Leave Personal Days	
18.	Patricia A. Hudock	___ ___ ___	Vacation Sick Leave Personal Days	
19.	William J. Jenkins	___ ___ ___	Vacation Sick Leave Personal Days	

20.	J. Alfred Lemire	___ ___ ___	Vacation Sick Leave Personal Days	
21.	Robert H. Long	___ ___ ___	Vacation Sick Leave Personal Days	
22.	Patricia K. Lynch	___ ___ ___	Vacation Sick Leave Personal Days	
23.	John R. Matuson	___ ___ ___	Vacation Sick Leave Personal Days	
24.	Robert H. McGinnis	___ ___ ___	Vacation Sick Leave Personal Days	
25.	Terence L. McKim	___ ___ ___	Vacation Sick Leave Personal Days	
26.	Brian K. Moore	___ ___ ___	Vacation Sick Leave Personal Days	
27.	Matthew F. Myers	___ ___ ___	Vacation Sick Leave Personal Days	
28.	Doris J. Nagy	___ ___ ___	Vacation Sick Leave Personal Days	
29.	Carl P. Nardizzi	___ ___ ___	Vacation Sick Leave Personal Days	
30.	Gary L. Parks, Sr.	___ ___ ___	Vacation Sick Leave Personal Days	
31.	Robert G. Polen	___ ___ ___	Vacation Sick Leave Personal Days	

32.	Wayne G. Reed	___ ___ ___	Vacation Sick Leave Personal Days	
33.	Kevin C. Shelton	___ ___ ___	Vacation Sick Leave Personal Days	
34.	Scott L. Smith	___ ___ ___	Vacation Sick Leave Personal Days	
35.	Janet A. Steen	___ ___ ___	Vacation Sick Leave Personal Days	
36.	Mark R. Stutzman	___ ___ ___	Vacation Sick Leave Personal Days	
37.	Joseph P. Taraschi	___ ___ ___	Vacation Sick Leave Personal Days	
38.	Blake E. Teaman	___ ___ ___	Vacation Sick Leave Personal Days	
39.	George D. Thomas	___ ___ ___	Vacation Sick Leave Personal Days	
40.	James J. Trolio, Jr.	___ ___ ___	Vacation Sick Leave Personal Days	
41.	Carroll E. Tucker	___ ___ ___	Vacation Sick Leave Personal Days	
42.	Laura S. Tucker	___ ___ ___	Vacation Sick Leave Personal Days	
43.	VACANT (one position to be filled)	___ ___ ___	Vacation Sick Leave Personal Days	
Total				

Schedule 2.1(d)
CCA's Pending Litigation or Proceedings

- Litigation against the transaction has been inferred by Ernest E. Campos, Sr., a resident of the City of Coatesville.
- Litigation against the transaction has been threatened by Philadelphia Suburban Water Company.
- Petition of Philadelphia Suburban Water Company for a Declaratory Order Clarifying a Potential Term in a Contract or Agreement Between a Public Utility and a Municipal Corporation, Pennsylvania Public Utility Commission Docket No. P-00991732, Order entered October 1, 1999.

Schedule 2.1(f).1
Substantial Compliance - Permits

None.

Schedule 2.1(f).2
Substantial Compliance - Laws

None.

Schedule 2.1(i)
List of CCA's Employees

- | | | | |
|-----|-----------------------|-----|------------------------------------|
| 1. | Leroy C. Althouse | 23. | John R. Matuson |
| 2. | Danette M. Balistreri | 24. | Robert H. McGinnis |
| 3. | Alexander M. Balla | 25. | Terence L. McKim |
| 4. | Edward D. Butler | 26. | Brian K. Moore |
| 5. | Ian C. Crooks | 27. | Matthew F. Myers |
| 6. | Joesph A. DiMatteo | 28. | Doris J. Nagy |
| 7. | Linda L. Doto | 29. | Carl P. Nardizzi |
| 8. | Michael M. Douglass | 30. | Gary L. Parks, Sr. |
| 9. | Gordon K. Druck | 31. | Robert G. Polen |
| 10. | Richard D. Dunlap | 32. | Wayne G. Reed |
| 11. | Ron R. Evans | 33. | Kevin C. Shelton |
| 12. | John P. Farrier | 34. | Scott L. Smith |
| 13. | Richard L. Garver | 35. | Janet A. Steen |
| 14. | Roston J. Hicks | 36. | Mark R. Stutzman |
| 15. | Robert Hilton | 37. | Joseph P. Taraschi |
| 16. | Paul D. Hoffman | 38. | Blake E. Teaman |
| 17. | John Horblinski | 39. | George D. Thomas |
| 18. | Patricia A. Hudock | 40. | James J. Trolino, Jr. |
| 19. | William J. Jenkins | 41. | Carroll E. Tucker |
| 20. | J. Alfred Lemire | 42. | Laura S. Tucker |
| 21. | Robert H. Long | 43. | VACANT (one position to be filled) |
| 22. | Patricia K. Lynch | | |

Schedule 2.1(j)
Customer Advances or Refunds

Customer Advances			
	Customer	Account	Amount
	None		\$0.00

Customer Deposits			
	Customer	Account	Amount
1.	Diamond Hunt	207987	\$100.00
2.	JD Eckman	194437	\$100.00

Customer Refunds			
Refunds change on a daily basis. As customers pay bills, double pay bills, or pay final bills. As of the date of this Agreement, there are no pending substantial customer refunds.			

Project Accounts - Escrow Balances - Water			
	Project	Account	Amount
	Parkeburg Center	101	\$6,639.28
	Wedgewood	102	\$12,762.59
	Strunk	103	\$0.56
	Town's Edge	104	\$246.92
	Highland Association	105	\$18,678.91
	Rock Run	106	\$ < 127.02 >
	Bedwell	107	\$256.49
	Lancaster City	108	\$21.03

	Thorngate	109	\$1,391.23
	Carn Villages	110	\$4,750.09
	CI Americas	111	\$ < 418.00 >
	Poplar St. (Williams)	112	\$10,727.88
	Airport Village	113	\$5,725.66
	Hellings	114	\$404.00
	Sroltzfus Development	115	\$222.80
	Parkes School	116	\$412.35
	MPT Willow Rock	117	\$2,120.65
	McClarcay	118	\$ < 166.50 >
	Utilicon	119	\$175.42
	Stone Bridge	120	\$5,156.36
	Horgan Brothers	122	\$18.00
	Liberty Bell Farms	123	\$ < 863.00 >
	Bridge Street	124	\$558.64
	Ike Fisher (Valley Crossing)	125	\$973.00
	Ike Fisher (Camsbridge)	126	\$1,237.07
	Davis Project	127	\$1,000.00
	Ingleside Golf	128	\$3,747.88
	Strasburg Road	129	\$1,000.00
	Carr	130	\$339.35
	Trestle Woods	131	\$2,500.00
	Frank Kucara	132	\$750.00
	Fairways Passage	133	\$1,195.14
	Robin's Cove	134	\$1,500.00
	Boor	135	\$1,444.50
	Quarry Ridge	136	\$6,500.00
	McKowon	137	\$ < 4,660.20 >

	Millview	138	\$14,515.24
	Branford	139	\$ < 1,515.78 >
	Route 30 & 10 Contor	140	\$ < 400.00 >
	Carn Crest Apartments	141	\$61,890.00
	Callahan Development	142	\$ < 1,397.10 >
	Millview Tank	148	\$3,200.00
	Brinton Station	143	\$ < 202.50 >
	Oak View	144	\$1,500.00
		Total [As of 12/31/99]	\$162,904.04

Schedule 2.1(I)
Environmental Matters

None.

Schedule 2.2(d)
PAWC's Pending Litigation or Proceedings

- Petition of Philadelphia Suburban Water Company for a Declaratory Order Clarifying a Potential Term in a Contract or Agreement Between a Public Utility and a Municipal Corporation, Pennsylvania Public Utility Commission Docket No. P-00991732, Order entered October 1, 1999.

Schedule 3.2(h)
Projects in Progress

A chart of the Projects in Progress follows this page.

Engineering
City of Coatesville Authority
Projects in Progress

February 18, 2008	ORIGINAL CONTRACT AMOUNT	AMENDMENTS	AMENDED CONTRACT AMOUNT	AMENDMENTS %	PAID TO DATE	% PAID	EXPECTED COMPLETION DATE	COMMENTS
ACTIVE ENGINEERING PROJECTS								
SCADA Project								
Phase I	\$ 848,000.00	\$ 137,000.00	\$ 985,000.00	38.0%	\$ 413,152.00	82.0%	3/1/08	
GIS Project								
Demoff. CY 08-09	\$ 17,000.00	-	\$ 17,000.00	0.0%	\$ 725.00	4.1%	9/30/08	On-going
Act 897 Upgrade								
Tetras & Log	\$ 39,291.00	-	\$ 39,291.00	0.0%	\$ 36,013.00	91.7%	3/31/08	
Best Filter Press								
Barnett Flaming	\$ 10,000.00	-	\$ 10,000.00	0.0%	-	0.0%	8/1/08	In Progress
Sub Total	\$ 914,291.00	\$ 137,000.00	\$ 1,051,291.00	38.0%	\$ 453,791.00	82.4%		
OTHER CONSTRUCTION PROJECTS								
	BUDGETED AMOUNT	AMENDMENTS	AMENDED BUDGET AMOUNT	AMENDMENTS %	PAID TO DATE	% PAID	EXPECTED START & COMPLETION DATE	COMMENTS
Prepare Best Filter Press	\$ 175,000.00	-	\$ 175,000.00	0.0%	-	0.0%	4/1/08 & 9/1/08	
Install Best Filter Press	\$ 60,000.00	-	\$ 60,000.00	0.0%	-	0.0%	7/1/08 & 11/1/08	
North Bailey Road Interconnect 1000 LP	\$ 60,000.00	-	\$ 60,000.00	0.0%	-	0.0%	8/31/08 & 6/30/09	
Morphic Alloy Sewer Replacement	\$ 125,000.00	-	\$ 125,000.00	0.0%	-	0.0%	5/1/08 & 8/31/08	
Purchase EPU Water System	\$ 125,000.00	-	\$ 125,000.00	0.0%	-	0.0%	Completion 4/30/09	In progress
Sub Total	\$ 475,000.00	-	\$ 475,000.00	0.0%	-	0.0%		
GRAND TOTAL	\$ 1,389,291.00	\$ 137,000.00	\$ 1,526,291.00	38.0%	\$ 453,791.00	82.4%		
			REMAINING TO BE PAID		\$ 1,072,500.00			

Schedule 4.1(k)
Form of Opinion for CCA's Counsel

[Date]

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

Ladies and Gentlemen:

I have acted as counsel for the City of Coatesville Authority, a Pennsylvania municipal authority (the "Authority"), in connection with the execution and delivery by the Authority of the Asset Purchase Agreement for the Acquisition of the Assets of the Water and the Wastewater System of the City of Coatesville Authority by Pennsylvania-American Water Company (the "Agreement") dated _____, 2000, between the Authority and Pennsylvania-American Water Company, a Pennsylvania corporation ("PAWC"). This opinion is delivered to you pursuant to Paragraph 4.1(j) of the Agreement. All capitalized terms used herein without definition shall have the respective meanings ascribed to them in the Agreement unless otherwise noted.

In connection with the opinions expressed below, I have made such examination of law and have examined the originals, or copies, certified or otherwise identified to my satisfaction, of the Agreement and all other agreements and instruments to be executed by the Authority in connection with the Agreement ("Transaction Documents"), and such other documents and records of the Authority, certificates of public officials and of officers of the Authority, and such other documents as I have deemed necessary or appropriate.

Based upon and subject to the foregoing, it is my opinion that as of the date hereof:

1. The Authority is validly existing and in good standing under the laws of the Commonwealth of Pennsylvania.
2. The Authority has full power and lawful authority to execute and deliver, to perform its obligations under, and to consummate the transactions contemplated by the Transaction Documents to which it is party, and to own, lease and operate the Assets and the Systems as presently being conducted.
3. The execution and delivery and performance by the Authority of the Transaction Documents to which it is a party, and the consummation of the transaction contemplated thereby, have been duly authorized by all necessary action of such party and do not and will not contravene any provision of the organizational documents of the Authority.

4. Upon due execution and delivery by the parties thereto, the Transaction Documents to which it is a party will be the legal obligations of the Authority, enforceable against the Authority in accordance with their terms, except as such enforceability may be limited by applicable laws relating to bankruptcy, insolvency, fraudulent conveyance, reorganization or affecting creditors' rights generally.

5. All proceedings required to be taken by or on the part of the Authority to authorize the execution, delivery and performance of the Agreement and the Transaction Documents, and the consummation of the transactions thereby, have been duly and properly taken. Each of the Agreement and Transaction Documents to which the Authority is a party have been duly and validly executed and delivered by appropriate officers of the Authority.

6. All consents approvals, authorizations or orders of any court or governmental authority of the United States of the Commonwealth of Pennsylvania required for the consummation by the Authority of the transactions contemplated by the Agreement, except for those consents, approvals, authorizations or orders required to be obtained by PAWC, have been obtained by the Authority.

7. Neither the execution and delivery of the Agreement and the Transaction Documents by the Authority nor the consummation of the transactions contemplated thereby will, to the best of my knowledge, conflict with, or result in a breach of, the terms, conditions or provisions or, or constitute a default under, the terms of any agreement or instrument to which the Authority is a party or by which the Assets may be bound or affected. The execution, delivery and performance of, and compliance with, the Agreement and the Transaction Documents by the Authority will not violate any provision of any law, rule, regulation, or to my knowledge, order, permit, certificate, writ, judgment, injunction, decree, determination, award or other decision of any court, arbitrator, or governmental authority by which the Authority is bound or to which it is subject.

8. Other than as disclosed on Schedule ___ of the Agreement, I have no knowledge that (i) there are any actions, suits, investigations or proceedings pending against or threatened against or affecting the Authority, the Systems or any of the Assets before any court or arbitrator or authority which individually or in the aggregate, would have a Material Adverse Effect and (ii) there are currently any outstanding judgments, decrees, or orders of any court or authority against the Authority, which relates to or arise out of the ownership, condition or operation of the Systems or the Assets which individually or in the aggregate would have a Material Adverse Effect.

The opinions herein are given only with respect to the laws of the Commonwealth of Pennsylvania and the federal laws of the United States of America, as applicable, in each case as enacted and construed on the date hereof.

The foregoing opinions are solely for the use of PAWC, have been expressed solely in connection with the transaction contemplated by the Agreement and are given for no other

purpose and shall not be delivered to or relied upon by any other person or party except PAWC.

Sincerely,

Helen J. Esbshade

Schedule 4.2(h) Form of Opinion for PAWC's Counsel

[Closing Date]

City of Coatesville Authority
114 East Lincoln Highway
P.O. Box 791
Coatesville, PA 19320

Ladies and Gentlemen:

I have acted as counsel for the Pennsylvania-American Water Company, a Pennsylvania corporation ("PAWC"), in connection with the execution and delivery by the PAWC of the Asset Purchase Agreement for the Acquisition of the Assets of the Water and the Wastewater System of the City of Coatesville Authority by Pennsylvania-American Water Company (the "Agreement") dated _____, 2000, between PAWC and the City of Coatesville Authority, a Pennsylvania municipal authority (the "Authority"). This opinion is delivered to you pursuant to Paragraph 4.2(h) of the Agreement. All capitalized terms used herein without definition shall have the respective meanings ascribed to them in the Agreement unless otherwise noted.

In connection with the opinions expressed below, I have made such examination of law and have examined the originals, or copies, certified or otherwise identified to my satisfaction, of the Agreement and all other agreements and instruments to be executed by PAWC in connection with the Agreement ("Transaction Documents"), and such other documents and records of PAWC, certificates of public officials and of officers of PAWC, and such other documents as I have deemed necessary or appropriate.

Based upon and subject to the foregoing, it is my opinion that as of the date hereof:

1. PAWC is a corporation duly organized and validly existing and in good standing under the laws of the Commonwealth of Pennsylvania.
2. PAWC has full power and lawful authority to execute and deliver, to perform its obligations under, and to consummate the transactions contemplated by the Transaction Documents to which it is party, and to own, lease and operate the Assets and the Systems as contemplated by the Agreement.
3. The execution and delivery and performance by PAWC of the Transaction Documents to which it is a party, and the consummation of the transaction contemplated thereby, have been duly authorized by all necessary action of such party and do not and will not contravene any provision of the organizational documents of PAWC.

4. Upon due execution and delivery by the parties thereto, the Transaction Documents to which it is a party will be the legal obligations of PAWC, enforceable against PAWC in accordance with their terms, except as such enforceability may be limited by applicable laws relating to bankruptcy, insolvency, fraudulent conveyance, reorganization or affecting creditors' rights generally.

5. All proceedings required to be taken by or on the part of PAWC to authorize the execution, delivery and performance of the Agreement and the Transaction Documents, and the consummation of the transactions thereby, have been duly and properly taken. Each of the Agreement and Transaction Documents to which PAWC is a party have been duly and validly executed and delivered by appropriate officers of PAWC.

6. All consents approvals, authorizations or orders of any court or governmental authority of the United States of the Commonwealth of Pennsylvania required for the consummation by PAWC of the transactions contemplated by the Agreement have been obtained by PAWC, except for those consents, approvals, authorizations or orders required to be obtained by the Authority.

7. Neither the execution and delivery of the Agreement and the Transaction Documents by PAWC nor the consummation of the transactions contemplated thereby will, to the best of my knowledge, conflict with, or result in a breach of, the terms, conditions or provisions or, or constitute a default under, the terms of any agreement or instrument to which PAWC is a party or by which the Assets may be bound or affected. The execution, delivery and performance of, and compliance with, the Agreement and the Transaction Documents by PAWC will not violate any provision of any law, rule, regulation, or to my knowledge, order, permit, certificate, writ, judgment, injunction, decree, determination, award or other decision of any court, arbitrator, or governmental authority by which PAWC is bound or to which it is subject.

8. Other than as disclosed on Schedule ___ of the Agreement, I have no knowledge that (i) there are any actions, suits, investigations or proceedings pending against or threatened against or affecting PAWC, the Systems or any of the Assets before any court or arbitrator or authority which individually or in the aggregate, would have a Material Adverse Effect and (ii) there are currently any outstanding judgments, decrees, or orders of any court or authority against PAWC, which relates to or arise out of the ownership, condition or operation of the Systems or the Assets which individually or in the aggregate would have a Material Adverse Effect.

The opinions herein are given only with respect to the laws of the Commonwealth of Pennsylvania and the federal laws of the United States of America, as applicable, in each case as enacted and construed on the date hereof.

The foregoing opinions are solely for the use of the Authority have been expressed solely in connection with the transaction contemplated by the Agreement and are given for no

other purpose and shall not be delivered to or relied upon by any other person or party except the Authority.

Sincerely,

Velma A. Redmond

CITY OF COATESVILLE AUTHORITY
 SEWER FUND
 BALANCE SHEETS
 SEPTEMBER 30, 1999 AND 1998

ASSETS

	Operating Fund	Debt Service Fund	Debt Service Reserve Fund
CURRENT ASSETS			
Cash and cash equivalents	\$ 1,845,883	\$ -	\$ -
Accounts receivable, net of allowance for doubtful accounts of \$5,782 in 1999 and \$5,861 in 1998	412,547	-	-
Intergovernmental receivable	9,006	-	-
Accrued interest	673	-	-
Due from other funds	75,976	-	-
Inventory	21,234	-	-
Prepaid expenses	6,826	-	-
TOTAL CURRENT ASSETS	<u>2,372,145</u>	<u>-</u>	<u>-</u>
RESTRICTED ASSETS			
Cash and cash equivalents	6,509	66,524	671,790
Investments	-	-	-
Accrued interest	-	-	653
TOTAL RESTRICTED ASSETS	<u>6,509</u>	<u>66,524</u>	<u>672,443</u>
PROPERTY, PLANT AND EQUIPMENT			
In service	15,291,867	-	-
Less: accumulated depreciation	(3,488,980)	-	-
Construction-in-progress	625,918	-	-
TOTAL PROPERTY, PLANT AND EQUIPMENT	<u>12,428,805</u>	<u>-</u>	<u>-</u>
OTHER ASSETS			
Financing costs, net of amortization	560,526	-	-
Intergovernmental receivable, net of current portion	52,252	-	-
TOTAL OTHER ASSETS	<u>612,778</u>	<u>-</u>	<u>-</u>
	<u>\$15,420,237</u>	<u>\$ 66,524</u>	<u>\$ 672,443</u>

Project Fund	Renewal and Replacement Fund	Total	
		1999	1998
\$ -	\$ -	\$ 1,845,883	\$ 1,103,933
-	-	412,547	312,867
-	-	9,006	257,093
-	-	673	673
-	-	75,976	6,436
-	-	21,234	21,234
-	-	6,826	8,370
-	-	<u>2,372,145</u>	<u>1,710,606</u>
146,487	533,909	1,425,219	2,426,098
-	-	-	362,700
-	-	653	653
<u>146,487</u>	<u>533,909</u>	<u>1,425,872</u>	<u>2,789,451</u>
-	-	15,291,867	14,635,582
-	-	(3,488,980)	(3,015,791)
-	-	625,918	361,312
-	-	<u>12,428,805</u>	<u>11,981,103</u>
-	-	560,526	255,128
-	-	52,252	58,336
-	-	<u>612,778</u>	<u>313,464</u>
<u>\$ 146,487</u>	<u>\$ 533,909</u>	<u>\$ 16,839,600</u>	<u>\$ 16,794,624</u>

Exhibit C

CITY OF COATESVILLE AUTHORITY
 SEWER FUND
 BALANCE SHEETS
 SEPTEMBER 30, 1999 AND 1998

LIABILITIES AND FUND EQUITY (DEFICIT)

	Operating Fund	Debt Service Fund	Debt Service Reserve Fund
	<u> </u>	<u> </u>	<u> </u>
CURRENT LIABILITIES			
Bond indebtedness	\$ 125,000	\$ -	\$ -
Accounts payable and accrued expenses	330,072	-	-
Interest payable	1,652	137,326	-
Intergovernmental payable	19,700	-	-
Due to water fund	77,238	-	-
Due to other funds	-	-	-
Accrued salaries, taxes, and compensated absences	56,393	-	-
Project deposits	<u>207</u>	<u>-</u>	<u>-</u>
TOTAL CURRENT LIABILITIES	<u>610,262</u>	<u>137,326</u>	<u>-</u>
LONG TERM LIABILITIES			
Bond indebtedness, net of current portion	7,250,000	-	-
Intergovernmental payable, net of current portion	<u>21,475</u>	<u>-</u>	<u>-</u>
TOTAL LONG TERM LIABILITIES	<u>7,271,475</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>7,881,737</u>	<u>137,326</u>	<u>-</u>
FUND EQUITY (DEFICIT)			
Contributed capital	<u>4,846,918</u>	<u>-</u>	<u>-</u>
Restricted retained earnings (accumulated deficit)	-	(70,802)	672,443
Unrestricted retained earnings	<u>2,691,582</u>	<u>-</u>	<u>-</u>
Total Retained Earnings (Accumulated Deficit)	<u>2,691,582</u>	<u>(70,802)</u>	<u>672,443</u>
TOTAL FUND EQUITY (DEFICIT)	<u>7,538,500</u>	<u>(70,802)</u>	<u>672,443</u>
	<u>\$15,420,237</u>	<u>\$ 66,524</u>	<u>\$ 672,443</u>

