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Seth A. Mendelsohn
Corporate Counsel

July 19, 2013

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility
Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17105-3265

In Re: Application of Pennsylvania-American Water Company for Approval of (1) the transfer, by sale, of substantially all of Franklin Township Municipal Sewer Authority properties and rights related 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 portions of Franklin Township, Adam County, Pennsylvania. Docket No. A-2013-2344624

Dear Ms. Chiavetta:

Attached please find for e-filing the First Amendment of the Purchase Agreement between Franklin Township Municipal Sewer Authority and Pennsylvania-American Water Company, dated November 12, 2012, regarding the above-referenced application. The amendment revises paragraphs 2.1, 3.1, 3.2.5, 4.8, 10.8 and Schedules 1.1 and 1.3.

If you have any questions, please do not hesitate to contact me.

Respectfully,

Seth A. Mendelsohn

blg
Enclosure

cc: B. Grundusky

Amendments

1. The Purchase Agreement dated November 12, 2012 is incorporated herein by reference.

2. Page 4, Paragraph 2.1 – PURCHASE PRICE FOR THE WASTEWATER SYSTEM: Paragraph is hereby deleted in its entirety and replaced with the following new paragraph:

2.1 PURCHASE PRICE FOR THE WASTEWATER SYSTEM. *Subject to the terms and conditions of this Agreement, the total purchase price to be paid by PAWC for the purchase of the Wastewater System (the "Purchase Price") shall include: 1) payment by PAWC to PIIA of the non-delinquent balance of principal and interest accrued through the date of Closing (payment shall not exceed Five Million Five Hundred Fifty Thousand [\$5,550,000] Dollars) and 2) a cash payment of \$10,000 (Ten Thousand Dollars) payable directly to FTMA on the date of Closing by corporate check or wire transfer at PAWC's discretion.*

3. Page 5, Paragraph 3.1 of the Purchase Agreement: delete the language "June 30, 2013". The Section will now appear as follows:

3.1 CLOSING. *Subject to the terms and conditions of this Agreement, the closing of the sale and purchase of the Acquired Assets (the "Closing") shall be held at such time and date as may be mutually satisfactory to the parties hereto ("the Closing Date"), within forty-five (45) days following the date on which all of the conditions set forth in Articles 7 and 8 of this Agreement have been met. Provided, however, that if Closing has not occurred on or before December 31, 2013, either party shall have the right to terminate this Agreement by written notice to the other party. The Closing Date, as referred to in this Agreement, shall be the date of Closing. Closing shall take place at PAWC's offices in Hershey, Pennsylvania.*

4. Page 6, Paragraph 3.2.5 of the Purchase Agreement: delete the language "except that associated with the PIIA loan". The Section will now appear as follows:

3.2.5 *Evidence that any indebtedness of FTMA on the Wastewater System has been retired, including PIIA Loan No. 71348. Payment of PIIA Loan No. 71348 by PAWC at Closing shall be made pursuant to the terms set forth in Paragraph 2 above, Purchase Price for the Wastewater System.*

5. Page 11, Paragraph 4.8 – REAL ESTATE: add language that the PIIA loan will be paid at Closing. The Paragraph will now appear as follows:

4.8. *Schedule 4.8 is a complete and accurate list of the Real Estate. FTMA at Closing hereunder will convey and transfer to PAWC, indefeasible, good and marketable legal and equitable title to the Real Estate, free and clear of all liens, encumbrances and easements, excepting however, the following instruments of record: existing building restrictions, ordinances, easements of roads, privileges or rights of public service companies, if any; or easements or restrictions visible upon the ground or the previously mentioned PIIA loan which will be paid at Closing as part of the Purchase Price (“Permitted Exceptions”), otherwise the title to the above described real estate shall be good and marketable or such as will be insured by any reputable Title Insurance Company at the regular rates. FTMA has no knowledge of any default or breach under any of the covenants, conditions, restrictions, rights of way or easements, if any, affecting all or any portion of the Real Estate, and there is no pending condemnation, eminent domain or similar proceeding affecting any of the Real Estate, and to the best knowledge of FTMA, no such proceeding is threatened. FTMA has not received any written or oral notice of assessment against any of the Real Estate which remains unpaid. To the best of FTMA’s knowledge, information and belief, there are no toxic or other dangerous conditions of the property.*

6. Page 30, Paragraph 10.8 – TERMINATION OF AGREEMENT: delete the language “June 30, 2013”. The Paragraph will now appear as follows:

10.8 TERMINATION OF AGREEMENT. If Closing does not occur by December 31, 2013, despite the full cooperation and diligent efforts of PAWC and FTMA, then either party may terminate this Agreement upon written notice to the other, and the parties shall be relieved of all rights and responsibilities hereunder, except as specified herein.