Project Fund	Renewal and Replacement Fund	Total	
		1999	1998
\$ -	\$ -	\$ 125,000	\$ 280,000
-	708	330,780	332,713
-	-	138,978	168,163
-	-	19,700	11
-	-	77,238	23,200
-	75,976	75,976	6,436
-	-	56,393	48,331
-	-	207	207
-	76,684	824,272	859,061
-	-	7,250,000	6,975,000
-	-	21,475	21,486
-	-	7,271,475	6,996,486
-	76,684	8,095,747	7,855,547
-	-	4,846,918	4,954,439
146,487	457,225	1,205,353	2,223,069
-	-	2,691,582	1,761,569
146,487	457,225	3,896,935	3,984,638
146,487	457,225	8,743,853	8,939,077
<u>\$ 146,487</u>	<u>\$ 533,909</u>	<u>\$ 16,839,600</u>	<u>\$ 16,794,624</u>

PENNSYLVANIA-AMERICAN WATER COMPANY

BALANCE SHEET

ASSETS	<u>DECEMBER 1999</u>	<u>LAST YEAR</u>
Utility plant	\$1,522,932,625	\$1,416,140,701
Construction work in progress	24,621,919	30,640,135
Accumulated depreciation	(231,097,171)	(208,955,021)
Utility plant acquisition adjustment	10,343,945	12,075,803
Other utility plant adjustments	0	0
	<u>1,326,801,318</u>	<u>1,249,901,618</u>
Nonutility property	602,384	653,729
Other Investments	0	0
Current assets		
Cash and cash equivalents	49,630	29,825
Temporary inv. - at cost plus accrued int.	0	0
Customer accounts receivable	25,633,324	25,794,444
Allowance for uncollectible accounts	(385,661)	(348,318)
Unbilled Revenues	17,450,902	17,119,464
FIT refund due from associated company	0	0
Miscellaneous receivables	874,569	446,786
Materials and supplies - at average cost	2,828,332	2,806,023
Other	3,892,303	4,392,476
	<u>50,343,399</u>	<u>50,240,700</u>
Deferred debits		
Debt and preferred stock expense	8,984,855	8,290,584
Expense of rate proceedings	687,132	1,120,549
Preliminary survey and investigation charges	0	0
Reg. asset - inc tax recoverable thru rates	92,018,479	90,432,671
Other	20,733,745	23,284,652
	<u>122,424,211</u>	<u>123,128,456</u>
	<u>\$1,500,171,312</u>	<u>\$1,423,924,503</u>
CAPITAL AND LIABILITIES		
Common stock	\$21,506,887	\$21,506,887
Paid-in capital	286,362,566	286,299,536
Retained earnings	151,778,356	140,172,535
Total common equity	<u>459,647,809</u>	<u>447,978,958</u>
Preferred stock	16,056,400	19,236,200
Long-term debt	619,811,586	594,705,482
Total capitalization	<u>1,095,515,795</u>	<u>1,061,920,640</u>
Current liabilities		
Bank debt - pending issuance of securities	68,947,966	36,323,743
Current portion of long-term debt	1,779,353	4,650,381
Accounts payable	14,262,939	15,569,178
Taxes accrued	1,164,147	4,646,903
Interest accrued	12,108,638	12,010,489
Customer deposits	1,141	1,141
Dividends declared	321,062	338,720
Other	10,521,803	9,847,996
	<u>109,107,049</u>	<u>83,388,551</u>
Deferred credits		
Customer advances for construction	48,567,300	51,105,533
Deferred income taxes	173,565,440	159,958,851
Deferred investment tax credits	9,110,044	9,343,636
Other	13,727,601	12,093,978
	<u>244,970,385</u>	<u>232,501,998</u>
Contributions in aid of construction	50,578,083	46,113,314
	<u>\$1,500,171,312</u>	<u>\$1,423,924,503</u>

Revision Number 1 01/25/00

Exhibit D

CITY OF COATESVILLE AUTHORITY
SEWER PLANT

ORIGINAL COST LESS ACCRUED DEPRECIATION
AS OF SEPTEMBER 30, 1997

<u>ACCOUNT</u>	<u>ORIGINAL COST</u>	<u>ACCRUED DEPRECIATION</u>	<u>ORIGINAL COST LESS DEPRECIATION</u>
311.00 Land	71,343.00		71,343.00
312.30 Purification Buildings	833,181.13	253,672.00	579,509.13
312.62 Stores, Shop and Garage Buildings	160,355.00	18,729.00	141,626.00
312.63 Miscellaneous Structures & Improvements	16,114.00	4,128.00	11,986.00
320.00 Purification System			
Structures	4,081,242.70	1,136,634.00	2,944,608.70
Equipment	1,481,247.00	709,545.00	771,702.00
Total Account 320	5,562,489.70	1,846,179.00	3,716,310.70
321.00 Laboratory Equipment	44,150.00	12,679.00	31,471.00
322.00 Mains and Accessories			
C.I. - 6" & 8"	1,107,740.80	275,961.00	831,779.80
C.I. - 10" & over	4,392,622.73	98,207.00	4,294,415.73
Total Account 322	5,500,363.53	374,168.00	5,126,195.53
328.00 Office Furniture and Equipment			
Furniture	4,949.00	2,284.00	2,665.00
Equipment	11,882.00	7,492.00	4,390.00
Computers	5,629.00	4,025.00	1,604.00
Total Account 328	22,460.00	13,801.00	8,659.00
329.00 Transportation Equipment			
Automobiles	15,000.00	13,116.00	1,884.00
Light Trucks	112,382.00	63,809.00	48,573.00
Total Account 329	127,382.00	76,925.00	50,457.00
330.00 Stores Equipment	1,060.00	376.00	684.00
332.00 Tools and Work Equipment			
General	26,984.00	8,267.00	18,717.00
Construction	66,942.00	13,130.00	53,812.00
Total Account 332	93,926.00	21,397.00	72,529.00
333.00 Communication Equipment	16,501.00	9,647.00	6,854.00
Total Sewer Plant	<u>12,449,325.36</u>	<u>2,631,701.00</u>	<u>9,817,624.36</u>

CITY OF COATESVILLE AUTHORITY
 SEWER FUND
 STATEMENTS OF OPERATIONS
 YEARS ENDED SEPTEMBER 30, 1999 AND 1998

	Operating Fund	Debt Service Fund	Debt Service Reserve Fund
OPERATING REVENUES	<u>\$ 1,970,083</u>	<u>\$ -</u>	<u>\$ -</u>
OPERATING EXPENSES			
Sewer system	405,608	-	-
Sewer plant	607,320	-	-
Administration	256,212	-	-
Board of Directors	138,469	-	-
Executive Director	70,542	-	-
Fiscal manager	113,824	-	-
Public relations/human resources	3,662	-	-
Operations director/engineer	<u>77,318</u>	<u>-</u>	<u>-</u>
TOTAL OPERATING EXPENSES	<u>1,672,955</u>	<u>-</u>	<u>-</u>
OPERATING INCOME BEFORE OTHER REVENUES (EXPENSES) AND TRANSFERS	<u>297,128</u>	<u>-</u>	<u>-</u>
OTHER REVENUES (EXPENSES) AND TRANSFERS			
Transfers required by Trust Indentures, net:			
Debt Service	(607,359)	607,359	-
Other	365,719	(409,723)	(4,737)
Investment income	67,412	13,089	28,478
Interest expense	-	(270,157)	-
Investment in facilities	1,087,666	-	-
State grant	<u>74,577</u>	<u>-</u>	<u>-</u>
TOTAL OTHER REVENUES (EXPENSES) AND TRANSFERS	<u>988,015</u>	<u>(59,432)</u>	<u>23,741</u>
INCOME (LOSS) BEFORE DEPRECIATION AND AMORTIZATION	<u>1,285,143</u>	<u>(59,432)</u>	<u>23,741</u>
DEPRECIATION AND AMORTIZATION	<u>492,627</u>	<u>-</u>	<u>-</u>
NET INCOME (LOSS)	<u>\$ 792,516</u>	<u>\$ (59,432)</u>	<u>\$ 23,741</u>

Project Fund	Renewal and Replacement Fund	Settlement Fund	Total	
			1999	1998
\$ -	\$ -	\$ -	\$ 1,970,083	\$ 2,587,102
-	-	-	405,608	170,225
-	-	-	607,320	589,730
-	-	-	256,212	233,475
-	-	-	138,469	74,524
-	-	-	70,542	65,841
-	-	-	113,824	116,190
-	-	-	3,662	12,174
-	-	-	77,318	100,254
-	-	-	1,672,955	1,362,413
-	-	-	297,128	1,224,689
-	-	-	-	-
-	48,803	(62)	-	-
6,484	50,354	62	165,879	138,177
-	-	-	(270,157)	(366,751)
(19,587)	(1,068,079)	-	-	-
-	-	-	74,577	74,577
(13,103)	(968,922)	-	(29,701)	(153,997)
(13,103)	(968,922)	-	267,427	1,070,692
-	-	-	492,627	405,775
\$ (13,103)	\$ (968,922)	\$ -	\$ (225,200)	\$ 664,917

Exhibit F

PENNSYLVANIA - AMERICAN WATER COMPANY
STATEMENT OF INCOME AND RETAINED EARNINGS
TWELVE MONTHS ENDED DECEMBER 31, 1999

	CURRENT YEAR	PRIOR YEAR
OPERATING REVENUES	\$291,028,590	\$282,059,219
OPERATION EXPENSES		
OPERATIONS AND MAINTENANCE	111,207,314	106,521,862
DEPRECIATION & AMORTIZATION	40,949,292	37,861,151
TAXES ON OPERATING INCOME		
GENERAL TAXES	14,041,681	15,919,299
STATE INCOME	5,739,776	5,372,788
FEDERAL INCOME	25,387,362	24,856,480
	197,325,425	190,531,580
UTILITY OPERATING INCOME	93,703,165	91,527,639
OTHER INCOME		
ALLOW. FOR OTHER FUNDS FOR CONSTRUCT.	125,457	1,357,114
MISCELLANEOUS OTHER INCOME	199,182	192,045
GAIN (LOSS) ON SALE OF PROPERTY	0	98,411
	94,027,804	93,175,209
OTHER DEDUCTIONS		
MISCELLANEOUS AMORTIZATION	(623,662)	(506,153)
MISCELLANEOUS OTHER DEDUCTIONS	183,335	139,993
TAXES ON OTHER INCOME AND DEDUCTIONS		
GENERAL	180,308	132,473
STATE INCOME	(9,903)	6,841
FEDERAL INCOME	(31,228)	21,571
	(301,150)	(205,275)
INCOME BEFORE INTEREST CHARGES	94,328,954	93,380,484
INTEREST CHARGES		
INTEREST ON LONG-TERM DEBT	46,889,579	46,755,971
AMORTIZATION OF DEBT EXPENSE	532,574	516,508
INTEREST ON BANK DEBT	2,362,589	534,973
OTHER INTEREST	6	1,286
ALLOW. FOR BORROWED FUNDS FOR CONSTRUCT.	(1,824,576)	(375,240)
	47,960,172	47,433,498
NET INCOME	46,368,782	45,946,986
RETAINED EARNINGS AT BEGINNING OF PERIOD	140,172,535	128,629,075
PRIOR PERIOD ADJUSTMENTS		
	186,541,317	174,576,061
DIVIDENDS		
PREFERRED STOCK	1,290,424	1,361,126
COMMON DIVIDENDS	33,472,536	33,042,398
	34,762,960	34,403,524
RETAINED EARNINGS AT END OF PERIOD	\$151,778,357	\$140,172,537

PENNSYLVANIA - AMERICAN WATER COMPANY / CITY OF COATESVILLE
 AUTHORITY WASTEWATER PRO FORMA
 BALANCE SHEET

PRO FORMA
DEC. 31, 1999

ASSETS

UTILITY PLANT	\$1,535,381,950
CONSTRUCTION WORK IN PROGRESS	\$24,621,919
ACCUMULATED DEPRECIATION	(\$233,728,872)
UTILITY PLANT ACQUISITION ADJ.	\$11,751,321
OTHER UTILITY PLANT ADJUSTMENTS	\$0
	<u>1,338,026,318</u>

NONUTILITY PROPERTY	<u>602,384</u>
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OTHER INVESTMENTS	<u>0</u>
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CURRENT ASSETS

CASH AND CASH EQUIVALENTS	49,630
TEMPORARY INVESTMENTS	0
CUSTOMER ACCOUNTS RECEIVABLE	25,633,324
ALLOWANCE FOR UNCOLL. ACCT.	(385,661)
UNBILLED REVENUES	17,450,902
FIT REFUND DUE FROM ASSOC. COMPANY	0
MISCELLANEOUS RECEIVABLES	874,569
MATERIALS AND SUPPLIES	2,828,332
OTHER	3,892,303
	<u>50,343,399</u>

DEFERRED DEBITS

DEBT AND PREF. STOCK EXPENSE	8,984,855
EXPENSE OF RATE PROCEEDINGS	687,132
PREL. SURVEY AND INVEST. CHARGES	0
REG ASSET-INC TAX RECOVERABLE THRU RATES	92,018,479
OTHER	20,733,745
	<u>122,424,211</u>

1,511,396,312

CAPITAL AND LIABILITIES

COMMON STOCK	\$21,506,887
PAID IN CAPITAL	286,362,566
RETAINED EARNINGS	<u>151,778,356</u>

TOTAL COMMON EQUITY 459,647,809

PREFERRED STOCK	16,056,400
LONG-TERM DEBT	<u>619,811,586</u>

TOTAL CAPITALIZATION 1,095,515,795

CURRENT LIABILITIES

BANK DEBT-PENDING ISSUANCE OF SEC.	80,172,966
CURR. PORTION OF LONG-TERM DEBT	1,779,353
ACCOUNTS PAYABLE	14,262,939
TAXES ACCRUED	1,164,147
INTEREST ACCRUED	12,108,638
CUSTOMER DEPOSITS	1,141
DIVIDENDS DECLARED	321,062
OTHER	10,521,803
	<u>120,332,049</u>

DEFERRED CREDITS

CUSTOMER ADVANCES FOR CONSTR.	48,567,300
DEFERRED INCOME TAXES	173,565,440
DEFERRED INCOME TAX CREDIT	9,110,044

OTHER 13,727,601

244,970,385

CONTRIBUTIONS IN AID OF CONSTRUCTION	<u>50,578,083</u>
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1,511,396,312

PENNSYLVANIA - AMERICAN WATER COMPANY / CITY OF
 COATESVILLE AUTHORITY PRO FORMA WASTEWATER
 STATEMENT OF INCOME AND RETAINED EARNINGS
 TWELVE MONTHS ENDED, DECEMBER 31, 1999

PRO FORMA
CONSOLIDATED

OPERATING REVENUES	<u>\$292,998,673</u>
OPERATION EXPENSES	
OPERATIONS AND MAINTENANCE	112,880,269
DEPRECIATION & AMORTIZATION	41,441,919
TAXES ON OPERATING INCOME	
GENERAL TAXES	14,041,681
STATE INCOME	5,652,508
FEDERAL INCOME	<u>25,094,112</u>
	<u>199,110,489</u>
UTILITY OPERATING INCOME	93,888,184
OTHER INCOME	
ALLOW. FOR OTHER FUNDS FOR CONSTRUCT.	125,457
MISCELLANEOUS OTHER INCOME	199,182
GAIN (LOSS) ON SALE OF PROPERTY	<u>0</u>
	<u>94,212,823</u>
OTHER DEDUCTIONS	
AMORT. OF PREFERRED STOCK EXPENSE	0
AMORT. OF UTILITY PLANT ADJUSTMENTS	(588,478)
MISCELLANEOUS OTHER DEDUCTIONS	183,335
TAXES ON OTHER INCOME AND DEDUCTIONS	
GENERAL	180,308
STATE INCOME	(13,386)
FEDERAL INCOME	<u>(43,543)</u>
	<u>(281,763)</u>
INCOME BEFORE INTEREST CHARGES	<u>94,494,586</u>
INTEREST CHARGES	
INTEREST ON LONG-TERM DEBT	46,889,579
AMORTIZATION OF DEBT EXPENSE	532,574
INTEREST ON BANK DEBT	3,092,214
OTHER INTEREST	6
ALLOW. FOR BORROWED FUNDS FOR CONSTRUCT.	<u>(1,824,576)</u>
	<u>48,689,797</u>
NET INCOME	45,804,789
RETAINED EARNINGS AT BEGINNING OF PERIOD	140,172,535
PRIOR PERIOD ADJUSTMENTS	<u>185,977,324</u>
	<u>185,977,324</u>
DIVIDENDS	
PREFERRED STOCK	1,290,424
COMMON DIVIDENDS	<u>33,049,541</u>
	<u>34,339,965</u>
RETAINED EARNINGS AT END OF PERIOD	<u>\$151,637,359</u>

PENNSYLVANIA-AMERICAN WATER COMPANY

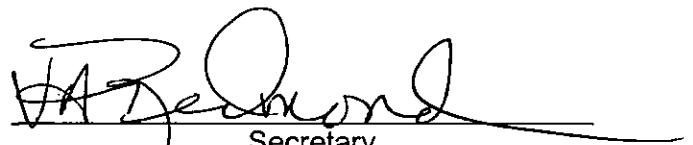
I, V.A. REDMOND, Secretary of Pennsylvania-American Water Company, a Pennsylvania corporation, (the "Company") DO HEREBY CERTIFY that below is a true and correct copy of resolutions duly adopted by the Board of Directors of the Company at a meeting thereof duly convened and held on October 15, 1999 at which meeting a quorum was present and acting throughout, and that such resolutions have not been amended or rescinded and are still in full force and effect:

RESOLVED, the actions of the officers in executing and delivering to the owners of the City of Coatesville Authority's water and wastewater systems an offer to purchase be, and hereby are, ratified and confirmed; and

RESOLVED, the appropriate officers of the Company be, and hereby are, authorized to execute and deliver to the City of Coatesville Authority an Agreement to purchase the water system for Thirty-Seven Million (\$37,000,000) Dollars and wastewater system for Eleven Million Two Hundred Twenty-Five Thousand (\$11,225,000) Dollars; and

RESOLVED, that the appropriate officers of the Company be, and hereby are, authorized and directed to execute and deliver any and all documents, make all filings and do any other thing which they may deem necessary, proper or desirable to effectuate the purposes of the foregoing resolutions.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the corporate seal of this Company this 29th day of February, 2000.


Secretary

IV. SCHEDULE OF SEWER CONSUMPTION CHARGES

EFFECTIVE 10/1/94:

- A. Residential/Commercial (Based on Water Usage)
Service Charge per quarter: \$5.59
\$3.02 per 1,000 gallons
- B. Special Rate Charges

1. Bulk Metered Usage

Cain Township) Quarterly Service Charge
Valley Township) of \$5.59 in addition to \$2.13
V.A. Hospital) per 1,000 Gallons of metered
West Brandywine Township) water usage

Lukens Steel Inc.) Quarterly Service Charge
of \$5.59 in addition to \$1.94
per 1,000 Gallons of metered
water usage

2. Unmetered Units

Valley District) \$148.00 annually
East Fallowfield Township)

V. SCHEDULE OF MISCELLANEOUS FEES AND CHARGES - SEWER

A. Capacity Fee

<u>Size of Water Meter</u>	
5/8" and 3/4"	\$ 525.00
1"	\$1,300.00
1 1/2"	\$4,300.00
2"	\$7,700.00
3"	* (1)
4"	* (1)
6"	* (1)
8"	* (1)

(1) Capacity fee to be established by the City of Coatesville Authority (CCA) for each case. The capacity charge for all meters larger than one inch will be computed on the basis of \$1.27 for each gallon of maximum daily capacity subject to the following rules, with a minimum fee of \$7,700:

(a) Charges for 3" meters will be based on maximum daily capacity which shall be computed at a peak day factor of 1.8 times the requested average daily capacity;

(b) Charges for 4", 6" and 8" meters will be based on maximum daily capacity which shall be computed at a peak day factor of 1.4 times the requested average daily capacity;

(c) Should the customer exceed the average daily capacity during any calendar year, a new average and maximum daily capacity will be calculated by CCA. The average daily use during the year will become the new requested average daily capacity;

(d) The customer will be billed for the new maximum daily capacity differential at the \$1.27 per gallon rate. Such differential is the difference between the old and new maximum daily capacity. The customer will have thirty (30) days to pay the new charge.

(e) Should the size of the meter be increased after service is established, a capacity fee reflecting the difference will be charged.

If a property has a multiple unit dwelling with more than one meter, but only one service line, a capacity fee will be charged according to a meter size equivalent to the service line size.

B. Connection Fee

Charge for CCA's time involved in the inspection of a lateral tie-in to CCA's sewer system.

<u>Size of Water Meter</u>	
5/8" and 3/4"	\$50.00
1"	\$50.00
1 1/2"	\$50.00
2"	\$50.00
3"	\$50.00
4"	\$50.00
6"	\$50.00
8"	\$50.00

C. Sludge Waste Fee

The fee to be paid by private contractors to CCA to dispose of private sewerage into the CCA Sewerage Treatment Plant.

1. The following rates shall be charged to haulers of septic waste who deliver waste between November 1 and March 31:

First daily load under 3% solids	.....	\$0.0300/gallon
Second daily load under 3% solids	.....	\$0.0325/gallon
Third daily load under 3% solids	.....	\$0.0350/gallon
Fourth daily load under 3% solids	.....	\$0.0375/gallon
First daily load over 3% solids	.....	\$0.0725/gallon
Second daily load over 3% solids	.....	\$0.0750/gallon
Third daily load over 3% solids	.....	\$0.0775/gallon
Fourth daily load over 3% solids	.....	\$0.0800/gallon

2. The following rates shall be charged to haulers of septic waste who deliver water between April 1 and October 31:

First daily load under 3% solids	.....	\$0.0325/gallon
Second daily load under 3% solids	.....	\$0.0350/gallon
Third daily load under 3% solids	.....	\$0.0375/gallon
Fourth daily load under 3% solids	.....	\$0.0400/gallon
First daily load over 3% solids	.....	\$0.0750/gallon
Second daily load over 3% solids	.....	\$0.0775/gallon
Third daily load over 3% solids	.....	\$0.0800/gallon
Fourth daily load over 3% solids	.....	\$0.0825/gallon

3. Any septic waste discharged which has a pH level less than 6.0 units or greater than 9.0 units will be charged \$0.07/gallon between November 1 and March 31, and will be charged \$0.0725/gallon between April 1 and October 31. Any septic waste discharged which has a solids content greater than 3% and a pH level less than 6.0 units or greater than 9.0 units, will be charged \$0.14/gallon between November 1 and March 31, and will be charged \$0.145/gallon between April 1 and October 31.

4. The Borough of Avondale's wastewater sludge will be charged the following rates:

Between November 1 and March 31

First daily load	\$0.0725/gallon
Second daily load	\$0.0750/gallon
Third daily load	\$0.0775/gallon
Fourth daily load	\$0.0800/gallon

Between April 1 and October 31

First daily load	\$0.0750/gallon
Second daily load	\$0.0775/gallon
Third daily load	\$0.0800/gallon
Fourth daily load	\$0.0825/gallon

VI. CHARGE FOR LATE PAYMENT

A penalty of five percent (5%) will be added to all City of Coatesville Authority (CCA) bills unpaid by the due date. An additional penalty of five percent (5%) will be added every quarter thereafter.

Effective 9/1/98:

VII. PARKESBURG AREA WASTEWATER SERVICE DISTRICT

Treatment Tapping Fee per EDU	\$ 525.00
Lateral Inspection Fee	\$ 50.00
Special Purpose (Conveyance) Tapping Fee per EDU	<u>\$1,432.00</u>
Total Fees/EDU	\$2,007.00

All wastewater customers in Parkesburg and from surrounding municipalities whose wastewater flows through the Parkesburg Pump Station shall pay (in addition to the normal CCA customer rate per/1,000 gallons and the applicable service charge) a debt service charge of \$35.00 per quarter per Equivalent Dwelling Unit (EDU) until such time as the Parkesburg Bond payments have been completed. Properties with multiple dwelling units shall pay multiple tapping fees and multiple debt service charges.

DRAFT

**CITY OF COATESVILLE AUTHORITY
SEWER USE RULES AND
REGULATIONS**

CITY OF COATESVILLE AUTHORITY
SEWER USE RULES AND REGULATIONS
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Authority Resolution _____

**CITY OF COATESVILLE AUTHORITY
SEWER USE RULES AND REGULATIONS**

A Resolution of the City of Coatesville Authority defining terms, setting forth the requirements for providing sewer service, establishing conditions for the connection of properties to the sewer system, setting requirements for the quality of wastewaters discharged into the sewer system and for the use of the treatment works, establishing rules for the monitoring and inspection of users of the sewer system, establishing a permit system for the regulation of certain kinds of wastewater discharge, setting terms of payment for services, providing procedures and penalties for noncompliance, providing for administrative review of final actions, establishing fees and surcharges for service, and acknowledge that the CCA is an agent of the City of Coatesville for purposes of enforcing certain City ordinances.

Be it Resolved by the Board of Directors of the City of Coatesville Authority as follows:

ARTICLE I

INTRODUCTION

Section 1.01 - The following Rules and Regulations shall be and are hereby declared to be a part of the Rules and Regulations of The City of Coatesville Authority (CCA) regarding the use of the Sewer System and the nature of wastes to be discharged into CCA's Treatment Works, either directly or indirectly.

Section 1.02

1. These Rules and Regulations replace all prior Rules and Regulations, and all such prior Rules and Regulations are hereby rescinded and on the effective date of these Rules and Regulations all such prior Rules and Regulations shall be null and void.
2. All permits, agreements whether written or oral, assurances, and standards established under prior Rules and Regulations shall remain valid and in effect until such time as the City of Coatesville Authority shall determine that a change is required by these Rules and Regulations and shall notify the person affected of such a change. The Authority shall provide such time as is reasonable for any person to come into compliance with these Rules and Regulations following such notice.

ARTICLE II

PURPOSE

Section 2.01. The purposes of these Rules and Regulations are as follows:

1. To provide the conditions of service by CCA including application and contracting for service connection to CCA facilities, rendering and payment of bills and discontinuance of service.

2. To prohibit the discharge into CCA's Treatment Works of any wastewaters that are not in compliance with any Federal standards promulgated pursuant to the Federal Water Pollution Control Act Amendments of 1972, the Clean Water Act of 1977, or any subsequent Federal legislation.
3. To require that all wastewaters discharged to and from the CCA's Treatment Works are in compliance with the Federal Water Pollution Control Act Amendments of 1972, the Clean Water Act of 1977, and any subsequent amendments to this legislation.
4. To require the pretreatment of all wastewaters discharged into CCA's Treatment Works for which pretreatment standards have been promulgated pursuant to Federal or State legislation required by the Federal General Pretreatment Regulation (40 CFR, Part 403). Provided, however, that the CCA does not represent that it is the control authority referenced in 40 CFR ' 403.12(a).
5. To prohibit the discharge of any wastewaters of a flammable or explosive nature or which may create in any way a poisonous or hazardous environment for CCA's maintenance and operating personnel or the public.
6. To prohibit the discharge of any wastewaters into the CCA's Treatment Works which may cause operational or maintenance difficulties in it as it is now constructed or as it may be modified, expanded, or improved on in the future.
7. To prohibit or require pretreatment before introduction into the CCA's Treatment Works of any wastewaters which may adversely affect the integrity, operation and/or maintenance of CCA's Treatment Works by direct or indirect chemical or physical action, or which may interfere with the treatment process.
8. To regulate excessive volumes and/or inordinate rates of discharge of any wastewaters into the CCA'S Treatment Works.
9. To regulate the discharge of any wastewaters which require the levying of a surcharge for either their discharge into, or treatment by the CCA's Treatment Works.
10. To prohibit or require pretreatment before introduction into the CCA's Treatment Works of any wastewater which may adversely affect the disposal of sludge in any manner.
11. To provide procedures for the extension of sewer service.
12. To provide violation and enforcement procedures, provide for protection against damage to the wastewater collection system or treatment works and establishment of fees and charges for use of the wastewater disposal system for both domestic and industrial wastes and other miscellaneous regulation designed to bring about the safe and efficient operation of CCA's wastewater collection and treatment system.
13. To acknowledge that the City of Coatesville has, by ordinance, provided that these Rules and Regulations are a proper means of protecting public health, safety and welfare, and that the administration and enforcement of these Rules and Regulations by CCA is carried out in part as an agent of the City.

ARTICLE III
EFFECTIVE DATE

Section 3.01. These Rules and Regulations shall become effective at once and shall be applicable on or after June 1, 1999, to all properties then connected to, or as soon as they respectively become connected to and have the right to use, the sewer system. CCA reserves the right to amend these Rules and Regulations or to change the rates or charges in such manner and at such times as, in its opinion, may be advisable.

ARTICLE IV
DEFINITIONS

Section 4.01. Definitions

Unless the context specifically and clearly indicates otherwise, the meaning of terms used in these Rules and Regulations shall be as follows:

1. "Authority" - The City of Coatesville Authority (also called "CCA").
2. "Applicant" - A customer who enters into a service agreement for sewer service at a premises.
3. "Authorized Representative of a User" - An authorized representative of a user may be:
 - (1) A principal executive officer of at least the level of vice president, if the user is a corporation; (2) A general partner or proprietor if the user is a partnership or proprietorship, respectively;
 - (3) A duly authorized representative of the individual designated above if such representative is responsible for the overall operation of the facilities from which the indirect discharge originates.
4. "B.O.D." (Biochemical Oxygen Demand) shall mean the quantity of oxygen, expressed in milligrams per Liter, utilized in the biochemical oxidation of organic matter under standard laboratory procedure for five (5) days at twenty (20) degrees Centigrade. The standard laboratory procedure shall be that found in the latest edition of "Standard Methods for the Examination of Water and Sewage" published by the American Public Health Association.
5. "Building Sewer" shall mean the extension from the building sewer system to CCA's sewer main.
6. "Bypass" means the intentional or negligent diversion of industrial wastewater from any portion of an Industrial user's pretreatment process through which the wastewater normally passes.
7. "Categorical Standards" - A Pretreatment Standard promulgated by the EPA as provided by section 307 of the Clean Water Act (33 USC 1317) which applies to a specific category of Industrial Users, as provided in 40 CFR Chapter I, Subchapter

N, Parts 405 through 471.

8. "Chlorine Demand" shall mean the quantity of chlorine absorbed in water, wastewater or other liquids, allowing a residual of 0.1 ppm by weight after fifteen (15) minutes of contact. The standard laboratory procedure shall be that found in the latest edition of "Standard Methods for the Examination of Water and Sewage" published by the American Public Health Association.
9. "Composite Sample" means a sample consisting of several effluent portions collected at intervals during a specific time period and combined to make a Representative sample. When special sampling techniques are required for a particular pollutant, e.g., volatile organic compounds requiring grab samples of fixed size, or when otherwise provided by a permit, the requirement that a composite sample be a Representative sample may be waived by the Authority.
10. "Connection Fee" means a fee authorized under Act 203 of 1990 to recover the Authority's cost for facilities installed between the sewer mains and the property line of the property to be connected to the system.
11. "Cooling Water" means any water used for the purpose of carrying away excess heat, both direct and indirect, and which may or may not contain biocides used to control biological growth. See also "Non-contact Cooling Water" in these definitions.
12. "Customer" means any individual, firm, company, partnership, corporation, association, group or society, including the Commonwealth of Pennsylvania, and agencies, districts, commissions and political subdivisions created by or pursuant to State law, and Federal agencies, departments or instrumentalities thereof, who have executed a Service Agreement with CCA.
13. "Customer Facilities Fee" means a fee permitted under Act 203 of 1990 which allows the Authority to recover its actual cost for facilities installed between the property line and the internal plumbing of the building being connected to the system.
14. "Daily Measurement" is the result obtained for a Composite Sample, or the average of the measurements of all grab samples, taken over the course of a calendar day or a similar period reasonably representative of one day of normal operation.
15. "Department" means the Pennsylvania Department of Environmental Protection (PaDEP).
16. "Director" means the Executive Director of the Authority or his/her authorized representatives.
17. "Discharge" means an Indirect Discharge; "To discharge" means to cause or allow the introduction of material into the Treatment Works.
18. "Domestic Wastewater" means the liquid waste or liquid borne waste (1) resulting from the non-commercial preparation, cooking, and handling of food, (2) consisting of human excrement, or (3) consisting of washwater, non-commercial laundering waters, domestic housekeeping wastewater, and similar types of wastes from sanitary uses, whether generated in residences or sanitary facilities in commercial or industrial facilities, but does not include stormwater introduced from roof leaders, sump pumps, or floor drains, or industrial wastewater

19. "EPA" means the United States Environmental Protection Agency.
20. "Federal Act" means the Federal Water Pollution Control Act, also known as the Clean Water Act, as amended, 33 USC 1251, et. seq.
21. "Garbage" shall mean solid wastes resulting from preparation, cooking, and dispensing of food and from handling, storage, and sale of produce.
22. "Government" means the United States of America and the Commonwealth of Pennsylvania and any department or agency thereof.
23. "Grab Sample" means a sample which is taken from a waste stream on a one-time basis with no regard to the flow in the waste stream and without consideration of time.
24. "Holding Tank Waste" means any waste from holding tanks such as vessels, chemical toilets, campers, trailers, septic tanks, and vacuum-pump tank trucks.
25. "Indirect Discharge" shall mean the Discharge or the introduction of nondomestic pollutants from any source regulated under section 307(b) of the Act (33 USC 1317), into the POTW (including holding tank waste discharged into the POTW).
26. "Industrial User" means any person that causes, allows, or permits an Indirect Discharge or any Discharge of Industrial Wastewater.
27. "Industrial Wastewater" shall mean the liquid waste or liquid borne waste resulting from any industrial, manufacturing, trade, or business process or activity, or in the course of developing, recovering or processing of natural resources which, whether treated or untreated, is discharged into the Treatment Works, but not Non-contact Cooling Water or Domestic Wastewater unless such wastes are mixed with Industrial Wastewater; a mixture of any other water or wastewater with Industrial Wastewater is Industrial Wastewater.
28. "Industrial Pretreatment Program" means the provisions of this Resolution and any applicable law, regulation or ordinance of any government or municipality applicable to the control of Indirect Discharges, and such rules, policies, procedures and administrative activities adopted or carried out by CCA in furtherance of the mandates and goals of such laws, rules, and regulations.
29. "Industrial Waste Discharge Permit" is a permit issued to industrial users as provided by Article IX of these Rules and Regulations.
30. "Interference" means (i) inhibiting or disrupting a treatment works system or its treatment process or operation so as to contribute to, or cause a violation of any condition of a state or federal permit or any restriction, condition, or prohibition on the discharge from the treatment works established by any government statute, regulation, or policy, or (ii) discharging industrial process wastewater which, alone or in combination with existing domestic wastewater is of such volume or strength as to exceed the treatment process capacity; or (iii) preventing the use or disposal of sludge produced by the treatment works in accordance with any State rules or regulations or section 405 of the Federal Clean Water Act (33 USC 1345) or the regulations adopted thereunder; or any regulations or criteria or guidelines developed pursuant to the Federal Resource Conservation and Recovery Act of 1976 (42 USC 6901 et. seq.), the Federal Clean Air Act (42 USC 7401 et. seq.), or the

Federal Toxic Substances Control Act (15 USC 2601 et. seq.).

31. "Local Limits" means numerical or narrative requirements respecting the allowable concentration or mass of pollutants in industrial wastewater. Local limits are adopted by the CCA to implement the provisions of the pretreatment program.
32. "Main Extension" means extension of service requiring the construction of one or more additional sewers including pumping stations and force or pressure mains.
33. "Monthly Average" shall mean the arithmetic mean of all of the daily measurements taken during a calendar month. Should only one daily measurement be obtained during the month, that result is the Monthly Average.
34. "Municipality" means any city of any class, any borough, township, municipal authority, or any other municipality other than a county or a school district.
35. "National Pollutant Discharge Elimination System" (NPDES) means the system of discharge permits (NPDES) issued by DEP pursuant to section 402 of the Clean Water Act (33 USC 1342).
36. "National Prohibited Standards" means prohibited discharge standards established in 40 CFR section 403.5.
37. "Non-contact cooling water" means cooling water that does not contact any raw material, intermediate or finished product, or waste.
38. "Owner" means the person in whose name the deed for a property is recorded.
39. "Pass Through" means the discharge of pollutants to the waters of the State either untreated or insufficiently treated so as to cause or contribute to pollution or a violation of the NPDES Permit issued to the CCA; or the concentration of pollutants in the sludge produced by the treatment plant so that the end use of the sludge results in pollution, harm to the environment, or a violation of any State or Federal sludge disposal regulation, guideline or standard.
40. "pH" means the logarithm base 10 of the reciprocal of the concentration of hydrogen ions in grams per liter of solution. Solutions with a pH greater than 7 are said to be basic; solutions with a pH less than 7 are said to be acidic; pH equal to 7 is considered neutral.
41. "Person" - An individual, partnership, company, corporation, association, corporate political body, joint ownership, or any other entity capable of functioning in the context used herein.
42. "Pollutant" means any dredged spoil, solid waste, incinerator residue, sewage, garbage, refuse, oil, grease, sewage sludge, munitions, chemical wastes, biological materials, radioactive substance, thermal waste, wrecked or discarded equipment, rock, sand, cellar dirt, and industrial, municipal or agricultural waste or other residue, or any substance identified in these Rules and Regulations as regulated, restricted, or prohibited.
43. "Premises" means the property, building, or other site to which water service is furnished, including:
 - a. A building under one roof, owned and leased by one person, and occupied as one

residence or business;

b. Each combination of buildings owned or leased by one person, served by one service line, and occupied by one family or business;

c. Each side of a double house or each housing unit;

d. Each apartment, office, or suite of offices located in a building having several such apartments, offices, or suites of offices and using in common one or more means of entrance; or

e. Such other situations as CCA shall deem proper and advisable.

44. "Pretreatment" means the application of physical, chemical and/or biological processes to reduce the amount of pollutants in, or alter the nature of the polluting properties of, an industrial process wastewater prior to discharging such wastewater into the Treatment Works.
45. "Pretreatment Standards and Requirements" means any applicable Federal or State rules and regulations implementing sections 306 and 307 of the Clean Water Act (33 USC 1316 & 1317), as well as any non-conflicting standards or regulations adopted by the CCA or a Municipality as defined in this section, including Local Limits.
46. "Publicly Owned Treatment Works" (or "POTW") defined by section 212 of the Act (33 USC § 1292). For the purposes of these Rules and Regulations, "POTW" shall also include local collection systems of participants or other sewers that convey wastewaters to the POTW from persons outside the district who are, by contract or agreement with CCA, users of CCA's POTW.
47. "Regional Administrator" shall mean the Administrator of Region III of the United States Environmental Protection Agency or his/her authorized representative.
48. "Representative Sample" means a sample obtained in such a way that the relative proportions of its constituents reliably approximates the proportions occurring in the total discharge from the facility during the course of a calendar day. A representative sample is normally obtained by means of a flow-proportioned Composite sample taken during the hours when a discharge is occurring. When sampling to determine compliance with a maximum instantaneous limit, a representative sample may be a grab sample. When conditions require, and with the approval of the CCA, a Representative Sample may be obtained as a series of grab samples, or using other non-proportionate methods.
49. "Service Line" means the service pipe extending from CCA's sewer to the customer's building including the service connection on the main, cleanouts, manholes, meter manhole, if required, sampling point, and any other fittings deemed appropriate by CCA. The service line is owned by the property owner.
50. "Sewer" shall mean a sewer of CCA or of the tributary sewer systems that discharge to the CCA system, which carries wastewater and to which storm, surface, and groundwaters are not intentionally admitted.
51. "Sewer Connection Fee" means the "Connection Fee" as set forth in this section.

52. "Sewer Discharge Permit". A permit issued by the CCA allowing a user to discharge wastewater to the CCA sanitary sewer system. See also, Industrial Waste Discharge Permit in these definitions.
53. "Sewer Service Application" - An application required for any customer requesting or receiving sewer service from CCA.
54. "Sewer Service Connection" The fitting or manhole owned by CCA and installed or authorized to be installed in a CCA main by CCA, connecting a service line to a CCA sewer.
55. "Significant Industrial User" means any industrial user that discharges industrial wastewater which either (1) exceeds an average rate of 25,000 gallons per day, or (2) exceeds a BOD loading of sixty-three pounds of BOD, one hundred four pounds of Chemical Oxygen Demand, or sixty-three pounds of TSS, (3) is regulated by Categorical Pretreatment Standards, or (4) is determined by the CCA to have the potential of adversely affecting the POTW, causing Pass Through or Interference, or of violating any Pretreatment Standard or Requirement.
56. "Slug" shall mean any discharge of water, wastewater or industrial waste which exceeds for any period of duration longer than fifteen (15) minutes, (1) more than five (5) times the average twenty-four (24) hour concentration of any constituent therein, or (2) more than five times the average rate of flow[s] during normal operation.
57. "State" means the Commonwealth of Pennsylvania.
58. "State Act" means the Pennsylvania Clean Streams Law (35 P.S. 691.1-691.801).
59. "Storm Water" means any flow occurring during or immediately following any form of natural precipitation and resulting therefrom.
60. "Surcharge" shall mean the additional charge that will be levied against a user discharging wastewater whose BOD and suspended solids concentrations are in excess of the standard adopted for surcharges, or which contain constituents in concentrations for which CCA has determined an additional charge is required for their treatment.
61. "Suspended Solids" or "Total Suspended Solids (TSS)" means the Total Filterable Residue as defined by 40 CFR 136.
62. "Tapping Fee" means the fees authorized to be established by Act 203 of 1990, including four components: the Capacity Part, the Collection Part, the Special Purpose Part, and the Reimbursement Component.
63. "Tenant" - A user who leases or rents premises from an owner.
64. "Toxic Pollutant" means any pollutant so designated by the EPA in accordance with the provisions of section 307(a) of the Clean Water Act (33 USC 1317).
65. "Treatment Works" means POTW as defined herein and any device or system, whether public or private, used in the storage, treatment, recycling, or reclamation of domestic or industrial waste of a liquid nature, including: intercepting sewers, outfall sewers, systems served by the CCA, sewage collection, cooling towers and ponds, pumping, power and other equipment and their appurtenances; extensions,

improvements, remodeling, additions, and alterations thereof; elements essential to provide a reliable recycling supply such as standby treatment units and clear well facilities; any other works including sites for the treatment process or for ultimate disposal of residues resulting from such treatment.

66. "Treatment Plant" means that portion of the treatment works designed to provide treatment to wastewater and thence to discharge treated wastewater to the environment.
67. "User" means any person, corporation or institution who discharges, causes, or permits the discharge of wastewater into the Treatment Works, either directly or indirectly.
68. "Wastewater" means the liquid and water-carried industrial or domestic wastes from dwellings, commercial facilities, industrial facilities, and institutions, together with any groundwater, surface water, and storm water that may be present, whether treated or untreated, which is discharged into or permitted to enter the CCA Treatment Works.

Section 4.02. Abbreviations.

The following abbreviations shall have the designated meaning:

BOD	- Biochemical Oxygen Demand.
CCA	- City of Coatesville Authority
CFR	- Code of Federal Regulations.
COD	- Chemical Oxygen Demand.
EPA	- Environmental Protection Agency.
L	- Liter.
mg	- Milligrams.
mg/L	- Milligrams per liter.
NH ₃ -N	- Ammonia Nitrogen.
P	- Phosphorus.
NPDES	- National Pollutant Discharge Elimination System.
PADEP	- Pennsylvania Department of Environmental Protection
POTW	- Publicly Owned Treatment Works.
ppb	- parts per billion.
ppm	- parts per million.
SS	- Suspended Solids.
TSS	- Total Suspended Solids
USC	- United States Code.

ARTICLE V
SEWER SERVICE

Section 5.01. Sewer Service Agreements.

1. An agreement for sewer service must be made and sewer discharge permit obtained where domestic wastewater is proposed to be introduced through a connection of a service line to a sewer owned and maintained by CCA and approved by CCA for introduction of new sewer service including where there is any change in ownership of property or in tenancy where tenant is the user. CCA shall have the right, upon seven (7) days notice, to discontinue existing sewer service until such a new agreement has been made and approved. If industrial waste is proposed to be introduced into any sewer system tributary to CCA's Treatment Works, whether the sewer system is owned and maintained by CCA or by any other municipality or private party, the customer or user shall obtain a sewer discharge permit from CCA and enter into a sewer service agreement with CCA before commencing the discharge of such waste.
2. All agreements for sewer service are made subject to approval of CCA.
3. The agreement for sewer service must be signed by the applicant, which shall together with the Rules and Regulations of CCA, regulate and control the provision of sewer service to the premises.
4. A tenant may enter into an agreement for sewer service providing that the contract is co-signed by the owner, and that the owner acts as guarantor for the payment of all bills rendered on the account.
5. All agreements for sewer service shall continue in force from day to day, but either party may cancel the contract by giving seven (7) days written notice that the contract shall terminate at the expiration date contained in the notice. If the minimum charge is not exceeded at the time of termination, it shall be pro-rated on a daily basis for the quarter in which sewer service is terminated.
6. For purposes of the sewer service agreement, the term Customer shall include User as defined by Article IV of these Rules and Regulations. Service agreements shall be made between customers and CCA and the customer will be responsible for all users tributary to a customer service line.
7. Separate agreements for sewer service must be made for:
 - a. Each building under one roof owned or leased by one party, and occupied as one residence or business;
 - b. Each combination of buildings owned or leased by one party in one common enclosure and occupied by one family or business;
 - c. Each side of a double house having a solid vertical partition wall; orSuch other cases as to CCA shall seem proper and advisable under the circumstances.

8. All sewer service provided by CCA must be entered through approved connections. Any wastewater discharged through unapproved connections to CCA sewers will cause the discontinuance of service and the imposition of penalties and other charges as described herein.