7. Schedule 1.1 – Permitted Exceptions: delete the language “Pennsylvania Infrastructure Investment Authority (“PIIA”) loan”. The Schedule will now appear as follows:

Schedule 1.1
Permitted Exceptions

Conditions and restrictions as stated on the face of any recorded Right of Way or Easement that do not affect the suitability of the grant for the purpose intended, including, but not limited to, a condition or restriction that the surface be returned to its original condition following entry.

8. Schedule 1.3 – Transferred Liabilities: delete the liability referred to as “One (1) EDU to the Cashtown Community Fire Department. Agreement Attached”. The Schedule will now appear as follows:

Schedule 1.3
Transferred Liabilities

EDUs Reserved to Edward Spence – Three (3) EDUs total; one (1) remaining as of October 2012. Agreement Attached.

EDUs Reserved to Thomas Norman – Six (6) EDUs total; five (5) remaining as of October 2012. Agreement Attached.

Maintenance of Access Road to Sewer Plant per Easement.

9. All other terms and conditions of the Purchase Agreement shall remain in full force and effect and the Purchase Agreement shall only be amended as set forth in this First Amendment unless contained in a subsequent writing signed by all the parties hereto.

WHEREFORE, the Pennsylvania-American respectfully requests that the Commission issue the necessary certificate of public convenience approving Application of Pennsylvania-American

Water Company for Approval of (1) the transfer, by sale, of substantially all of Franklin Township Municipal Sewer Authority 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 portions of Franklin Township, Adams County, presently being served by the Franklin Township Municipal Sewer Authority.

Respectfully submitted,



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

Dated: July 19, 2013

**FIRST AMENDMENT OF THE PURCHASE AGREEMENT
BETWEEN FRANKLIN TOWNSHIP MUNICIPAL SEWER AUTHORITY
AND FRANKLIN TOWNSHIP, AS SELLERS, AND
PENNSYLVANIA-AMERICAN WATER COMPANY, AS BUYER**

THIS FIRST AMENDMENT is made and entered into as of the 19th day of July, 2013 by and between FRANKLIN TOWNSHIP MUNICIPAL SEWER AUTHORITY, a municipal authority organized and existing under the laws of the Commonwealth of Pennsylvania and FRANKLIN TOWNSHIP, Adams County, Pennsylvania, a township of the second class (hereinafter collectively referred to as “FTMA”) and PENNSYLVANIA-AMERICAN WATER COMPANY, a Pennsylvania corporation, organized and existing under the laws of the Commonwealth of Pennsylvania (hereinafter referred to as “PAWC”).

WITNESSETH

WHEREAS, FTMA owns a public sanitary wastewater treatment system in Franklin Township, Adams County, Pennsylvania; and

WHEREAS, FTMA owns a sand mound sanitary sewerage system serving approximately 14 residences in an area within Franklin Township, Adams County, Pennsylvania, known locally as “Poplar Springs,”; and

WHEREAS, FTMA is the operator of both the sanitary wastewater treatment system and Poplar Springs (hereinafter collectively referred to as the “Wastewater System”); and

WHEREAS, PAWC is a public water and wastewater utility operating in various areas of Pennsylvania; and

WHEREAS, FTMA and PAWC entered into a Purchase Agreement dated November 12, 2012 (hereinafter referred to as the "Purchase Agreement"), whereby FTMA will sell and PAWC will purchase substantially all of the assets, properties and rights of FTMA in the Wastewater System; and

WHEREAS, FTMA has an outstanding loan with the Pennsylvania Infrastructure Investment Authority ("PIIA") which is associated with the Wastewater System; and

WHEREAS, pursuant to the terms and conditions of the Purchase Agreement, PAWC was to assume the payment obligations related to FTMA's PIIA Loan No. 71348 through the issuance of a note by PAWC to FTMA equal to the non-delinquent principal and interest outstanding on FTMA's PIIA loan (Loan No. 71348 of approximately \$5.5 Million) at Closing; and

WHEREAS, at Closing, the parties have subsequently agreed that PAWC will not issue FTMA a note equal to the non-delinquent principal and interest on FTMA's PIIA Loan (Loan No. 71348 of approximately \$5.5 Million). Rather, at Closing, PAWC will pay, in full, PIIA Loan No. 71348 as part of the Purchase Price for the Wastewater System and any debt obligations of FTMA with respect to Loan No. 71348 will be satisfied; and

WHEREAS, because of these changes in the Purchase Agreement, there may be a delay in the Closing of the sale of the FTMA's Wastewater System to PAWC; and