Section 5.02. Sewer Discharge Permits.

1. Anyone desiring the introduction of a new service line or lines from CCA's main into the premises must first enter into an agreement for sewer service as provided in Section 5.01 above on the form furnished by CCA. At least seven (7) days before service is required, application for sewer service must also be made. The application shall state the time when the trench to CCA's sewer will be ready for completing the connection to the CCA sewer. The applicant shall guarantee that such service will continue for at least one (1) year.

2. The agreement will not be approved until CCA receives payment of the appropriate tapping fee and connection fee, as stipulated in the Schedule of Rates and Charges, and other charges stipulated by CCA in duly adopted schedules of charges.

Section 5.03. Deposits.

1. Deposits may be required from customers as deemed necessary by CCA.

2. Deposits will be returned to the depositor when he has paid bills for service over a period of twelve (12) consecutive months; or upon discontinuance of service by the customer and payment of all charges due. Any customer having secured the return of a deposit will not be required to make a new deposit unless the service has been discontinued or the customer's credit standing is impaired through failure to comply with the Rules and Regulations.

3. No interest will be paid on deposits.

4. Any customer having a deposit shall pay bills for sewer service as rendered in accordance with the Rules and Regulations of CCA and the deposit shall not be considered as payment on account of a bill during the time the customer is receiving sewer service.

ARTICLE VI

CONDITIONS OF INSTALLATION, DISCONNECTION AND USE

Section 6.01. Service Limited to Premises

No customer or any premises supplied with sewer service by CCA shall be allowed to supply said service to other persons or families or other premises except by written permission from CCA. Customers who violate this rule shall have their sewer service discontinued after a notice of five (5) days, and it shall remain off until CCA is satisfied that the Rules and Regulations are observed.

Section 6.02. Customer Service Connection/Disconnection.

1. After a customer applies for and obtains a sewer discharge permit, pays all applicable tapping fees, connection fees, and other charges, and enters into an agreement for sewer service, the customer will construct a complete building sewer (see definition) which shall be air tested by the installer under the supervision of CCA's representative, and subsequently approved through a service line inspection form completed by said CCA representative.
2. The customer or owner is responsible for excavation, backfill, street restoration and any street opening permits at the location where the new sewer service or the disconnection of the old sewer service is made.
3. Building sewers, including all fittings, manholes, meter locations and sampling points, shall be constructed in accordance with CCA specifications.

ARTICLE VII

USE OF THE TREATMENT WORKS

Section 7.01. General Prohibitions on Wastewater Discharge.

No person shall discharge, deposit, cause or allow to be discharged or deposited into the CCA Treatment Works any Wastewater which contributes to a violation of any of the parameters in the CCA NPDES permit, or which contains any of the following:

Stormwater, surface water, groundwater, roof runoff, swimming pool water, subsurface drainage, or foundation or basement sump drainage;

1. Oils, tar, grease, combustible gases and liquids, insoluble solids of any kind, or other substances which may impair, impede, affect, interfere with or endanger the Treatment Works of any part thereof;
2. Gasoline, benzene, naphtha, paints, lacquers, fuel oil, or other flammable or explosive liquid, solid, or gas which by reason of its nature or quality may cause fire or explosion or which, in any way, may be injurious to personnel or the Treatment Works;
3. Substances of such a nature as to form noxious or malodorous gases or substances which either singularly or through interaction with other wastes or substances found in wastewater treatment processes may create a public nuisance, hazard to life, or prevent entry into any portion of the Treatment Works for operational duties, maintenance or repair;
4. Solids or viscous substances in quantities or of such size capable of causing obstruction of the flow in sewers, or other interference with the proper operation of the treatment works, such as, but not limited to, ashes, cinders, sand, mud, straw, shavings, metal, glass, rags, feathers, tar, plastics, wood, paunch manure, hair, fleshings, offal, entrails, and paper products.
5. Garbage from any institutional, commercial or domestic source not properly shredded.
6. Septic tank or cesspool wastes. These wastes may, however, be accepted directly at

the CCA's wastewater treatment facilities at charges and during times prescribed by the CCA. The CCA reserves the right, however, to discontinue the acceptance of such wastes without notice should such wastes result in any operational problems.

7. Wastewaters having an objectionable color which is not removable in the wastewater treatment facility.

Section 7.02. Specific Prohibitions

No person shall discharge or permit to be discharged the following described substances, materials or wastewater, in amounts, rates, or concentrations that will or may cause or contribute to pass through, interference, risk to human health or environment, or a public or private nuisance. The prohibited substances are:

1. Any wastewater having a temperature higher than 150 °F (65 °C).
2. Any wastewater containing fats, wax, grease, or oils of such concentration or consistency that would cause or contribute to obstructions in the sewer, or increased removal or treatment costs at the Treatment Works. Unless shown by the discharger that a higher concentration will not violate this standard, it is presumed that a concentration of hexane extractable materials (as defined by 40 CFR Part 136) in excess of 100 mg/L is a prohibited concentration.
3. Wastewater having a pH less than 6.0 or greater than 9.0 or found to be excessively corrosive.
4. Wastewater containing any radioactive substances.
5. Wastewater having a flash Point lower than 235 ° F (113 ° C) as determined by the TAG or Pensky-Martins closed cup method, as applicable.
6. All wastes containing toxic pollutants or corrosive substances in sufficient quantity or concentration to cause or contribute to injury, damage or hazard to personnel, structures or equipment, interference, or pass through.
7. Any constituent in Industrial wastewater in excess of the limits imposed by an industrial waste discharge permit issued by CCA, or in excess of applicable Categorical Standards.
8. Unusual volume of flow or concentration of wastes constituting "slugs" as defined herein.
10. Substances interfering with Sludge Management - Any substance which may cause the POTW's sludge to be unsuitable for disposal or to interfere with the reclamation process where the POTW is pursuing a reuse and reclamation program. In no case shall a substance discharged to the POTW cause the POTW to be in noncompliance with sludge use or disposal criteria, guidelines or regulations developed under Section 405 of the Clean Water Act (33 USC 1345) including 40 CFR section 503; any criteria, guidelines, or regulations affecting sludge use or disposal developed pursuant to the Solid Waste Disposal Act, the Clean Air Act, the Toxic Substances Control Act, or any State statute, regulation or guideline.

Section 7.03. Local Limits and Discharge Limitations

1. Appendix A presents the local limits for certain pollutants. The local limits are the allowable wastewater discharges to the treatment works by all industrial users, including both Significant Industrial Users and other (non-significant) industrial users.
2. Discharge limits in Industrial Waste Discharge Permits may be in terms of mass, concentration, flow volume, or a combination of these.
3. For local limits that are expressed as a total allowable mass, discharges by Significant Industrial Users shall be limited by means of Industrial Waste Discharge Permits so that the total mass of pollutants allowed to be discharged by Significant Industrial Users, plus that expected to be discharged by non-significant industrial users, shall not exceed the local limits. In such a case the CCA may allocate the allowable mass of limited pollutants among industrial dischargers as is appropriate to reflect the nature of the industrial wastes, flow rates, and other considerations. The allocation may be changed administratively from time to time as the CCA sees fit, without action of the Board or amendment of this resolution.
4. When local limits are expressed in terms of concentration, such limits shall be included in all Industrial Waste Discharge Permits, subject to the provisions of section 7.11 of this Article.

Section 7.04. Federal Categorical Pretreatment Standards.

1. Upon the effective date of the Federal Categorical Pretreatment Standard for a particular industrial subcategory, the Federal Standard, if more stringent than limitations imposed under these rules and regulations for sources in that subcategory, shall become the industrial wastewater discharge standard for any industrial user subject to the standard.
2. The CCA shall endeavor to notify all affected users of the applicable reporting requirements in 40 CFR, section 403.12. Whether notified or not, any industrial user subject to national pretreatment standards shall be responsible for compliance with all such standards and associated national reporting requirements, and failure or inadequacy of notice by CCA shall not be reason for any noncompliance by the industrial user, nor grounds for a claim at law or in equity against CCA.
3. CCA is not the "Control authority" for purposes of industrial user reporting under the provisions of 40 CFR section 403.12, and industrial users subject to Categorical Pretreatment Standards shall submit required reports to EPA, as provided in section 10.01 of these Rules and Regulations.

Section 7.05. State Requirements.

State requirements and limitations on discharges shall apply in any case where they are more stringent than federal requirements and limitations or those in these Rules and Regulations.

Section 7.06. CCA's Right of Revision.

The CCA reserves the right to establish more stringent limitations or requirements on discharges to the Treatment Works if deemed necessary by CCA to comply with objectives of these Rules and Regulations.

Section 7.07. Excessive Discharge.

No user shall ever increase the use of process water or in any way attempt to dilute a discharge as a partial or complete substitute for adequate treatment to achieve compliance with the limitations for adequate treatment, to achieve compliance with the limitations contained in the Federal Categorical Pretreatment Standards, or to achieve compliance with any other pollutant-specific limitation developed by the State or CCA.

Section 7.08. Unacceptable Wastes.

If any wastewaters are discharged, or are proposed to be discharged to the Treatment Works which wastewaters contain the substances or possess the characteristics enumerated or referred to in Section 7.01 or 7.02 of this Article, CCA will exercise one or more of the following options:

1. Reject the wastes permanently, in which case any Discharge of the wastewater to the POTW is a violation of this resolution for which CCA may take such actions as are allowed by law to abate.
2. Reject the wastes and bar the discharge of the rejected wastes until such time as the discharger of such wastes provides a detailed report (prepared by a professional engineer registered in the Commonwealth of Pennsylvania with recognized expertise in the treatment of industrial wastes) containing recommendations as to the method of pretreatment and acceptability of such wastes into the Treatment Works. Upon the CCA'S acceptance of said report, said wastes may be accepted on a trial basis under such terms and conditions as CCA may impose, and subject to termination by CCA for any reason.
3. Require pretreatment to an acceptable condition for discharge to the Treatment Works.
4. Require control over the quantities, rates and time of discharge.
5. Accept the wastes as provided in Section 7.11 of this Article.

Section 7.09. Design of Pretreatment Facilities.

If the CCA permits the pretreatment or equalization of discharge of wastes which are to be accepted in the Treatment Works, the design and installation of the pretreatment facilities shall be reviewed and approved by CCA, and are subject to the requirements of the Pretreatment Standards and all other applicable codes, ordinances, and laws. Such review and approval of proposed pretreatment facilities shall not be an endorsement or warranty of the effectiveness, efficiency or capability of such pretreatment facilities, and shall not act as a waiver of any applicable Pretreatment Standard or Requirement.

Section 7.10. Maintenance of Pretreatment Facilities.

Where pretreatment or flow equalization or time of discharge control facilities are provided for any wastewaters discharged to the Treatment Works, it shall be maintained continuously in satisfactory and effective operation by the user or the Owner, as appropriate, at the expense of said user or owner.

Section 7.11. High Strength Wastes.

No statement contained in this Article shall be construed as preventing any special agreement or arrangement between CCA and any user whereby a wastewater with high BOD or suspended solids concentrations, a high chlorine demand or with unusual strength or characteristics may be accepted by CCA for treatment at an additional charge, provided CCA has determined, at the expense of the user, that the wastewater can be adequately conveyed and treated by the Treatment works without any deleterious effects, and provided further that such waste discharges do not violate any State or National Pretreatment Standards, including National Prohibited Standards and applicable Categorical Pretreatment Standards.

ARTICLE VIII

NOTIFICATION, INSPECTION, TESTING AND CONTROL FOR INDUSTRIAL WASTES

Section 8.01. Industrial Waste Analysis

All Users desiring to discharge industrial wastes to the CCA Treatment Works must file with CCA a complete physical and chemical analysis of the wastes proposed to be discharged into the treatment works. This information shall be filed on forms prescribed by CCA.

Section 8.02. Notification of Change

Any industry which is connected to the Treatment Works, either directly or indirectly, and is discharging industrial wastes thereto, which shall change its method of operation so as to alter the nature of the wastes previously discharged, either in quality or quantity, shall notify the CCA at least thirty days in advance of any such change, if such a change is planned, otherwise immediately upon becoming aware of such a change. The industrial user shall report on the expected changes in the waste, and shall sample and analyze the waste for any substances expected to be found therein, or as directed by the CCA. The CCA may require that the industry apply for an Industrial Waste Discharge Permit or for an amendment of an existing permit, as provided in Article IX of these Rules and Regulations.

Section 8.03. Admission to Property

Whenever it shall be necessary for the purposes of implementing the requirements of these Rules and Regulations, any duly authorized employees or representatives of CCA, upon the presentation of credentials and identification, shall at any time be permitted to enter all properties to inspect, observe, measure, sample, test or monitor any discharge of wastewater to the Treatment Works or records thereof, in accordance with the provisions of these Rules and Regulations.

Section 8.04. User Held Harmless.

While performing the necessary work on private properties referred to in Section 8.03, duly authorized employees or representatives of CCA shall observe all safety rules applicable to the premises established by the user and the user shall be held harmless by CCA for injury or death to CCA employees or representatives and CCA shall indemnify the user against loss and demands for personal injury or property damage asserted against the user and growing out of the gauging and sampling operation, except as such may be caused by negligence or failure of the user to maintain safe conditions as required in Section 8.05.

Section 8.05. Control Manhole

When required by the CCA, the user shall install a suitable control manhole together with such necessary meters and other appurtenances in the building sewer as may be approved by CCA to facilitate observation, sampling, and measurement of the wastewater. Such manhole or other appurtenances, when required, shall be accessibly and safety located, and shall be constructed in accordance with plans approved by the CCA. The control manhole shall be installed by the user at his expense, and shall be maintained by him so as to be safe and accessible to CCA representatives at all times. If the user does not maintain the control manhole and the equipment in it in a satisfactory condition as determined by CCA, CCA shall maintain them at the user's expense.

Section 8.06. Measurements and Tests.

All measurements, tests, and analyses of the characteristics of waters and wastes to which reference is made in these Rules and Regulations shall be determined in accordance with Section 10.03 of these Regulations and shall be determined at the control manholes provided. In the event that no special control manhole has been required, the control manhole shall be considered to be the nearest downstream manhole in the public sewer to the point at which the building sewer is connected. Sampling shall be carried out by customarily accepted methods to reflect the effect of constituents upon the Treatment Works and to determine the existence of hazards to life, limb, and property.

Section 8.07. Submission of Plans.

Where pretreatment or equalization of wastewater flows or control of time of discharge prior to discharge into any part of the treatment works is required, the user shall notify the CCA, and plans, specifications, and other pertinent data prepared by an Engineer licensed in the Commonwealth of Pennsylvania or information relating to such pretreatment or flow-control facilities shall be submitted by the user to the CCA for review and approval. Such approval shall not exempt the discharge of such facilities from compliance with any applicable code, ordinance, rule, regulation or order of any governmental authority. Any subsequent modifications to such pretreatment or flow-control facilities shall not be made without due notice to and prior approval of CCA.

Section 8.08. Pretreatment Facilities Operations.

Pretreatment facilities shall be maintained in good working order and operated efficiently by the user at his/her own costs and expense, subject to the requirements of these Rules and Regulations and all other applicable Local, State, and Federal codes, ordinances, and laws.

Section 8.09. Accidental Discharges.

Each user shall provide protection from accidental discharge of prohibited materials or other substances regulated by these Rules and Regulations to the Treatment Works. Facilities to prevent accidental discharge of prohibited materials shall be provided and maintained at the user's own expense. Detailed plans showing facilities and operating procedures to provide this protection shall be submitted to CCA for review, and shall be approved prior to construction of the facility. All existing users shall complete such a plan at least sixty (60) days before scheduled start of construction of the facility. If any pretreatment or control facilities are in existence when these Regulations are adopted, the user shall submit drawings along with the plan mentioned above. No user who commences contribution to the Treatment Works after the effective date of these Rules and Regulations shall be permitted to introduce pollutants into the system until accidental discharge procedures have been approved by the CCA. Review and approval of such plans and operating procedures shall not relieve the user from the responsibility of modifying the facility as necessary to meet the requirements of these Rules and Regulations.

1. Telephone Notice: In the case of an accidental discharge to the CCA Treatment Works or, if for any reason a user does not comply, or will be unable to comply, with any prohibition or limitation in these Rules or Regulations, the user responsible for such discharge shall immediately telephone and notify CCA of the incident. (See telephone numbers and addresses in Appendix B). The notification shall include location of discharge, type of waste, concentration and volume. Furthermore, such user shall take immediate action to prevent interference with the treatment process or damage to the Treatment Works.

2. Written Notice: Within five (5) days following an accidental or non-complying discharge to the CCA Treatment Works, the User shall submit to CCA a detailed written report describing the date, time and cause of the discharge, the quantity and characteristics of the discharge and corrective action taken at the time of the discharge, and the measures to be taken by the user to prevent similar future occurrences. Such notification shall not relieve the user of any expense, loss, damage, or other liability which may be incurred as a result of damage to the Treatment Works, fish kills, or any other damage to person or property; nor shall such notification relieve the user of any fines, civil penalties, or other liability which may be imposed by this article or other applicable law.

3. Notice to Employees. A notice shall be permanently posted on the user's bulletin board or other prominent place advising user's employees whom to call in the event of a dangerous discharge to the CCA Treatment Works. Employers shall insure that all employees who may cause or suffer such a dangerous discharge to occur are advised of the emergency notification procedure.

ARTICLE IX
DISCHARGE PERMIT SYSTEM

Section 9.01. Permitted Discharges

No significant industrial user shall discharge industrial wastes into the Treatment Works without first obtaining an Industrial Waste Discharge Permit from CCA. Issuance or denial of an Industrial Waste Discharge Permit shall be a final administrative action of the CCA.

Section 9.02. New Users

New users which desire to discharge Industrial Wastewater into the Treatment Works or existing industrial users which desire to commence operations of a new facility or a new or different process that will affect the characteristics of the industrial wastewater discharging into the Treatment Works, shall notify CCA prior to the commencement of the new or different operations at the facility and provide such other information regarding the proposed discharge as CCA may request, including an application for an Industrial Waste Discharge Permit when deemed necessary.

Section 9.03. Compliance with Permit Conditions.

Any user issued an Industrial Waste Discharge Permit or other permit provided for by these Rules and Regulations shall abide by all of the provisions, conditions and terms of the permit, and a violation thereof shall be a violation of these Rules and Regulations. If a user objects to any term or condition of a permit it may appeal the specific terms and conditions to the CCA as provided in Article XIII of these Rules and Regulations.

Section 9.04. Types of Permits

CCA may issue wastewater discharge permits other than Industrial Waste Discharge Permits to special classes of dischargers in order to regulate the wastewater characteristics, duration, time of discharge, or other things necessary to achieve the purposes of these Rules and Regulations. The terms and conditions of such permits may be determined by the CCA at its sole discretion. These special permits may be denoted by any appropriate caption except "sewer discharge permit" or "Industrial Waste Discharge Permit" so as to distinguish them from these types of permits. Issuance of a special permit under this section shall be a final administrative action; denial of a special permit shall not be a final administrative action and a user may, upon such a denial, apply for an Industrial Waste Discharge Permit. When determined to be appropriate or necessary, CCA may, in lieu of issuing a permit, enter into a contract or agreement with a discharger for the control of the discharge. Special permits shall not be issued to Significant Industrial Users.

Section 9.05. Renewal of Industrial Waste Discharge Permit

1. If a permittee wishes to continue discharging Industrial Wastewater to the Treatment

Works, it shall request a renewal of its Industrial Waste Discharge Permit no less than 3 months prior to the expiration date of the permit then in force. The request shall be contained in a form prepared by CCA. Renewal of the permit shall be contingent upon the permittee having complied with the terms and conditions of the expired permit. Renewal or denial of renewal of a permit is a final administrative action.

2. If a request for renewal is timely made and complete, and the permit is not renewed by the expiration date by reason of delay caused by CCA, then the existing permit shall *continue in full force and effect until CCA issues a new permit or notifies the user that the permit has expired and will not be renewed*. Failure to timely renew an Industrial Waste Discharge Permit is not a final administrative action.

Section 9.06. Duration of Industrial Waste Discharge Permits

The Permit expiration date will be as indicated in the permit. Permits will not be issued for a term of more than five years. Except as provided in section 9.05 (relating to extension of permits upon delay in renewal), upon expiration of a permit the right to discharge industrial wastewater ceases and such a discharge is a violation of these rules and regulations as if the permit had not been obtained. Expiration of a permit is not a final administrative action.

Section 9.07. Changes to Industrial Waste Discharge Permits

Any user that proposes to make any changes in its facility or processing which significantly affects either the quality or quantity of its discharge to the Treatment Works shall notify CCA as provided in section 8.02 of these rules. Upon notice from CCA, the user shall apply for an amended permit. Forms may be procured from CCA.

Section 9.08. Transfer of Industrial Waste Discharge Permits

Industrial Waste Discharge Permits are issued to a specific user for a specific operation and are not transferable. An Industrial Waste Discharge Permit shall not be reassigned or transferred or sold to a new user, or a new or changed operation. The permittee shall notify CCA of any plans to transfer a facility to a new owner or operator, and shall notify the new owner or operator of the existence of an Industrial Waste Discharge Permit and the requirements of this resolution. The new user shall be governed by the provisions of section 9.02 of this Article.

Section 9.09. Procedure for Obtaining an Industrial Waste Discharge Permit.

Persons required to obtain an Industrial Waste Discharge Permit shall complete a CCA application form and forward it to CCA. The application shall be approved if the CCA, in its sole judgment, determines that applicant has complied with all applicable requirements of these Rules and Regulations and furnished to the CCA all requested information, and if the CCA determines that there is adequate hydraulic and/or treatment capacity in the Treatment Works to convey, treat and dispose of the wastes. An application submitted shall be signed by an Authorized Representative of a user. An application signed by an

individual other than a corporate officer shall include a corporate resolution granting the individual the authority to make the application on behalf of the user.

Section 9.10. Industrial Waste Discharge Permit Conditions.

Discharge permits shall be issued with the following applicable conditions:

1. Monitoring requirement for surcharge;
2. Monitoring requirements for pretreatment;
3. Monitoring requirements for flow;
4. Prohibitions and limitations on wastewaters discharged to the sewer (including pretreatment requirements);
5. Compliance schedules;
6. Reporting requirements;
7. Management requirements and responsibilities;
8. Special conditions applicable to users on a case by case basis.

The terms and conditions of the permit may be subject to modification and change by the CCA during the life of the permit, as limitations or requirements as identified in Section 7.04 are modified and changed. The user shall be informed of any proposed changes in his permit at least (30) days prior to the effective date of change. Any changes or new conditions in the permit shall include a reasonable time schedule for compliance.

Section 9.11. Suspension or Revocation of Permits.

CCA may suspend or revoke a Sewer Discharge Permit or an Industrial Waste Discharge Permit in accordance with Article XIII, Violation and Enforcement Procedures, of these Rules and Regulations.

ARTICLE X

WASTEWATER MONITORING AND REPORTING REQUIREMENTS FOR USERS WITH INDUSTRIAL WASTE DISCHARGE PERMITS

Section 10.01. Reporting Requirements.

1. All users subject to pretreatment standards and requirements shall comply with the applicable reporting requirements contained in 40 CFR 403.12.
2. **Compliance Reports for Industrial Users Subject to Categorical Standards.** Any user subject to Categorical pretreatment standards shall submit to CCA and to EPA the reports required by 40 CFR section 403.12, including a baseline monitoring report and a report on compliance with the Categorical Standard deadline. For purposes of reporting compliance with Categorical Pretreatment Standards, EPA is the "Control authority" described in the federal regulations, but copies of all such reports shall be provided to CCA.

3. **Periodic Discharge Reports.** Every Significant Industrial User shall submit a periodic discharge report to CCA during the months of June and December, unless required more frequently in a pretreatment standard or by the CCA. At the discretion of CCA and in consideration of such factors as local high or low flow rates, holidays, budget cycles, and similar matters, CCA may alter the months during which the above reports are to be submitted. The CCA may require any other industrial users discharging or proposing to discharge into the treatment works to file such periodic reports. The discharge report shall include such information regarding the operation of the facility, quality and quantity of discharge, permit compliance status, planned changes in the process or operation, and other information as CCA may require. CCA shall provide a form for use in submitting periodic reports.

Section 10.02. Records and Monitoring.

1. All users who discharge or propose to discharge Industrial Wastewaters to the Treatment Works shall maintain such records of production and related factors, effluent flows, and pollutant amounts or concentrations as are necessary to demonstrate compliance with the requirements of these Rules and Regulations and any applicable State or Federal pretreatment standards and requirements.
2. Such records shall be made available upon request by CCA. All such records relating to compliance with pretreatment standards shall be made available to officials of the Department and the EPA upon demand. A summary of such data indicating the user's compliance with these Rules and Regulations shall be prepared and submitted to CCA.
 - All records shall be retained for a minimum of three (3) years.
3. Any user discharging Industrial Wastewater into the treatment works shall install at the user's own cost and expense suitable monitoring equipment to facilitate the accurate observation, sampling, and measurement of wastewater, as required. Such equipment shall be maintained in proper working order and kept safe and accessible at all times. The CCA shall determine what, if any, equipment is required.
4. Whether constructed on public or private property, the monitoring facilities shall be constructed in accordance with CCA requirements and all applicable construction standards and specifications. Plans and specifications for all such work will be submitted to CCA for approval prior to construction.

Section 10.03. Inspection, Sampling and Analysis.

1. **Representative Sampling Point.** All users proposing to discharge or intending to continue to discharge industrial wastewater to any part of the Treatment Works must make available a sampling point representative of the discharge which is acceptable to, and approved by, CCA. This point must be available to the CCA, the Department, or EPA for purposes of conducting sampling inspections, compliance monitoring and/or metering operations.
2. **Compliance Determination.** Compliance determinations by CCA with respect to Article VII of these Rules and Regulations shall be made on the basis of representative samples obtained and analyzed as provided by these rules and regulations and the

Industrial Waste Discharge Permit. CCA may obtain the necessary samples or may, by means of a requirement in an Industrial Waste Discharge Permit or other permit, require an industrial user to obtain samples and report the results.

3. **Analysis of Industrial Wastewaters.** Sampling, sample handling and preservation, and laboratory analyses of industrial wastewater samples shall be performed in accordance with EPA regulations in 40 CFR Part 136. Analysis of those pollutants not provided for in the EPA rules shall be performed in accordance with procedures approved by CCA.
4. **Sampling Frequency.** Sampling of industrial wastewater for the purpose of compliance determinations with respect to Article VII of these Rules and Regulations will be done at such intervals as CCA may designate. Sampling to determine compliance with Categorical Pretreatment Standards shall be performed as required by the applicable Standard. However, it is the intention of CCA to conduct compliance sampling or to cause such sampling to be conducted for all significant industrial users at least once in every calendar year.

Section 10.04. Pretreatment Facility Operation B Regulation of Bypasses

1. Users shall provide necessary wastewater pretreatment as required to comply with these Rules and Regulations and shall achieve compliance with all applicable Federal Categorical Pretreatment Standards within the time limitations as specified by the Federal Pretreatment Regulations. Any facilities required to pretreat wastewater to a level acceptable to the CCA shall be provided, operated, and maintained at the user's expense. Detailed plans showing the Pretreatment facilities and operating procedures shall be provided as prescribed by Section 8.07 of these Regulations. The review of such plans and operating procedures by CCA will in no way relieve the user from the responsibility of modifying the facility as necessary to produce an effluent acceptable to the CCA under the provisions of these Rules and Regulations. Any subsequent changes in the pretreatment facilities or method of operation shall be reported to and be acceptable to CCA prior to the user's initiation of the changes.
2. If pretreatment facilities are necessary to achieve the limitations imposed by an industrial wastewater discharge permit, such facilities shall be properly operated at all times, and Bypass of a pretreatment system that will result in a violation of any Pretreatment Standard or Requirement is prohibited unless the Bypass is necessary to protect or preserve human life, or to avoid severe property damage. If such a Bypass occurs, the reporting requirements for an accidental spill, set forth in section 8.09 of these Rules and Regulations shall be followed.
3. A Bypass is not permitted for maintenance or repair purposes, unless:
 - a. the Industrial Waste discharged during the period of Bypass will continue to meet all applicable requirements and limitations, and
 - b. The planned Bypass is reported to the CCA at least three calendar days prior to the activity, and observation and sampling of the discharge is provided by the user as may be requested by CCA.

Section 10.05. Confidential Information.

Information and data on a user obtained from reports, questionnaires, permit applications, permits and monitoring programs and from inspections shall be available to the public or other governmental agency without restriction unless the user specifically requests and is able to demonstrate to the satisfaction of CCA that the release of such information would divulge information, processes or methods of production entitled to protection as trade secrets of the user. When requested by the person furnishing a report, the portions of a report which might disclose trade secrets or secret processes shall not be made available for inspection by the public but shall be made available upon written request to the EPA and/or the Department for uses related to these Rules and Regulations, the National Pollutant Discharge Elimination System (NPDES) and the State or Federal Pretreatment Programs; provided, however, that, such portions of a report shall be available for use by the State in judicial review or enforcement proceedings involving the person furnishing the report. Wastewater constituents and characteristics will not be recognized as confidential information. Information accepted by CCA as confidential shall not be transmitted to any governmental agency by CCA until and unless a ten day notification is given to the user.

ARTICLE XI**TERMS OF PAYMENT****Section 11.01. Bills Rendered.**

1. All bills will be rendered quarterly for the period immediately preceding the date of the bill. Bills shall be determined according to the rates in the Schedule of Rates and Charges based upon metered water consumption or in the case of municipal interconnections as mutually agreed upon. In every case where a meter fails to register, a bill will be rendered based on average consumption for the previous twelve (12) months, or average consumption for the total period of service, whichever is shorter.
2. Bills for new services and final bills will be computed for the initial or final period of water use according to the Schedule of Rates and Charges on the actual consumption or a pro-rated minimum, whichever is greater. The minimum charge shall be pro-rated on a daily basis for the quarter in which service is established or terminated.
3. Where special service rates are fixed, or cost of service of any kind is estimated, payment must be made at the time application is submitted and before the service is granted.

Section 11.02. Bills Due and Payable.

1. All sewer bills must be paid within thirty (30) days of the date of the bill.
2. Charges for connections, uses, and special services shall be payable on demand.
3. A penalty of five percent (5%) will be added to all City of Coatesville Authority bills unpaid by the due date. If the bill remains unpaid one month after the due date, the City of Coatesville Authority will proceed to assess interest of ten percent (10%) per year. These charges will apply only against the overdue portion of a bill, and shall not

be charged against new usage or previous penalty or interest sums.

5. The use of sewer service by the same customer in different premises or localities will not be combined and each installation shall be billed separately.

Section 11.03. Bills of Doubtful Accuracy.

Any customer, upon receipt of any bill, having reason to doubt its accuracy, shall bring or mail such bill, within seven (7) days of its date, to CCA's office for investigation. CCA will thereupon check the billing in question and either confirm the original billing or issue a corrected bill. In either case, the due date will be adjusted by the time required to check and re-issue the bill.

Section 11.04. Failure to Receive Bill.

Failure to receive a bill shall not exempt any customer from the obligation to pay the bill. The presentation of a bill to the customer is only a matter of accommodation.

Section 11.05. No Waiver or Reduction of Rates or Fees.

CCA will not waive or reduce any rate or fee set forth in its Schedule of Rates and Charges as established now or in the future unless such waiver or reduction is caused by an act for which CCA has direct responsibility.

ARTICLE XII

EXTENSION OF SERVICE

(RESERVED)

ARTICLE XIII

VIOLATIONS AND ENFORCEMENT PROCEDURES

Section 13.01. Notice of Violation.

Whenever CCA finds that any user has violated or is violating these Rules and Regulations, or any prohibition, limitation or requirement contained herein or in an Industrial Waste Discharge Permit, CCA may serve upon such user a written notice stating the nature of the violation and providing a reasonable time for the satisfactory correction thereof. The requirements and conditions of such a notice shall be a pretreatment requirement under these Rules and Regulations, and shall be subject to such enforcement action as allowed by law for the enforcement of the pretreatment program. Issuance of a notice of violation shall be final administrative action of CCA when it requires action on the part of the user.

Section 13.02. Damages.

Any user violating any of the provisions of these Rules and Regulations shall become liable to CCA for any expense, loss, or damage occasioned by CCA by reason of such violation, whether incidental or consequential.

Section 13.03. Suspension of Service or Permit.

1. The CCA may suspend the wastewater treatment service, an Industrial Waste Discharge Permit, or the sewer discharge permit of a user where:
 - a. The User neglects to make payments of any charges against the property.
 - b. In the opinion of CCA it is necessary to stop an actual or threatened discharge which:
 - (1). presents, or may present, an imminent or substantial endangerment to the health, safety or welfare of any person, including CCA personnel, any property, or to the environment;
 - (2). causes or contributes to any Interference or Pass Through; or
 - (3). causes, or could cause, CCA to violate any condition of its NPDES permit.
 - c. The user fails to factually report the wastewater constituents and characteristics of its discharge;
 - d. The user fails to report significant changes in its operations, or wastewater constituents and characteristics;
 - e. The user fails to provide reasonable access to its premises for the purpose of inspection or monitoring; or,
 - f. There is a violation of provisions of these Rules and Regulations or applicable Federal or State regulations pertaining to the reporting, discharging, treatment or pretreatment of wastewater.

The suspension shall be a final administrative action.
2. Any user notified of a suspension of its wastewater treatment service and/or a discharge permit shall immediately stop or eliminate the endangering discharge or otherwise correct the violation which prompted the suspension. In the event of a failure of a person to comply voluntarily to correct the violation, CCA shall take such steps as deemed necessary, including severance of the sewer connection without prior notice, to prevent or minimize damage to the POTW system or endangerment to the health, safety or welfare of any persons. CCA shall reinstate the suspended permit and/or the wastewater treatment service upon proof of the elimination of the non-complying discharge. A detailed written statement submitted by the user describing the causes of the harmful discharge and the measures taken to prevent any future occurrence shall be submitted to CCA prior to reinstatement.

Section 13.04. Termination of Service or Revocation of Permit.

Failure to correct a violation or to take substantive and affirmative steps to correct a violation within the time specified in a notice from CCA to the user, or within a reasonable time if no time limit is specified, may subject a user to the termination of its wastewater treatment service and/or the revocation of its discharge permit or Industrial Waste Discharge Permit. Such termination shall become effective on the date of receipt of notice by the user, or on the date specified in the notice, and shall be a final administrative action.

of CCA. Enforcement of such termination or revocation may be by any lawful means, including but not limited to severance of the sewer connection. Upon termination of service, a user may seek reinstatement of sewer service only as provided by Article V and Article IX of these Rules and Regulations.

Section 13.05 Publication of Industrial Users in Significant Noncompliance

The CCA may, at its discretion, annually publish in the largest newspaper published in the CCA service area, or in such other public forums as may be appropriate, a list of the users which, during the previous twelve months, were in significant noncompliance, as defined by 40 CFR ' 403.8(f)(2)(vii).

Section 13.06. Legal Action.

In addition to the suspension, termination or revocation of its wastewater treatment service or its sewer discharge permit, any user violating any of the provisions of these Rules and Regulations or falsifying any information required by CCA of the User pursuant to these Rules and Regulations shall be subject to the following actions:

1. A civil suit may be instituted in the Court of Common Pleas of Chester County for injunctive or other equitable relief to prohibit and prevent such violation; or
2. A penalty may be collected in a civil action by summary proceeding under the laws of the City of Coatesville or the Commonwealth of Pennsylvania; or
3. CCA may assess civil penalties as provided by 35 P.S. section 752 *et seq.*, the Publicly Owned Treatment Works Penalty Law (Act 9 of 1992, P.L. No. 23).

Section 13.07. Agent of the City.

The CCA shall act as an agent of the City as provided for by City ordinance and by agreement between the City and CCA, and shall enforce the provisions of the City ordinance which authorize the imposition of civil penalties for violation of the pretreatment program. CCA shall advise the City of any actions taken in this capacity, and shall meet with the City Council if requested to discuss any such actions.

Section 13.08. Finality of Administrative Action

1. Any final administrative action of CCA shall be subject to administrative review by the CCA Board of Directors when requested by the affected person in the form of an appeal, provided that a request for appeal shall be filed in writing with the CCA within thirty days of the final action.
 - a. Upon receipt of a request for appeal, the Board of Directors of CCA or an authorized representative of the board shall, in accordance with 2 Pa. C.S. § 551 *et seq.* (the Pennsylvania Local Agency Law) hold a hearing and take such evidence as shall be necessary to determine the facts.

- b. Within thirty days of the hearing the Board shall make a final decision, according to the bylaws of the CCA, regarding the subject of the appeal and the Secretary shall issue a final determination in writing to all interested parties.
 - c. When a representative hears the appeal, the representative shall provide an *opinion in writing, stating the facts and conclusions*, and the Board may make its final decision based on the opinion and record, or may decide to take additional evidence itself before making a final decision.
 - d. During the pendency of an appeal, the CCA administrative action shall remain in full force and effect unless the CCA shall determine that, because of undue hardship or other just cause, the administrative action should be held in abeyance until final disposition of the appeal.
- 2. Any final decision by the Board of Directors of CCA is judicially appealable.
 - 4. Any final administrative action of the CCA for which administrative review is made available shall not be subject to judicial review in any civil or criminal proceeding for enforcement.
 - 5. CCA may take such steps as may be necessary to seal or close off the discharge of industrial or harmful wastewater until adequate measures have been taken to prevent the reoccurrence of such violation.

ARTICLE XIV

PROTECTION FROM DAMAGE

Section 14.01. Damage.

No person shall maliciously, willfully, or negligently break, damage, destroy, uncover, deface, or tamper with any structure, appurtenance, or equipment which is a part of the sewer system. CCA will take appropriate action against any person violating this provision.

Section 14.02. Emergency Termination of Service.

If a violation consists of the discharge of an explosive or flammable material or any other material which is highly toxic or creates a toxic gas so that there is imminent danger to the personnel, property or treatment process of CCA, or to the public or the environment, then CCA shall take whatever action is necessary to halt service and to protect life and property.

ARTICLE XV

FEES

Section 15.01. Purpose.

It is the purpose of this section to establish fees for users of CCA's wastewater treatment and sludge disposal system and to provide for the recovery of costs associated with the implementation. The applicable charges or fees shall be set forth in the CCA's Schedule of Charges and Fees.

Section 15.02. Charges and Fees.

The CCA may adopt charges and fees which may include:

1. Fees for reviewing accidental discharge procedures and construction;
2. Fees for permit applications;
3. Tapping fees;
4. Connection fees;
5. Fees to compensate CCA for the cost of testing, monitoring and/or inspection required at the user's property.
6. Other fees as CCA may deem necessary to carry out the requirements contained herein.

These fees relate solely to the matters covered by these rules and Regulations and are separate from all other fees chargeable by CCA.

ARTICLE XVI

SURCHARGES

Section 16.01. Surcharges.

1. Any user discharging Wastewater into the Treatment Works in which the concentrations of any of the substances listed in this section shall be greater than the indicated value when measured at the user's metering station(s) or at the user's control manhole, shall be subject to a Surcharge for the acceptance and treatment of such Wastewater. In addition, the CCA may establish concentration limits for the Surcharge of any other constituent which requires special or excessive expenditures by CCA to adequately accept or treat.
2. The amount of the Surcharge for each constituent shall be as determined by the CCA, taking into account the flow and concentration of the constituent in the wastewater and the costs of treatment, solids handling, pumping, energy, manpower, and other costs associated with the acceptance and treatment of the constituents in excess of the surcharge concentration limit. The Surcharge for the acceptance, conveyance, and treatment of the Wastewater shall be in addition to any other charges and fees billed to the user, and shall be included in the total bill for the billing period.

3. Surcharge Limits. Surcharges shall be imposed for the following:
 - a. BOD - 400 mg/L
 - b. TSS - 400 mg/L
 - c. Ammonia-nitrogen - 35 mg/L
 - d. Phosphorus - 8 mg/L

ARTICLE XVII,
MISCELLANEOUS

Section 17.01. Access by CCA Personnel.

Any authorized employee of CCA, upon presentation of credentials, shall be provided with access at all reasonable hours to any premises supplied with sewer service, for the purpose of reading meters, making inspections or repairs, and securing such other information as may be deemed necessary by CCA. Upon neglect or refusal on the part of the customer to provide such access to the premises, service may be discontinued, and in that case, CCA will not be liable for any damages or inconveniences suffered by the customer.

Section 17.02. Discontinuance of Service at Customer's Request

1. When the premises are vacated, the customer must make a written request to CCA for discontinuance of sewer service. The customer will be responsible for payment of all sewer charges until the water service is disconnected. CCA has the right to require installation of such valves at the customer's expense before discontinuing service. When service is discontinued, the water meter will be removed. Meters will be re-installed upon the completion of a new contract for water and sewer service for the premises involved.
2. The customer may request a temporary discontinuance of sewer service without removal of meter at no charge but the monthly minimum sewer service charge shall continue during the period of discontinuance. The customer may request the removal of the water meter and discontinuance of sewer service in order to suspend minimum charges during the period of discontinuance in accordance with CCA Rules and Regulations relating to water service.

Section 17.03. Policy and Standards for Plumbing Fixtures and Fittings

1. **General Policy.** No public sewer service shall be provided to, supplied to, or utilized for internal or external use to or by any residential, commercial, industrial, agricultural, recreational, governmental, or public building or structure of any kind or nature whatsoever, which are, constructed or remodeled and in which plumbing, water piping or water fixtures are to be installed, extended or altered in any way, and for which a permit for such construction or remodeling is to be obtained from a municipality served by CCA (or for public or governmental agencies) unless the new, extended or altered plumbing, water piping and/or other water using fixtures therein conform to the requirements and standards set forth herein.

2. Water Conservation and Performance Standards for Plumbing Fixtures and Fittings

a. Toilets, Water Closets, and Associated Flushing Mechanisms. The water consumption of toilets, water closets, and/or other associated flushing mechanisms shall not exceed an average of 1.6 gallons per flush cycle over a range of test pressures from 20 to 80 psi, and, in addition, all such fixtures shall perform in accordance with the test requirements of the American National Standards Institute (ANSI) A112.19.2M and ANSI A112.19.6M.

b. Urinals and Associated Flushing Mechanisms. The water consumption of urinals and associated flushing mechanisms shall not exceed an average 1.5 gallons per flush cycle over a range of test pressures from 20 to 80 psi. The fixtures shall perform in accordance with the requirements Of ANSI A 112.19.2M and ANSI A112.19.6M.

c. Shower Heads. The maximum discharge rate of shower heads shall not exceed 3.0 gallons of water per minute over a range of test pressures from 20 to 80 psi. The fixtures shall perform in accordance with the test requirements of ANSI A112.18.1 M.

d. Faucets. Sink and lavatory faucet discharge rates shall not exceed 3.0 gallons of water per minute over a range of test pressures from 20 to 80 psi. The fixtures shall perform in accordance with the test requirements of ANSI A112.18.1 M.

3. Special Provisions. These performance standards, shall not apply to fixtures and fittings for emergency purposes, including but not limited to emergency showers, aspirator faucets, blowout fixtures, etc., which, in order to perform a specialized function, cannot meet the standards specified above.

4. Exemptions. Any person or entity (through its duly authorized agent or representative) may apply in writing to CCA for an exemption from any provision herein, which said exemption may, but need not be, granted by the Board of Directors of CCA upon proper proof that some other device, system or procedure will save as much (or more) water as those set forth herein, or that compliance with those set forth herein cannot be effectuated without undue hardship. No exemption shall be granted unless the municipality having jurisdiction over the applicant has first granted the same exemption from its ordinance.

5. Certifications. The plumbing fixtures and fittings required by this Resolution shall be certified and labeled by the manufacturer as meeting the Water Conservation Performance Standards of this Resolution. All certifications shall be based on independent test results and plumbing fixtures and fittings shall be labeled in accordance with ANSI A112.18.1 M and ANSI A112.19.2M.

6. Municipal Compliance by Ordinance. Municipalities provided public sewer service by CCA shall document that regulations consistent with the above standards have been adopted with their jurisdictions. Such documentation shall be a condition for continued service, sewer service contract extension, or increased sewer treatment allocation. Reference to this Policy and these Standards shall be included in all sewer service agreements to which CCA is a party.

ARTICLE XVIII
ENACTMENT OF THIS RESOLUTION

Section 18.01. Amendments.

CCA reserves the right to amend these Rules and Regulations or to adopt additional Rules and Regulations from time to time as it shall deem necessary for the operation, maintenance and protection of the sewer system, for meeting revised standards of influent or effluent quality of any regulatory agencies having jurisdiction in this regard, or for any other reason CCA deems is desirable or necessary for performing its functions. Any such amendments or additions shall become effective within fifteen (15) days of their issuance by CCA or as may specifically be required by any Federal or State regulatory agency having jurisdiction.

Section 18.02. Savings Clause.

In the event that any provisions, section, sentence, clause or part of these Rules and Regulations shall be held to be invalid, such invalidity shall not affect or impair any remaining provisions, section, sentence, clause or part of these Rules and Regulations, it being the intent of CCA that such remainder shall be and shall remain in full force and effect.

DULY ADOPTED THIS _____ day of _____, 1999, by the Board of Directors of the City of Coatesville Authority in lawful session duly assembled, as reflected in the minutes of the meeting.

By: _____
Chair

ATTEST:

Secretary

(SEAL)

TABLE 1

SUMMARY OF RECALCULATION OF LOCAL LIMITS

Parameter	Concentration	Based On	Original		Mass Limit Lbs./Day	Original Mass Limit Lbs./day
	Limit mg/L		Concentration Limit, mg/L	Based On		
Antimony	0.33	WQ	5.00	WQ	0.822	12.5
Arsenic	0.14	INHIB	0.20	INHIB	0.351	0.50
Beryllium	0.10	TECH	0	WQ	0.25	0
Cadmium	0.014	WQ	0.02	WQ	0.036	0.05
Chromium	0.20	TECH	0.10	INHIB	1.0	0.25
Copper	0.06	(See text)	0.06	Inf. Conc.	0.15	0.15
Cyanide	0.18	WQ	0.10	INHIB	0.444	0.25
Lead	0.04	WQ	0.04	WQ	0.098	0.10
Mercury	0.001	WQ	0	WQ	0.002	0.0024
Nickel	0.50	TECH	0.02	Inf. Conc.	0.22	0.05
Selenium	0.19	WQ	0.21	WQ	0.47	0.53
Silver	0.10	TECH	0.02	WQ	0.25	0.05
Zinc	0.34	INHIB	0.23	Inf. Conc.	0.84	0.58

Note: "Based on" indicates the underlying basis of the final limit: WQ - water quality; INHIB - process inhibition; Biosolids - biosolids quality; Tech - technology-based; Inf. Conc. - existing influent concentration (only used in prior calculations).

WATER QUALITY

Pollutant	W.Q. STANDARD		DILUTION PASSTHRU RATE %	INFLUENT CONCEN.	
	(Original) ug/L	(Correct) ug/L		(Correct) ug/L	(Original) ug/L
Antimony	145	10	0.364	42.2	611
Beryllium	0.007	10	0.364	82.5	0.06
Silver	0.2	4.1	0.364	44.88	2.19

BIOSOLIDS QUALITY

Pollutant	QUALITY STD.		CAPTURE RATE	ALLOWABLE SLUDGE LOAD (PPD)	INFLUENT CONCEN.	
	(Original) mg/Kg	(Correct) mg/Kg			(Correct) mg/L	(Original) mg/L
Arsenic	—	41	0.349	0.84	0.043	—
Cadmium	25	25	0.658	0.27	0.014	0.0112
Chromium	1000	1200	0.805	10.63	0.546	0.398
Copper	1000	1500	0.832	12.86	0.66	0.4077
Lead	1000	300	0.464	4.61	0.237	0.4266
Mercury	10	17	0.7	0.17	0.0087	0.0044
Nickel	200	420	0.5	5.99	0.308	0.1147
Selenium	—	36	0.436	0.59	0.03	—
Zinc	2500	2800	0.768	26.01	1.336	0.9758

Sludge Load = 3.567 dry tons/day * 0.002 million lbs/ton * (Std. / capture rate)

Influent Concentration = PPD / (8.34 * 2.335)

Note Capture Rate is from Table 1-2, not Table 1-4(a).

COMPARISON OF ALLOWABLE INFLUENT CONCENTRATIONS & CALCULATION OF ALLOWABLE INDUSTRIAL CONTRIBUTIONS

	Water Qual. ug/L	Biosolids ug/L	TCLP ug/L	Inhibition ug/L	MINIMUM LIMIT (ug/L)	BACKGROUND ug/L	PPD	INDUSTRIAL LIMITS PPD	mg/L	<i>Current Limits</i> mg/L
Antimony	42.2				42.2		0	0.822	0.329	5.00
Arsenic	391.9	43	366.9	18	18		0	0.351	0.14	0.20
Beryllium	82.5				82.5		0	1.607	0.642	0.0
Cadmium	8.82	14	169	137	8.82	8	0.136	0.036	0.014	0.02
Chromium	3109	546	2193	793	546		0	10.633	4.25	0.10
Copper	85	660		249	85	150	2.546	-0.891	-0.356	0.06
Cyanide	22.8			35	22.8		0	0.444	0.177	0.10
Lead	16.4	237	42805	185	16.4	13	0.221	0.098	0.039	0.04
Mercury	0.11	87	88.4	88	0.11		0	0.002	0.001	0.00
Nickel	879.6	308		88	88		0	1.714	0.685	0.02
Selenium	24.3	30	416.9		24.3		0	0.473	0.189	0.21
Silver	44.9		33952		44.9		0	0.874	0.349	0.02
Zinc	1300	336		348	348	350	5.94	0.837	0.335	0.23

Shaded cells indicate revised Criteria from original calculation.

No revision to the calculation of organic compounds was performed, except as noted in the report.

PROCESS INHIBITION - Activated Sludge

Pollutant	INHIBITION STD.		CAPTURE RATE	ALLOWABLE INFL. CONC.
	(Original) ug/L	(Correct) ug/L		
Arsenic	100	100	0.35	286
Cadmium	20	1000	0.34	2941
Chromium	250	1000	0.2	5000
Copper	50	100	0.17	588
Cyanide	40	100	0.6	167
Lead	100	100	0.54	185
Mercury	100	100	0.3	333
Nickel	500	250	0.5	500
Silver	5000	250	0.25	1000
Zinc	80	100	0.23	435

Influent Limit = Inhibition / Pass-thru rate

PROCESS INHIBITION - Aerobic Digestion

Pollutant	INHIBITION STD.		CAPTURE RATE	ALLOWABLE INFL. CONC.
	(Original) ug/L	(Correct) ug/L		
Arsenic	1600	1600	0.5	18
Cadmium	5200	20000	0.82	137
Chromium	1500	130000	0.92	793
Copper	1000	40000	0.9	249
Cyanide	1000	4000	0.64	35
Lead	—	340000	0.86	2218
Mercury	1365000	13000	0.83	88
Nickel	2000	10000	0.64	88
Zinc	10000	400000	0.94	2387

Influent Limit = Inhib. Std. * 0.0131 MGD sludge / (Capture Rate * 2.335 MGD Influent)

APPENDIX A
LOCAL LIMITS FOR SPECIFIED POLLUTANTS

PARAMETER	LIMIT (mg/L)	PARAMETER	LIMIT (mg/L)
Antimony	0.33	Chlorobenzene	2.13
Arsenic	0.14	Chloroethane	2.13
Beryllium	0.10	Chloroform	0.019
Cadmium	0.014	Methyl Chloride	0.012
Chromium (T)	0.20	1,1 Dichloroethane	2.13
Copper	0.06	1,2 Dichloroethane	0.15
Cyanide	0.18	1,1 Dichloroethylene	2.13
Lead	0.04	1,2 transDichloroethylene	0.066
Mercury	0.001	1,2 Dichloropropane	2.13
Nickel	0.50	cis-1,3 dichloropropylene	2.13
Selenium	0.19	trans-1,3 dichloropropylene	0.79
Silver	0.10	Ethylbenzene	0.38
Zinc	0.34	Methylene Chloride	0.17
Acrolein	1.9	Methyl Ethyl Ketone	2.13
Acrylonitrile	2.13	1,1,2,2 Tetrachloroethane	2.13
Benzene	0.13	Tetrachloroethylene	0.16
Bromodichloromethane	0.076	Toluene	0.74
Bromoform	0.076	1,1,1 Trichloroethane	0.59
Bromomethane	0.076	1,1,2 Trichloroethane	0.122
Carbon tetrachloride	0.38	Trichloroethylene	0.069
Chlorodibromomethane	0.076	Trichlorofluoromethane	2.13
2-Chloroethylvinyl ether	2.13	Vinyl Chloride	0.008

These Discharge Limits apply to all Industrial Waste Discharges received into the Treatment Works. Limitations on individual discharges by Significant Industrial Users are established by inclusion of these limitations in Industrial Waste Discharge Permits.

APPENDIX B

CCA

City Of Coatesville Authority

114 East Lincoln Highway P.O. Box 791 Coatesville, Pa. 19320 PHONE: 610/384-2872 FAX: 610/384-6722

EMERGENCY NOTIFICATION

Joseph DiMatteo , CCA Wastewater System Superintendent -

(610) 384-2872 Work
(610) 460-1053 Beeper
(610) 384-6722 Fax

Les Taylor , CCA Chief Operator, Wastewater Plant-

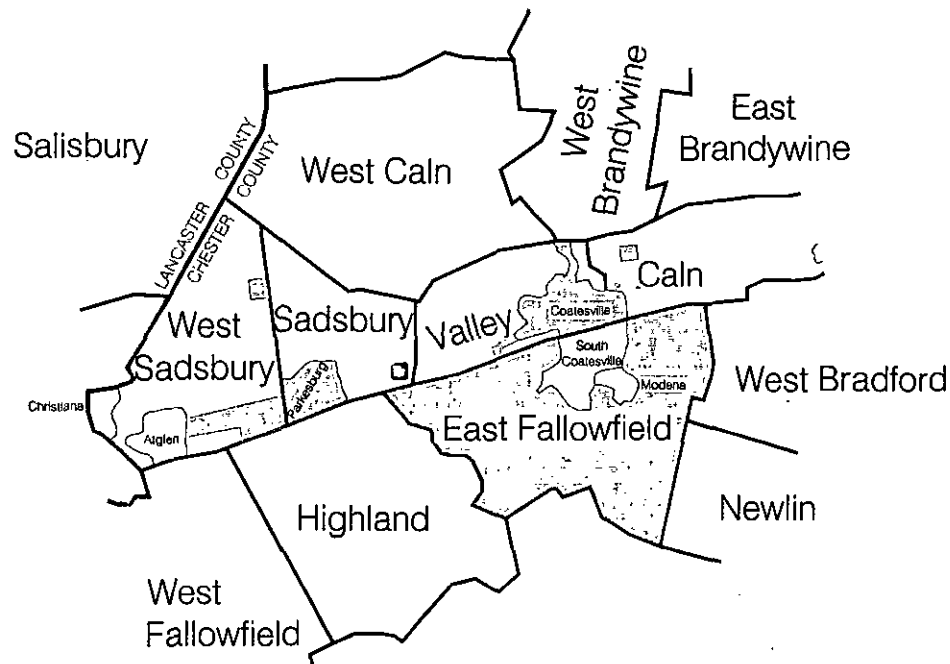
(610) 384-2872 Work
(610) 318-5309 Beeper

City of Coatesville Authority Main Office-

(610) 384-4400
(610) 380-8532 Fax

In the event of a spill or accidental discharge to the City of Coatesville Authority Treatment Works, please make direct voice contact with one of the above. The notification shall include location of discharge, type of waste, concentration and volume. Immediate action must be taken to prevent interference with the treatment process and/or damage to the Treatment Works.

City of Coatesville Authority Wastewater Service Area



 City of Coatesville Authority Wastewater Service Territory

**DESCRIPTION OF WASTEWATER APPLICATION TERRITORY
CITY OF COATESVILLE AUTHORITY
Chester County, Pennsylvania**

Serving all of the City of Coatesville and the Borough of Parkesburg. Also serving portions of the Townships of Caln, East Fallowfield, Valley, Sadsbury and West Sadsbury as described below.

Caln Township, Chester County, Pennsylvania

Serving portions of Caln Township through the receipt of bulk sewer service from the Caln Township sewage collection system at a meter connection located approximately 175 feet north of the intersection of Caln Road and Lincoln Highway and a meter connection located approximately 150 feet east of the intersection of 11th Avenue and Foundry Street.

Also serving the United States Veterans Administration Hospital located in Caln Township.

East Fallowfield Township, Chester County, Pennsylvania

Serving all of East Fallowfield Township, except the following:

Those portions of East Fallowfield Township currently served by Valley Township, limited to the customers served within the Valley Crossings subdivision.

Valley Township, Chester County, Pennsylvania

Serving those portions of Valley Township pursuant to the terms of the January 7, 1992 "Sewage Treatment Agreement" between the City of Coatesville Authority and Valley Township (See Exhibit N-1).

Serving portions of Valley Township through the receipt of bulk sewer service from the Valley Township sewage collection system at three metering points, two metering points are located within the municipal boundary of the City of Coatesville and one metering point is located within Valley Township.

West Sadsbury Township, Chester County, Pennsylvania

Serving portions of West Sadsbury Township as follows:

Beginning at a point, said point being five hundred feet north of the intersection of the centerline of the Amtrak Railroad tracks and the common boundary between West Sadsbury Township and Parkesburg Borough; thence parallel to the centerline of the Amtrak Railroad tracks in a southwesterly direction to a point, said point being the common boundary between West Sadsbury Township and Atglen Borough; thence in a southerly direction along the boundary line between West Sadsbury Township and Atglen Borough to a point, said point being five hundred feet south of the intersection of the boundary line between West Sadsbury Township and Atglen Borough and the centerline of Lower Valley Road (S.R. 372); thence parallel to the centerline of Lower Valley Road in a northeasterly direction to a point, said point being five hundred feet southwest of the intersection of the centerline of Lower Valley Road and Lenover Road; thence parallel to the centerline of Lenover Road in a southerly direction to a point, said point being the common boundary line between West Sadsbury and Highland Townships; thence in a northeasterly direction along the boundary line between West Sadsbury and Highland Townships to a point, said point being the common corner between West Sadsbury Township and Parkesburg Borough and along the boundary of Highland Township, thence along the boundary between West Sadsbury Township and Parkesburg Borough in a northerly, westerly, northerly, easterly, northerly direction to the point of beginning. between West Sadsbury Township and Parkesburg Borough and along the boundary of Highland Township, thence in a northerly direction along the common boundary between West Sadsbury Township and Parkesburg Borough to the point of beginning.

Those portions of West Sadsbury Township to be developed under the name Sadsbury Commons and as fully described on the attached Metes and Bounds Description. (See Exhibit N-2)

Sadsbury Township, Chester County, Pennsylvania

Serving portions of Sadsbury Township through the receipt of bulk sewer service from the Sadsbury sewage collection system at a point of connection at the intersection of Newport Avenue and Valley Road within Sadsbury Township.

SEWAGE TREATMENT AGREEMENT

THIS AGREEMENT, is made on 7th day of *January*, 1991⁹², between the CITY OF COATESVILLE AUTHORITY, Chester County, Pennsylvania (CCA) and VALLEY TOWNSHIP AND THE VALLEY TOWNSHIP AUTHORITY, Chester County, Pennsylvania (hereinafter referred to collectively as Township).

WHEREAS, CCA is a municipal corporation, organized and existing under the laws of the Commonwealth of Pennsylvania, and owns and operates a sewage treatment plant for service providing public sewer service to various municipalities in and near the City of Coatesville; and

WHEREAS, the Township is also a municipal corporation, organized and existing under the laws of the Commonwealth of Pennsylvania, and desires to provide sewage collection service to residential, commercial, and industrial users within the Township and to connect its collection system to CCA's sewage treatment plant so that sewage and industrial wastes discharged by said users may be received in said plant for treatment and disposal; and

WHEREAS, a Sanitary Sewerage Agreement was reached between the City of Coatesville and the Township, said agreement dated October 22, 1959, which provided for sewer service to the Valley Township sewer district consisting of areas of the Township fronting on Gap Road and Strode Avenue; and

WHEREAS, a second agreement was reached between the City of Coatesville, the Coatesville Sewage Plant Authority and the Township, said agreement dated May 6, 1970, providing for receipt and treatment of sewage flows from other locations in the Township; and

WHEREAS, it is the intent that this agreement shall supercede those earlier agreements; and

WHEREAS, the sewage treatment and collection system was acquired from the City of Coatesville by CCA on July 7, 1988, along with all the obligations related to the ownership of the system; and

WHEREAS, it is in the public interest of both CCA and the Township that a new agreement to provide for the treatment of sewage from the Township at the CCA treatment plant be reached; and

WHEREAS, it is in the interests of both CCA and the Township that their respective facilities be used in the most feasible manner to provide for public sewer service to adjoining municipalities.

NOW THEREFORE, it is agreed as follows:

ARTICLE I - DEFINITIONS.

The terms defined in this Article, wherever used or referred to in this Agreement, shall have the following respective meanings unless a difference clearly appears from the context.

Average Daily Flow - Average number of gallons per day of sanitary sewage determined by taking the total quantity of flow delivered to a point during a ninety (90) day period of time, and dividing by ninety (90) days.

Five Day Biochemical Oxygen Demand (BOD) - Quantity of oxygen expressed in milligrams per liter (mg/l), utilized in the biochemical oxidation of organic matter under standard laboratory procedures for five days at 20 degrees Centigrade.

Cost of Operation and Maintenance - A term used in the calculation of conveyance cost of jointly used sewage facilities in Valley Township. All costs incident to the operation of sewage collection lines and pumping stations which are commonly used by the parties for the conveyance of sewage from and by Valley Township as well as the conveyance of sewage through Valley Township by CCA, said operation to be performed in an efficient and economical manner and to the maintenance thereof in a state of good repair during such period. Such costs shall include the cost of all maintenance labor, repairs, normal recurrent replacements, and reconstruction (repairs to basic construction) as may be necessary, all taxes, engineering, legal and superintendence expenses, and casualty and other insurance premiums during the previous calendar year divided by four (4) for the purpose of calculating quarterly billing.

Domestic Waste - Customary wastes from kitchens, water closets, lavatories and laundries.

Industrial User - Any user or users identified in the Standard Industrial Classification Manual, 1972, Office of Management and Budget, as amended and supplemented under one of the following divisions:

- Division A. Agriculture, Forestry, and Fishing
- Division B. Mining
- Division D. Manufacturing
- Division E. Transportation, Communications, Electric,
Gas, and Sanitary Services
- Division I. Services

Industrial Waste - The liquid waste or liquid borne waste resulting from the processing employed by an industrial user, whether treated or untreated, is discharged into the Treatment Works.

pH - Logarithm of the reciprocal of the concentration of hydrogen ion, indicating the degree of acidity or alkalinity of a substance.

Point of Connection - Point or points at which CCA receives and conducts sanitary sewage or industrial waste from the Township's system to a point for treatment or disposal or where the Township receives sanitary sewage or industrial waste from CCA for conveyance through the Township's system.

Sanitary Sewage - All water-carried domestic waste from residences, offices, hotels, stores, restaurants, commercial establishments, industrial establishments, and similar users within the Township.

Slug - Any sanitary sewage discharge which, for a period of fifteen minutes, shall exceed five times the average daily flow. The term particularly applies to the sudden emptying of large vats, tanks or swimming pools into the sewerage system.

Standard Laboratory Procedure - For any laboratory analyses herein listed, it shall be that found in the latest edition of "Standard Methods for the Examination of Water and Sewerage" published by the American Public Health Association.

Total Kjeldahl Nitrogen (TKN) - Sum of free ammonia and organic nitrogen compounds which are converted to ammonium sulfate, as determined by Standard Laboratory Procedure; it does not include nitrite and nitrate nitrogen.

Total Solids - Solids that either float on the surface of or are in suspension or dissolved in water, sanitary sewage or other liquids, as determined by Standard Laboratory Procedure.

Total Suspended Solids - Quantity of material deposited when a

quantity of sanitary sewage is filtered; it includes settleable and all suspended (including volatile) solids.

Treatment Plant - Existing sewage treatment plant and facilities owned and operated by CCA, together with any additions, modifications and/or improvements thereto.

Unmetered Unit - With respect to individual units or areas of Valley Township connected to CCA facilities without measurement of total flows through metering facilities, each single-family residential customer connected to a sewage collection system shall be considered an unmetered unit. With respect to nonsingle-family dwellings, flats, or apartments having the use of the sewage collection system through one sewer lateral, each and every residential unit, flat, or apartment shall be considered an unmetered unit as if each such unit had a direct and separate connection to the sewage collection system. For commercial or industrial properties, the number of unmetered units shall be equal to the daily water usage divided by two hundred (200). The daily water usage shall be determined from metering or, where this is not possible, a mutually acceptable means of estimating daily water usage shall be determined by the Township and CCA.

ARTICLE II - STATEMENT OF INTENT.

The parties hereto agree that it is the intent of this Agreement to provide for the conveyance and treatment of sanitary sewage and industrial waste from within the Township to a treatment plant owned by CCA for treatment and disposal of those wastes in common with other wastes flowing from and through the CCA system; and where appropriate, to further provide for the conveyance of wastes from municipalities or other customers of CCA beyond the boundaries of Valley Township to and through the system of sewage

lines within and belonging to Valley Township for discharge and treatment within the CCA system.

ARTICLE III - TERMS OF AGREEMENT

Section 1 - This Agreement shall be effective as of the above date and shall continue for a period of thirty (30) years from said date and thereafter it shall continue until CCA shall have given the Township, or vice versa, five years' written notice of intention to terminate this Agreement. Any conveyance agreements reached between the Township and CCA shall be affected by this Agreement in that, should CCA terminate this Agreement, any conveyance agreement between CCA and the Township shall be subject to renegotiation at that time, but the Township shall have no obligation to continue the conveyance agreements. Should the Township terminate this agreement, the conveyance agreement between CCA and the Township shall continue in full force and effect.

Section 2 - At any time during the term of this Agreement, a meeting or meetings may be held at the request of either party to discuss such matters as may be of mutual interest and concern, particularly any inequities which are alleged to exist under the terms of the Agreement. If such inequities are found to exist, the parties agree to correct them promptly by means of the procedure set forth in Article XII, Section 6.

Section 3 - CCA hereby grants to the Township the right to discharge sanitary sewage up to 550,000 gallons average daily flow, subject to the limitations and payment of charges set forth in this Agreement. CCA agrees to convey and treat and dispose of such sewage in a manner approved by the Pennsylvania Department of Environmental Resources and in accordance with the terms and provisions set forth herein. The above limitation shall not include flows at the unmetered connections provided for by the City of Coatesville/Township agreement of October 22, 1959.

Section 4 - It is agreed that, once connection has been made from the Township collection system, which results in sanitary sewage or industrial waste being delivered therefrom to the point of connection to the CCA conveyance system, and from there to the CCA treatment plant for final disposition, such sanitary sewage shall not thereafter be diverted therefrom by the Township unless mutually agreed upon by the parties hereto in writing. However, the right shall be reserved by the Township to establish such other treatment of sanitary sewage originating in the Township which, by good engineering practice, cannot be delivered to the CCA treatment plant on a practical and economical basis, or which in the event CCA cannot provide additional treatment capacity, exceeds the 550,000 gallons per day limitation imposed by this Agreement.

Section 5 - The Township hereby grants to CCA the right to connect at mutually agreeable points on its system for the purpose of conveying sanitary sewage or industrial wastes through the Valley Township system from municipal or other customers of CCA beyond the boundaries of Valley Township, subject to the provision of adequate conveyance capacity and further subject to the payment of equitable fees to provide for the operation and maintenance of the jointly used lines as provided herein. Such connections shall be subject to separate conveyance agreements prepared in compliance with the terms of this agreement and may include provisions for improvements to the Valley Township system to be paid for by CCA where increased capacity of facilities are required to accommodate the additional flows to be imposed by CCA in the Valley Township system. Where reimbursement agreements are in effect involving the Township or its Authority, CCA shall be subject to the provisions of the reimbursement agreements. Sewage flows conveyed through the Township system for CCA shall be deducted from, and not included in, the limitation on the Township's right to discharge sanitary sewage as provided in Section 3 of Article 3 and shall not be included in the

calculation of any tapping fees as provided in Section 7 of Article 7.

Section 6 - The Township agrees that it will not offer sewage service to customers or other municipalities beyond its borders. Any request for sewage service originating outside Township borders shall be directed to CCA.

Section 7 - If the Township, at any future time, shall transfer title to its sewage system to any municipality or authority by deed or otherwise, it shall assign all its rights and interests in and under this Agreement to said municipality or authority and, upon such assignment, the assignee shall be subject to all obligations and entitled to receive all the rights and benefits of this Agreement, and the Township thereafter shall cease to be a party to this Agreement. This Agreement also shall be binding upon and inure to the successors and assigns of any party to this Agreement. However, any such transfer shall not be made without notice to CCA. In the event of transfer of title of the sewage system to a private, non-municipal party, in addition to the requirements stated above, such transfer shall not be made without the written consent of CCA.

Section 8 - The Township agrees that, within sixty (60) days of execution of this Agreement, it will adopt an ordinance or ordinances establishing rules and regulations for the making of connections, and use of the sewage system in conformance with this Agreement. The Township also agrees to enforce the provisions of such ordinance or ordinances at all times, and the Township agrees that CCA or its duly authorized representative shall have the right, at all reasonable times, to inspect the said sewage system connections, other than those connections to residential properties, and Township agrees to compel the discontinuance of any connection which CCA finds to be in violation of this Agreement, such inspection shall be made without cost to Valley Township or Valley Township customers.

Section 9 - CCA agrees that, within sixty (60) days of execution of this Agreement, it will adopt rules and regulations for the making of connections, and use of the sewage system in conformance with this Agreement. CCA also agrees to enforce the provisions of such rules and regulations at all times, and CCA agrees that the Township or its duly authorized representative shall have the right, at all reasonable times, to inspect sewage systems connected to Valley Township for conveyance and to compel the discontinuance of any connection which it finds to be in violation of this Agreement. Insofar as the Rules and Regulations adopted by the requirements of this section and Section 8 above apply to the use of the sanitary sewer system are concerned, the Township and CCA agree that the provisions of said Rules and Regulations shall be the same for both parties.

Section 10 - The parties hereto agree to comply with all applicable present and future Pennsylvania or United States laws, rules, regulations, permits, orders and requirements lawfully made by any governmental body having jurisdiction and all applicable grant agreements, unless the same are being contested in good faith by appropriate proceedings.

Section 11 - It is understood and agreed by both parties that the rights and responsibilities of the respective parties under the provisions of this Agreement are not in any way contingent upon the execution of other agreements between CCA and other municipalities; moreover, the Township understands and agrees that CCA may find it prudent and necessary to enter into sewage treatment agreements with other municipalities; it is further agreed by the Township that such other agreements may differ materially from the provisions of this Agreement.

ARTICLE IV - CONSTRUCTION OF COLLECTION AND CONVEYANCE FACILITIES
- INTERCONNECTION

Section 1 - The parties hereto understand and agree it is and will be necessary for the Township to design, layout, finance, and construct sanitary sewers within Valley Township as needed. Said sewers will be owned by the Township, will be the sole responsibility of the Township, and will be maintained by the Township.

Section 2 - The Township shall have control over assessments charged each property owner with regard to the Township sewage collection system. The Township shall also have control as to all manner and means of procuring financing for the construction of said sanitary sewers.

Section 3 - The Township covenants to use its best efforts to obtain the necessary approvals and financing and thereafter to use its best efforts to construct its sanitary sewers, all in accordance with plans and specifications prepared by its consulting engineer at its own cost and approved by the Department of Environmental Resources of the Commonwealth of Pennsylvania.

Section 4 - The parties hereto understand and agree it is and will be necessary for CCA to design, layout, finance, and construct sanitary sewers within CCA areas of service other than Valley Township as needed. Said sewers will be owned by CCA and will be the sole responsibility of CCA, and will be maintained by CCA.

Section 5 - CCA shall have control over the assessments charged each property owner with regard to the CCA sewage collection system within the CCA areas of service other than Valley Township. CCA shall also have control as to all manner and means

of procuring financing for the construction of said sanitary sewers.

Section 6 - CCA covenants to use its best efforts to obtain the necessary approvals and financing and thereafter to use its best efforts to construct its sanitary sewers within the CCA areas of service other than Valley Township, all in accordance with plans and specifications prepared by its consulting engineer at its own cost and approved by the Department of Environmental Resources of the Commonwealth of Pennsylvania.

Section 7 - Sanitary sewage from the respective sewage collection systems shall be collected and conveyed to points of connection, as outlined on the final plans, approved by the consulting engineers for both parties to this Agreement.

Prior to the institution of a construction program by either party which would result in a new point of interconnection or upon the cumulative increase in flow of more than five (5) percent at any existing connection between CCA and the Township sewage collection systems, the following activities will be carried out to determine the practicality of such an interconnection or increase in flow:

- A. The respective engineers of each party will meet to exchange technical data regarding the proposed interconnection. This data will include:
1. The proposed point of connection.
 2. Anticipated initial flow.
 3. Rate and frequency of discharge.
 4. Anticipated ultimate flow.

5. Adequacy of receiving sewer.
 6. Type of control and/or metering device.
 7. Available capacity of receiving sewers.
 8. Estimated cost of downstream improvement, if required.
- B. No point of interconnection or increase in flow will be approved where the proposed discharge will overload the receiving sewer or pumping station(s) unless the party delivering the sewage agrees to compensate adequately the party receiving the flow for corrective measures necessary to make the receiving sewer or pumping station(s) adequate for the proposed discharge. If the receiving sewer or pumping station(s) is limited in capacity, discharge will be limited to the available capacity until such time as adequate capacity is made available.

The Township shall secure all necessary easements, rights-of-way, and permits from all sources whatsoever as may be required to deliver sewage to the points of connection to the CCA sewage collection system. The consulting engineer of CCA shall have the right to approve the plans and to inspect the manner of the making of such connections between CCA and the Township sewers; the same shall not be used until such time as CCA shall receive written notice from CCA's consulting engineer that the construction of such connections has been accomplished in accordance with the approved plans and specifications relating thereto. Neither CCA nor its consulting engineer shall unnecessarily delay approval.

CCA shall secure all necessary easements, rights-of-way, and permits from all sources whatsoever as may be required to deliver sewage to the points of connection to the Township sewage collection system. The consulting engineer of the Township shall

have the right to approve the plans and to inspect the manner of the making of such connections between CCA and the Township sewers; the same shall not be used until such time as the Township shall receive written notice from the Township's consulting engineer that the construction of such connections has been accomplished in accordance with the approved plans and specifications relating thereto. Neither the Township nor its consulting engineer shall unnecessarily delay approval.

Section 9 - At or before the commencement of actual sewage disposal service and at each and every point of connection (at which point it has been mutually agreed by the parties to this Agreement that metering is feasible), the party making the connection shall cause to have installed and thereafter at all times maintain (a) sewage meter(s) or provide such other means of measuring flows as shall be agreed upon between the Township and CCA. Where appropriate, said meter(s) shall employ a flow recorder using seven-day charts, and shall be subject to the approval of the receiving party. The expense of procurement, installation, and maintenance thereof shall be borne by the party making the connection. Said meter(s) shall be placed at each point of connection as may be mutually agreed upon by the parties hereto and subject to the following conditions:

- A. The device(s) shall be inspected and calibrated, and tested for accuracy at least once every six months by a person or entity competent in the inspection and testing of such devices. Certified reports of such inspections shall be mailed directly to the receiving party. The cost of such inspection and the cost of any repair or replacement shall be borne by the party delivering wastewater. All repairs of meters of any type shall be accomplished within 30 calendar days of receipt of the inspection company's report attesting to the meter's malfunction.

- B. In the case of missing flow records due to faulty meter registration or otherwise, an estimate of flows will be made for the purposes of determining volume of sewage discharged. This estimate will be based on an evaluation of past flow records as applied to present conditions, and as reviewed and approved by the engineers for both CCA and the Township.
- C. Meter records and meter installations of the Township shall be made available and accessible to CCA and conversely meter records and installations of CCA shall be made available and accessible to the Township. The record of sewage flow through recording meters operated and maintained by the party delivering wastewater will be read by CCA upon 24 hours telephone notice on the first days of January, April, July and October, showing the total and daily sewage flows discharged during the previous three-month period.
- D. Either party shall have the right, upon written request, to a calibration check of the other's meter(s) at any time outside the normal scheduled calibration time for the purpose of checking its accuracy. This non-scheduled calibration will be carried out as described in Section 9.A hereof. If results of such non-scheduled calibrations show that the meter(s) was malfunctioning by variations from actual flow of more than five (5) percent, then all costs of the non-scheduled calibration and any repair or replacement will be paid by the party delivering wastewater. If no violation is found, then the receiving party shall pay all costs for the calibration.

Section 10 - Where it has been mutually agreed upon by the parties to this Agreement that in making a new point of interconnection where metering of total sewage flow is not feasible, a calculation will be made to determine the number of unmetered units which contribute to the wastewater flow at that connection. Any nonresidential customer may be required by CCA

or the Township to install, at its own expense, a water meter or other approved measuring device to determine volume for billing purposes. If water source is from a well, the meter shall measure water flows from the well. Meters shall conform to meter requirements of the billing agency, Township or CCA. The number of unmetered units to be billed for nonresidential customers shall be equal to the daily water usage divided by two hundred (200). The sewer consumption charges for residential unmetered units shall be as provided in the rates and charges of the City of Coatesville Authority (CCA), Section IV.B as the same may be published from time to time, subject nevertheless to the provisions of Article VII, Section 4 of this Agreement. The provisions of this Section 10 shall also apply to the existing sanitary sewer district established by the agreement between the City of Coatesville and the Township dated October 22, 1959. This district is denoted by Exhibits "A" and "B" attached hereto and incorporated herein by reference.

Section 11 - Maximum flow rates at any point of interconnection shall not exceed 3.0 times the average daily flow rate at any time. Maximum flow rates equal to 3.0 times the average flow rate shall be limited to a duration of not more than 30 minutes in any day.

Section 12 - In the event that CCA requests a connection point for conveyance of domestic sewage or industrial wastes through a conveyance agreement from an adjoining municipality regardless of whether the collection system connecting thereto is owned and operated by the connecting municipality, CCA or a private party, then the connection point and metering facilities shall be owned and maintained by CCA and all matters relative to the design of the connecting system and metering points shall be in accordance with this Agreement. The Township reserves the right to inspect and read meters upon notice to CCA.

ARTICLE V - TREATMENT PLANT.

Section 1 - The parties hereto understand and agree that in order to attain or maintain the quality of sewage effluent required by CCA's NPDES Permit, it may become necessary for CCA to modify the treatment plant and to make additions and improvements thereto. To accomplish the purposes herein contemplated, the parties hereto agree that additions, improvements, and/or modifications to the treatment plant shall be undertaken and shall be the sole responsibility of CCA. The existing treatment plant and any additions thereto shall be maintained exclusively by CCA.

Section 2 - CCA covenants and agrees to acquire and construct or cause to be acquired and constructed, from time to time, such additions, improvements, and/or modifications to the sewage treatment plant, if determined by CCA to be financially feasible. Provisions for determination of the need for such additions, improvements, and/or modifications shall be made by CCA. The Township shall be notified thereof in writing. In the event that the construction of additional facilities is necessitated by a change in the degree of treatment as required by the Pennsylvania Department of Environmental Resources and is financed by cash appropriations of CCA, then the rates provided for in Article VII, Section 3 hereof may be increased to the Township to reflect the Township's portion of the additional capital expenditures of CCA. In the event the construction of additional facilities is necessitated:

- A. By the increase in demand or by the necessity to treat industrial wastes emanating from Valley Township, the Township shall pay the full cost thereof under conditions of an amendment to this Agreement. The Township shall have the right of engineering review and audit of construction costs.
- B. By an increase in demand or by the necessity to treat industrial wastes emanating partially from Valley Township,

then Township shall pay its proportionate share thereof under conditions of an amendment to this Agreement.

- C. By an increase in demand or by the necessity to treat industrial wastes for the sole benefit of CCA or customers other than Valley Township, Township shall not be required to participate in the cost of expansion.

Section 3 - The parties hereto authorize CCA to apply for and accept any grants or contributions from any federal, state, or local government having such funds at their disposal for projects of this type.

ARTICLE VI - MAINTENANCE, SAVE HARMLESS AGREEMENT, INSURANCE.

Section 1 - CCA and the Township agree, in regard to their respective collection systems, to operate continuously and keep and maintain the same at all times in first-class repair and order, and in good and efficient operating condition, and to meet the standards prescribed by the Pennsylvania Department of Environmental Resources or of any other governmental authority having jurisdiction thereof.

Section 2 - The Township agrees to indemnify and save harmless CCA against all losses, costs, or damages on account of any injury to persons or property occurring in the performance of this Agreement because of the negligence of the Township, its respective servants, agents, or employees, or resulting from the failure of the treatment plant and lines leading thereto to function properly because of such negligence.

Section 3 - CCA agrees to indemnify and save harmless the Township against all losses, costs, or damages on account of any injury to persons or property occurring in the performance of this Agreement because of the negligence of CCA, its respective servants, agents, or employees, or resulting from the failure of

the treatment plant and lines leading thereto to function properly because of such negligence.

Section 4 - In the event of damage to the sewage treatment plant of CCA resulting from the discharge of improper sewage from the sewage collection system of the Township into the sewage treatment plant of CCA, the discharge of improper sewage to be determined in accordance with the Rules and Regulations of CCA and Township, the Township agrees to act in concert with CCA in enforcing their respective Rules and Regulations to cause the abatement of the violation and to require reimbursement of CCA for the full cost of damage done to CCA's sewage treatment plant, by the offending user. In order to minimize the likelihood of discharge of waste which may cause damage to the operation of the sewage treatment plant, the provisions of Article VIII, Sections 4 through 7 shall apply. To resolve any dispute as to improper sewage having been or so being discharged, the procedure set forth under Article XII, Section 6 of this Agreement, shall be used. The Township shall not be responsible if it is determined that improper sewerage originated from outside the Township and was merely conveyed through the Township lines pursuant to a conveyance agreement.

Section 5 - CCA and the Township shall insure or cause to be insured their respective facilities (i.e., including but not limited to treatment plant, capital additions and interceptors) in a responsible company or companies authorized and qualified to do business under the laws of the Commonwealth of Pennsylvania against loss or damage by fire and against such other risks in such amounts as usually are carried upon, or with respect to, like property in Pennsylvania. Immediately after any loss or damage to either parties' facilities or any part thereof, the affected party will commence and duly prosecute the repair, replacement, or reconstruction of the damaged or destroyed portion of its facilities, all according to the provisions as previously defined. Both parties will also maintain liability

insurance against any loss or injury to third persons or property of third persons as a result of fire, explosion, and other risk and casualty occurring to their respective facilities.

ARTICLE VII - CHARGES AND PAYMENTS.

Section 1 - In all instances where fees are required or use rates are applicable (including the tapping fees established pursuant to this Agreement in Paragraph 8 of this Article VII), these rates and fees shall be such as are provided in the published rate and fee schedule of CCA prevailing at the time.

Whenever CCA increases rates by more than 10 percent in the aggregate over a 3 year period, or in excess of 6 percent in any given year, the Township shall have the option of requesting that CCA engage a qualified third party rate consulting engineer to review the rationale for the rate increase and the appropriateness of said increase. CCA shall advise the Township of the consulting engineer or firm it desires to engage within thirty (30) days of receipt of the request from the Township. The Township shall have thirty (30) days to either accept the third party engineer or firm selected by CCA or provide CCA with the name of another qualified third party rate consulting engineer. If CCA does not accept the Township's suggested consulting engineer, CCA and the Township shall submit the choice of the consulting rate engineer to arbitration within thirty (30) days. CCA and the Township shall each select one arbitrator and the two arbitrators shall select a third arbitrator and this arbitration panel shall select the third party consulting engineer from lists submitted by CCA and the Township. Whenever either party fails to exercise its right to select the consulting engineer or to invoke the arbitration process within any of the thirty (30) day periods specified above, such failure by that party to act shall constitute a waiver of the right.

In the event that the process of selecting a third party rate consulting engineer shall extend into the time period for which the increased rate would go into effect, CCA shall maintain its previous rate and fees. In the event that the third party rate consulting engineer concurs or recommends a rate increase, the Township shall pay CCA the difference between the new rate retroactive to the initial date of rate increase less the amount already paid CCA by the Township under the previous rate. In the event of sums owed CCA by the Township, said sums shall be paid to CCA within thirty (30) days of the date the rate has been determined and recommended by the third party rate consulting engineer without penalty or interest. After thirty (30) days, CCA's prevailing penalty and interest rates shall apply.

Section 2 - Quarterly billings to the Township under this Agreement for the conveyance and treatment of Township sewage shall commence upon the first discharge into the CCA system. Said billings will be based on the total gallonage of wastewater discharged by the Township, as measured by the flow meters located at the points of connection which are metered, after deduction of all flows from points connected to the Township system for conveyance of sewage for CCA from sources outside of the Township which readings shall be shown on Township bills, calculated in the same manner. To this billing, CCA will add charges calculated for unmetered connections in agreement with Section 10, Article IV.

Section 3 - Bills shall be delivered by CCA to the Township on or about the tenth day of January, April, July and October, reflecting the appropriate charges for the preceding calendar quarters.

Section 4 - Bills shall be payable to the office of CCA by the last business day of the month in which the bill is issued. There shall be added a penalty of five percent to bills remaining unpaid after the close of the last business day of the month.

Section 5 - If sewer rentals or charges imposed upon other users of CCA facilities shall be increased, the rates provided in Section 1 hereof shall be increased in accordance with the same percentage as the percentage of increase of the sewer rentals or charges imposed upon other users of CCA facilities. Such increase shall take effect concurrently with increase of sewer rentals or charges imposed upon users of CCA facilities subject to Paragraph 1 of this Article VII.

Section 6 - Before the Township shall permit connection to the Township collection system of any sewer user who has an average anticipated daily sanitary sewage flow greater than 10 percent of the Township's allocation, the Township shall notify CCA of such potential connection.

Section 7 - This Agreement contemplates an average daily flow of sewage of not more than 550,000 gallons. Furthermore, at no time shall the average sewage flow during a 24-hour period exceed 825,000 gallons. If the aforementioned allotment is exceeded by the Township, CCA shall give written notice to the Township. The Township, in turn, will have thirty (30) days to commence investigations and ninety (90) days to correct the causes of such excess flow. The Township may request and CCA may grant approval of the use of additional capacity, subject to Section 8 of this Article VII or an extension of time for compliance with the Agreement. If the Township does not comply within the time limitations above, or any extension thereof, CCA shall have the right to deny the Township increased use of CCA's system. The aforementioned allotment of 550,000 gallons shall be available for use by the Township until December 31, 2010 when, at such time, if the Township shall have not used 90 percent of this allotment, then the remaining portion of the allocation over the then existing use as determined below shall revert to CCA and the provisions of Paragraph 8 below shall apply to increased capacity granted to the Township over the then existing use. The term

"then existing use" shall be the total average daily flow emanating from the Township to CCA (not including sewage conveyed by the Township for CCA) from all connection points as measured over the four quarters prior to December 31, 2010.

Section 8 - In the event that the Township requests an increase in allotment of sewage capacity over that set forth in Paragraph 6 above, said increased allotment shall be subject to the payment of a tapping fee which shall be calculated on the capacity portion of CCA's sewage collection and treatment system in the amount of the current tapping fee rate per gallon of increased daily usage of the CCA sewage treatment capacity. Said increases shall also be subject to the provisions of Section 7 of Article IV of this Agreement, relating to interconnection between the systems and to the provisions of Article V of this Agreement, relating to the treatment plant. If under the provisions of Section 2 of Article V, the Township contributes to the cost of increase of plant capacity to accommodate their needs, then the tapping fee required by this paragraph shall be waived. Unless the tapping fee as calculated exceeds the amount of contribution for plant improvements, then the Township shall pay the difference plus the improvement contribution.

Section 9 - The above-mentioned sewage treatment charges pertain to the treatment of domestic waste only. Industrial wastes may be more concentrated in nature and, as a result, the treatment thereof becomes more complex. It is understood and agreed that additional charges shall be made for all sewage treated at the CCA plant having total suspended solids, biochemical oxygen demand, or ammonia nitrogen, in excess of the following concentrations:

- | | | | |
|----|--|---|----------|
| A. | Total Suspended Solids (TSS) | - | 250 mg/l |
| B. | Five-Day Biochemical Oxygen Demand (BOD) | - | 250 mg/l |
| C. | Ammonia Nitrogen as N (AN) | - | 25 mg/l |
| D. | Phosphorus as P (P) | - | 4.5 mg/l |

The additional charge for wastewater having concentrations in excess of the foregoing shall be assessed against the cost of treating that portion of the total of sewage flows from Valley Township attributed to the measured flow or water usage of the industrial facility discharging such waste times an industrial waste treatment factor (IWTF) to be calculated as follows:

$$\text{IWTF} = \text{BOD}/250 \times .35 + \text{TSS}/250 \times .30 + \text{AN}/25 \times .175 + \text{P}/4.5 \times .175$$

Additional charge equals (IWTF - 1) x quarterly flow from industrial facility/total quarterly flow from Valley Township x quarterly bill.

Where mutually agreed upon by the parties, in cases where the suspended solids and/or ammonia nitrogen do not represent the true characteristics of the solids or nitrogen loading respectively, CCA reserves the right to use total solids in the surcharge formula instead of suspended solids and total kjeldahl nitrogen (TKN), instead of ammonia nitrogen.

Additional charges for treatment of special industrial wastes or for damages or upsets caused by the discharge of industrial wastes inimical to the sewage treatment and disposal process shall be in accordance with the Rules and Regulations established by CCA as provided in Section 2, Article VIII of this Agreement.

Section 10 - CCA hereby covenants that rates for sewage treatment, fees and charges, and the capacity portion of tapping fees imposed hereunder will be in conformation with its schedule of rates, fees and charges, and tapping fees charged in other similar areas throughout its system, and will not be greater than the rates, fees and charges, and the capacity portion of tapping fees charged similar customers under similar circumstances in CCA's system. The Township shall have the right to review the business records of CCA with regard to the establishment of rates, fees and charges, and the capacity portion of tapping fees

as the same affect these rates, fees and charges, or the capacity portion of tapping fees charged in the Township from time to time to substantiate the same. Likewise, with respect to rules and regulations of CCA which affect the Township, CCA covenants that said rules and regulations will be the same that are imposed upon other uses throughout its system, and the same shall be applied to the Township as they are applied to other users throughout the CCA system.

Section 11 - Quarterly billings to CCA for the conveyance of CCA sewage through the Township system shall be delivered by the Township and shall be payable according to the same terms as provided in Article VII, Sections 2 and 3 above. Billing shall be based upon the proportionate share of the operating and maintenance costs of the commonly used lines to be determined by the following formula:

$$\text{Cost of Conveyance} = \text{OM} \times \text{L1/L2} + \text{OM} \times \text{F1/F2}$$

OM is the cost of operating and maintenance for sanitary sewage collection lines in Valley Township. OM shall be determined by the Township subject to the review of the appropriate financial records by CCA.

L1 is the total length of commonly used lines.

L2 is the total length of all sewage collection lines in Valley Township.

L1 and L2 shall be determined from the mapping of the Township sewer system.

F1 is the flow into Valley Township as metered by CCA meters at connecting points for conveyance of sewage. F1 shall be determined by meter readings.

F2 is the total flow in the commonly used lines. F2 shall be calculated by the Township subject to review and approval by CCA and using where appropriate metering records at the downstream Township points of connection with the CCA system.

The cost of conveyance shall be calculated on an annual basis or at the time of any connection made by CCA to the Township system or where significant changes (more than 10% of total connected daily flow) occur within the Valley Township system. Calculation for cost of conveyance shall be available for confirmation no less than thirty days before taking effect.

ARTICLE VIII - INFILTRATION AND INDUSTRIAL WASTES.

Section 1 - The Township and CCA agree that the sewage and wastes discharged by any user into either of their collection systems shall not contain stormwater, roof, subsurface, or surface drainage. Both CCA's and the Township's sewer construction specifications shall require infiltration, exfiltration, and/or air pressure tests made at the time of construction. The infiltration or exfiltration of the sewer system at the time of the test shall not exceed 100 gallons per one-inch diameter of pipe per mile in 24 hours. Air test results for acceptance shall be in accordance with techniques for new pipe systems current at the time of construction.

Section 2 - CCA and the Township shall enact rules and regulations and/or ordinances, within 60 days of execution of this Agreement, prohibiting the discharge of surface and/or subsurface stormwater into their respective systems. Such rules and regulations and/or ordinances shall prohibit the construction, installation, or use of any facility which causes surface and/or subsurface stormwater or groundwater to be discharged to the sanitary sewer system. Facilities prohibited shall include, but not be limited to, sump pumps, area drains, yard drains, perimeter drains, foundation drains, roof leaders,

downspouts, street inlets, storm sewers, cross connections, etc. Restrictions contained within the ordinances enacted through the Township shall be equal to or stricter than those enacted by CCA.

Section 3 - The Township agrees to take appropriate measures to prohibit any connection to the Township collection system of any industrial establishment from which industrial waste is or may be discharged into the system, except in accordance with the Sewer Use Rules and Regulations adopted by CCA which Sewer Use Rules and Regulations are made a part of this Agreement as if appended thereto.

Section 4 - Whenever an existing or new user of the Valley Township sewer system proposes to alter the character of a waste from that previously discharged to introduce industrial waste or proposes to discharge any new industrial waste into the sewer system, CCA shall be so notified in writing by the Township and such notification shall be made prior to such change or new discharge to enable the waste to be analyzed by CCA to determine its acceptability before such change or new discharge takes place, and such discharge shall not occur prior to the granting of approval by CCA.

Section 5 - In order to facilitate the control of industrial waste into the sewage collection system and thus to the treatment plant, the rules and regulations of CCA and Valley Township shall contain the provision "If industrial waste is proposed to be introduced into any sewer system tributary to CCA's Treatment Works, whether the sewer system is maintained by CCA or by any other municipality or private party, the customer or user shall obtain a sewer service agreement with CCA before commencing the discharge of such industrial waste". In issuing such permits and requiring such an agreement, CCA shall incorporate the provisions of the Rules and Regulations requiring the provision of control manholes, testing, reports and other relevant controls over the discharger of industrial waste. The agreement shall provide,

among other things, that CCA shall be reimbursed a reasonable cost of monitoring, testing and otherwise determining the character of wastes which are to be discharged. Charges imposed by CCA for the testing and monitoring of waste discharges shall be separate and apart from charges imposed by Valley Township for the collection and conveyance of sewage and for payment for treatment by CCA. It is not intended by this provision that CCA shall in any way alter the customer relationship between the party discharging the waste and Valley Township. Sewer use rates shall be continued to be paid by the user to Valley Township and in all respects the user shall be a customer of the Township. If as a result of testing conducted by CCA it is determined that the wastes are concentrated in nature, then CCA shall so advise the Township of any additional charges which will be made for sewage treatment at the CCA plant in accordance with the measures adopted by Section 9 of Article VII of this Agreement.

Section 6 - After examination of all relevant information as required by this article above, CCA reserves the right to refuse acceptance, and the Township will not permit the discharge of any industrial or other process waste whose quality may be deemed to have a harmful effect on the sewage treatment or sludge handling process and which cannot be processed by the treatment plant in the normal and ordinary course of operation.

Section 7 - CCA shall provide to the Township copies of all test information, reports, conclusions made by CCA, and any other relevant information relating to the acceptance or denial of discharges of industrial wastes.

ARTICLE IX - PARTICULAR COVENANTS OF VALLEY TOWNSHIP

Upon the execution of this Agreement, the Township covenants as follows:

- A. To design and construct modifications and extensions to the sewage collection system so as to contain no stormwater thereof or subsurface drainage whatsoever.
- B. To maintain its collection system in good repair and operating condition and to operate it continuously as provided in other sections of this Agreement.
- C. To take any and all action by ordinance, or in any otherwise necessary and appropriate manner, to fulfill the provisions of this Agreement.

ARTICLE X - PARTICULAR COVENANTS OF CITY OF COATESVILLE
AUTHORITY.

Section 1 - Upon the execution of this Agreement, CCA covenants as follows:

- A. To maintain the interceptor, sewers, and treatment plant in good repair and operating condition and to operate them continuously.
- B. To readily accept and treat up to 550,000 gallons per day of sewage coming into CCA from the Township, subject to the provisions of this Agreement.

ARTICLE XII - MISCELLANEOUS.

Section 1 - The failure of any party hereto to insist upon strict performance of this Agreement or any of the terms or conditions thereof shall not be construed as a waiver of any of its rights hereunder.

Section 2 - This writing constitutes the entire Agreement between the parties, and there are no other representations or agreements, verbal or written, other than those contained herein.

Section 3 - Whenever a notice is required to be given by mail, the following addresses shall be used unless a different address is specifically called for:

City of Coatesville Authority
114 East Lincoln Highway
Coatesville, Pennsylvania 19320

Valley Township
890 West Lincoln Highway
Coatesville, Pennsylvania 19320

Section 4 - This Agreement may be executed in any number of counterparts, each of which shall be properly executed by the Township and CCA, and all of which shall be regarded for all purposes as the original.

Section 5 - In the event that the Department of Environmental Resources of the Commonwealth of Pennsylvania, or any other regulatory body or governmental agency, shall fail or refuse to issue any permits for conveyance or treatment which may be necessary to accomplish the intent and purpose of this Agreement, the parties shall be relieved from further compliance with the terms of this Agreement until such time when such permit or permits shall be issued.

Section 6 - In the event that any disputes shall arise relative to the interpretation and/or application of the terms of this Agreement, the parties hereof do hereby agree to the following procedure to settle such matters:

- A. The parties, operators, and/or managers will attempt to discuss and solve the problem.

- B. If Step "A" does not prove satisfactory, a joint committee comprised of three members (the solicitor, engineer, and a councilman or supervisor) for each party will meet to attempt to solve the problem.

- C. If neither of the above steps proves successful, the dispute shall be resolved by decision of a panel consisting of the consulting engineer of each of the respective parties to the dispute, and an additional consulting engineer chosen by and acceptable to the parties.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their appropriate officers and their respective seals to be hereunto affixed on the day and year first above written.

Attest: *[Signature]*

CITY OF COATESVILLE AUTHORITY

By: *Charles T. Williams*

VALLEY TOWNSHIP

By: *[Signature]*
Grover E. Foon

Attest: *David A. Parkey*

John T. Kepp
Walter Johnson

PLOT PLAN
 Showing
8" T.C. SAN. SEWER LINE
 STRODE AVE. & GAP RD.
 VALLEY TWP. - CHESTER Co., Pa.
 Oct. 22, 1959 Scale 1" = 60' Dwg. - E.C.H.
 JOHN H. KOEHLER, JR.
 CITY ENGINEER
 Coatesville, Penna.

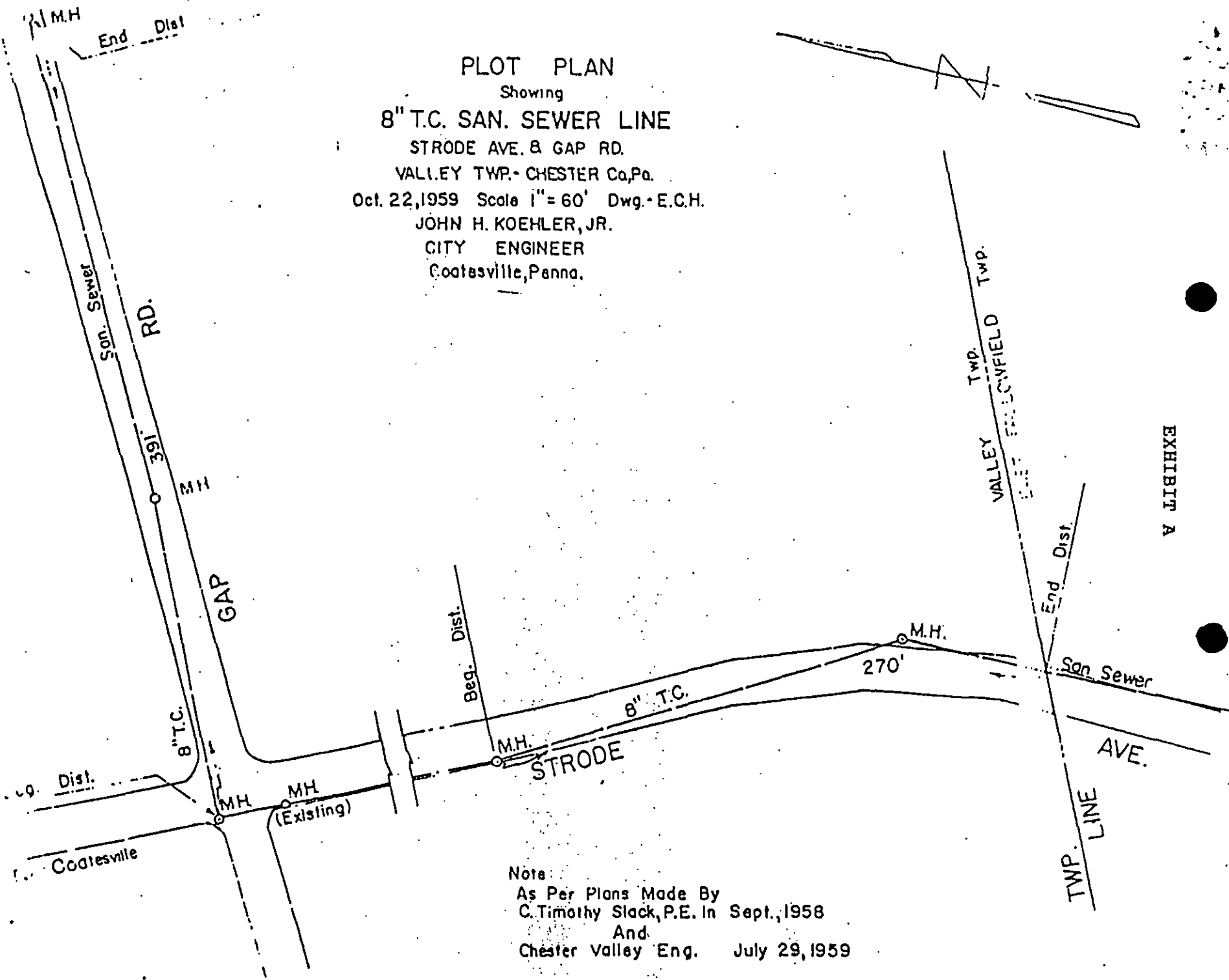


EXHIBIT A

Note:
 As Per Plans Made By
 C. Timothy Slack, P.E. In Sept., 1958
 And
 Chester Valley Eng. July 29, 1959

EXHIBIT B

ANNEX "A"

VALLEY TOWNSHIP

BEGINNING on the westerly side of Strode Avenue, where the Strode Avenue line intersects with the line of Gap Road; thence along Gap Road in a northeasterly direction three hundred ninety one feet more or less to the end of the trunk line, and the second line BEGINNING at a point on Strode Avenue, said point being two hundred three feet in a southeastwardly direction from the intersection of Strode Avenue and Gap Road; thence along Strode Avenue in a southerly direction two hundred seventy feet to the East Fallowfield Township line.



CONTROL POINT ASSOCIATES, INC.

Gwynedd Corp. Center
1120 Welsh Road
Suite 200
North Wales, PA 19454
215.412.9055
215.412.0861 fax

776 Mountain Boulevard
Watchung, NJ 07060
908.668.0099
908.668.9595 fax

January 28, 2000
CP97047

METES AND BOUNDS DESCRIPTION
SADSBURY COMMONS
LOTS 86, 87 & 151 AND PART OF LOT 10, TAX MAP SHEET 36-3
TOWNSHIPS OF SADSBURY & WEST SADSBURY
CHESTER COUNTY, COMMONWEALTH OF PENNSYLVANIA

BEGINNING AT A POINT ON THE WESTERLY LEGAL RIGHT-OF-WAY LINE OF PENNSYLVANIA STATE HIGHWAY ROUTE 10 (A.K.A. OCTORARO TRAIL, A.K.A. LR 274-4, A.K.A. SR 0010; 80 FOOT WIDE RIGHT-OF-WAY), SAID POINT BEING LOCATED AT THE SOUTHEASTERLY TERMINUS OF AN ARC HAVING A RADIUS OF 65.00 FEET, CONNECTING THE WESTERLY LEGAL RIGHT-OF-WAY LINE OF PENNSYLVANIA STATE HIGHWAY ROUTE 10 WITH THE SOUTHERLY LEGAL RIGHT-OF-WAY LINE OF PENNSYLVANIA STATE HIGHWAY US ROUTE 30 (A.K.A. LINCOLN HIGHWAY, A.K.A. LR 142, A.K.A. SR 0030, VARIABLE WIDTH RIGHT-OF-WAY), AND FROM SAID POINT OF BEGINNING RUNNING, THENCE;

1. ALONG THE WESTERLY LEGAL RIGHT-OF-WAY LINE OF PENNSYLVANIA STATE HIGHWAY ROUTE 10, SOUTH 04 DEGREES 09 MINUTES 12 SECONDS EAST, A DISTANCE OF 318.53 FEET TO A POINT OF CURVATURE, THENCE;
2. CONTINUING ALONG THE WESTERLY LEGAL RIGHT-OF-WAY LINE OF PENNSYLVANIA STATE HIGHWAY US ROUTE 10; ALONG THE ARC OF A CIRCLE CURVING TO THE LEFT, HAVING A RADIUS OF 2,478.12 FEET, TURNING A CENTRAL ANGLE OF 23 DEGREES 42 MINUTES 55 SECONDS, AN ARC LENGTH OF 1,025.72 FEET, A CHORD BEARING SOUTH 16 DEGREES 00 MINUTES 40 SECONDS EAST AND A CHORD DISTANCE OF 1,018.41 FEET TO A POINT, THENCE;
3. LEAVING THE WESTERLY LEGAL RIGHT-OF-WAY LINE OF PENNSYLVANIA STATE HIGHWAY US ROUTE 10, AND RUNNING ALONG THE DIVIDING LINE BETWEEN LOT 87 & LOT 11, SOUTH 62 DEGREES 07 MINUTES 53 SECONDS WEST, A DISTANCE OF 882.26 FEET TO A POINT, THENCE;
4. ALONG THE DIVIDING LINE BETWEEN LOT 10 & LOT 11, SOUTH 04 DEGREES 53 MINUTES 25 SECONDS EAST, A DISTANCE OF 90.90 FEET TO A POINT, THENCE;



CONTROL POINT
ASSOCIATES, INC.

January 28, 2000
Sadsbury Commons
West Sadsbury & Sadsbury Twp.
Chester Co., PA.
Page 2

5. ALONG THE PROPOSED SUBDIVISION LINE THROUGH LANDS OF LOT 10, SOUTH 85 DEGREES 06 MINUTES 35 SECONDS WEST, A DISTANCE OF 983.31 FEET TO A POINT, THENCE;
6. ALONG THE DIVIDING LINE BETWEEN LOT 10 & LOT 149, NORTH 05 DEGREES 28 MINUTES 42 SECONDS WEST, A DISTANCE OF 464.05 FEET TO A POINT, THENCE;
7. ALONG THE DIVIDING LINE BETWEEN LOT 151 & LOT 88, NORTH 05 DEGREES 29 MINUTES 33 SECONDS WEST, A DISTANCE OF 1,289.43 FEET TO A POINT, THENCE;
8. ALONG THE DIVIDING LINE BETWEEN LOT 151 & LOT 82, SOUTH 82 DEGREES 29 MINUTES 37 SECONDS EAST, A DISTANCE OF 51.31 FEET TO A POINT, THENCE;
9. CONTINUING ALONG THE DIVIDING LINE BETWEEN LOT 151 & LOT 82, NORTH 05 DEGREES 29 MINUTES 33 SECONDS WEST, A DISTANCE OF 481.82 FEET TO A POINT IN THE CENTERLINE OF PENNSYLVANIA STATE HIGHWAY ROUTE 30, THENCE;
10. ALONG THE CENTERLINE OF PENNSYLVANIA STATE HIGHWAY US ROUTE 30, SOUTH 82 DEGREES 30 MINUTES 33 SECONDS EAST, A DISTANCE OF 102.62 FEET TO A POINT, THENCE;
11. LEAVING THE CENTERLINE OF PENNSYLVANIA STATE HIGHWAY US ROUTE 30 AND RUNNING ALONG THE DIVIDING LINE BETWEEN LOT 86.7 & LOT 87.1, SOUTH 05 DEGREES 29 MINUTES 33 SECONDS EAST, A DISTANCE OF 511.51 FEET TO A POINT, THENCE;
12. ALONG THE COMMON DIVIDING LINE BETWEEN LOT 86 & LOTS 87.1 & 87.2, SOUTH 82 DEGREES 30 MINUTES 43 SECONDS EAST, A DISTANCE OF 300.00 FEET TO A POINT, THENCE;
13. CONTINUING ALONG THE DIVIDING LINE BETWEEN LOT 86 & LOT 87.2, NORTH 05 DEGREES 29 MINUTES 33 SECONDS WEST, A DISTANCE OF 511.51 FEET TO A POINT IN THE CENTERLINE OF PENNSYLVANIA STATE HIGHWAY US ROUTE 30, THENCE;
14. ALONG THE CENTERLINE OF PENNSYLVANIA STATE HIGHWAY US ROUTE 30, SOUTH 82 DEGREES 30 MINUTES 43 SECONDS EAST, A DISTANCE OF 576.71 FEET TO A POINT, THENCE;
15. LEAVING THE CENTERLINE OF PENNSYLVANIA STATE HIGHWAY US ROUTE 30, SOUTH 04 DEGREES 53 MINUTES 25 SECONDS EAST, A DISTANCE OF 71.17 FEET TO A POINT ON THE SOUTHERLY LEGAL RIGHT-OF-WAY LINE OF PENNSYLVANIA STATE HIGHWAY US ROUTE 30, THENCE;
16. ALONG THE SOUTHERLY LEGAL RIGHT-OF-WAY LINE OF PENNSYLVANIA STATE HIGHWAY US ROUTE 30, SOUTH 82 DEGREES 26 MINUTES 18 SECONDS EAST, A DISTANCE OF 582.65 FEET TO A POINT OF CURVATURE, THENCE;
17. ALONG THE ARC OF A CIRCLE CURVING TO THE RIGHT CONNECTING THE SOUTHERLY LEGAL RIGHT-OF-WAY LINE OF PENNSYLVANIA STATE HIGHWAY US ROUTE 30 WITH THE WESTERLY LEGAL RIGHT-OF-WAY LINE OF PENNSYLVANIA STATE HIGHWAY ROUTE 10, SAID ARC HAVING A RADIUS OF 65.00 FEET, TURNING A CENTRAL ANGLE



**CONTROL POINT
ASSOCIATES, INC.**

January 28, 2000
Sadsbury Commons
West Sadsbury & Sadsbury Twps.
Chester Co., PA
Page 3

OF 78 DEGREES 17 MINUTES 06 SECONDS, AN ARC LENGTH OF 88.81 FEET, A CHORD BEARING SOUTH 43 DEGREES 17 MINUTES 45 SECONDS EAST AND A CHORD DISTANCE OF 82.06 FEET TO THE POINT AND PLACE OF BEGINNING.

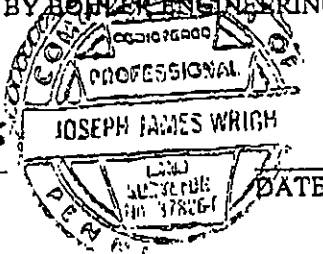
CONTAINING 3,028,057 SQUARE FEET OR 69.515 ACRES

THIS PROPERTY MAY BE SUBJECT TO RESTRICTIONS, COVENANTS AND/OR EASEMENTS, EITHER WRITTEN OR IMPLIED.

THIS DESCRIPTION IS WRITTEN IN ACCORDANCE WITH A MAP ENTITLED "AMENDED PRELIMINARY FINAL LAND DEVELOPMENT PLANS, RECORD PLAN, WOLFSON-VERRICCHIA GROUP, INC., SADSBUARY COMMONS, ROUTE 303, TOWNSHIP OF WEST SADSBUARY & SADSBUARY TOWNSHIPS, PA", PREPARED BY BOHLER ENGINEERING, INC., FILE NO. P6117SR0, SHEET 2 OF 38, DATED 8/25/99.

JOSEPH J. WRIGHT, P.L.S.
PENNSYLVANIA PROFESSIONAL
LAND SURVEYOR NO. SU-037826-E

JWS/br
CPA/97047LD3



1/28/00

DATE

ESTIMATE OF PENNSYLVANIA - AMERICAN WATER
 COMPANY'S ANNUAL REVENUES AND EXPENSES IN
 WASTEWATER APPLICATION TERRITORY

OPERATING REVENUES	<u>\$1,970,083</u>
OPERATION EXPENSES	
OPERATIONS AND MAINTENANCE	1,672,955
DEPRECIATION & AMORTIZATION	492,627
TAXES ON OPERATING INCOME	
GENERAL TAXES	
STATE INCOME	(87,268)
FEDERAL INCOME	<u>(293,250)</u>
	<u>1,785,064</u>
UTILITY OPERATING INCOME	185,019
OTHER INCOME	
ALLOW. FOR OTHER FUNDS FOR CONSTRUCT.	
MISCELLANEOUS OTHER INCOME	
GAIN (LOSS) ON SALE OF PROPERTY	
	<u>185,019</u>
OTHER DEDUCTIONS	
AMORT. OF PREFERRED STOCK EXPENSE	
AMORT. OF UTILITY PLANT ADJUSTMENTS	35,184
MISCELLANEOUS OTHER DEDUCTIONS	
TAXES ON OTHER INCOME AND DEDUCTIONS	
GENERAL	
STATE INCOME	(3,483)
FEDERAL INCOME	<u>(12,315)</u>
	<u>19,387</u>
INCOME BEFORE INTEREST CHARGES	<u>165,632</u>
INTEREST CHARGES	
INTEREST ON LONG-TERM DEBT	
AMORTIZATION OF DEBT EXPENSE	
INTEREST ON BANK DEBT	729,625
OTHER INTEREST	
ALLOW. FOR BORROWED FUNDS FOR CONSTRUCT.	
	<u>729,625</u>
NET INCOME	(563,993)
RETAINED EARNINGS AT BEGINNING OF PERIOD	
PRIOR PERIOD ADJUSTMENTS	
	<u>(563,993)</u>
DIVIDENDS	
PREFERRED STOCK	
COMMON DIVIDENDS	<u>(422,995)</u>
	<u>(422,995)</u>
RETAINED EARNINGS AT END OF PERIOD	<u><u>(140,998)</u></u>