WHEREAS, FTMA and PAWC desire to amend the Purchase Agreement by revising Paragraphs 2.1, 3.2.5 and Schedule 1.1 to reflect that Loan No. 71348 will be paid in full at Closing and that PAWC will not assume any of FTMA's outstanding PIIA debt obligations and revise Paragraphs 3.1 and 10.8 to extend the expiration date of the Agreement and Closing on the purchase of the Wastewater System owned by FTMA by PAWC; and

WHEREAS, FTMA and PAWC intend that the remaining terms and conditions of the Purchase Agreement remain in full force and effect; and

WHEREAS, FTMA and PAWC now desire to enter into this First Amendment to confirm their understanding in writing.

NOW THEREFORE, this First Amendment witnessed that for and in consideration of the respective covenants and agreements of the parties hereinafter set forth, the parties hereto, intending to be legally bound hereby, do covenant, contract and agree as follows:

1. The Purchase Agreement dated November 12, 2012 is incorporated herein by reference.

2. Page 4, Paragraph 2.1 – PURCHASE PRICE FOR THE WASTEWATER SYSTEM: Paragraph is hereby deleted in its entirety and replaced with the following new paragraph:

2.1 PURCHASE PRICE FOR THE WASTEWATER SYSTEM. Subject to the terms and conditions of this Agreement, the total purchase price to be paid by PAWC for the purchase of the Wastewater System (the "Purchase Price") shall include: 1) payment by PAWC to PIIA of the non-delinquent balance of principal and interest accrued through the date of Closing (payment shall not exceed Five Million Five Hundred Fifty Thousand [\$5,550,000] Dollars) and 2) a

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marketable legal and equitable title to the Real Estate, free and clear of all liens, encumbrances and easements, excepting however, the following instruments of record: existing building restrictions, ordinances, easements of roads, privileges or rights of public service companies, if any; or easements or restrictions visible upon the ground or the previously mentioned PIIA loan which will be paid at Closing as part of the Purchase Price (A Permitted Exceptions), otherwise the title to the above described real estate shall be good and marketable or such as will be insured by any reputable Title Insurance Company at the regular rates. FTMA has no knowledge of any default or breach under any of the covenants, conditions, restrictions, rights of way or easements, if any, affecting all or any portion of the Real Estate, and there is no pending condemnation, eminent domain or similar proceeding affecting any of the Real Estate, and to the best knowledge of FTMA, no such proceeding is threatened. FTMA has not received any written or oral notice of assessment against any of the Real Estate which remains unpaid. To the best of FTMA's knowledge, information and belief, there are no toxic or other dangerous conditions of the property.

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*10.8 TERMINATION OF AGREEMENT.
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EDUs Reserved to Thomas Norman – Six (6) EDUs total; five (5) remaining as of October 2012. Agreement Attached.

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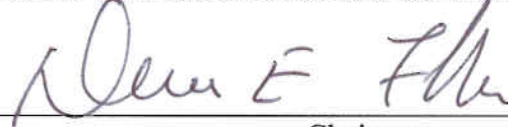
9. All other terms and conditions of the Purchase Agreement shall remain in full force and effect and the Purchase Agreement shall only be amended as set forth in this First Amendment unless contained in a subsequent writing signed by all the parties hereto.

IN WITNESS WHEREOF, the parties hereto have caused this First Amendment of the Purchase Agreement between FTMA and PAWC to be executed on the day and year first above written.

ATTEST:

FRANKLIN TOWNSHIP MUNICIPAL SEWER AUTHORITY


Secretary

By: 
Chairman

ATTEST:

FRANKLIN TOWNSHIP

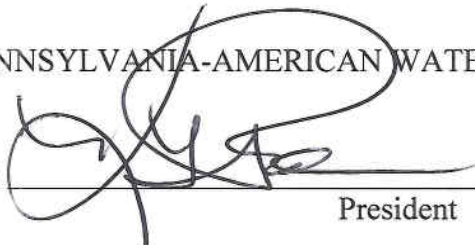

Secretary

By: 
Chairman

ATTEST:

PENNSYLVANIA-AMERICAN WATER COMPANY


Ass't. Secretary

By: 
President

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Application of Pennsylvania-American Water Company for Approval of (1) the transfer, by sale, of substantially all of Franklin Township Municipal Sewer Authority properties and rights related 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 portions of Franklin Township, Adam County, Pennsylvania. Docket No. A-2013-2344624

PROOF OF SERVICE

I hereby certify that I am this day serving the above-referenced Amendment upon the persons and in the manner indicated below, which service satisfies the requirements of 52 Pa. Code §3.61 and §3.62 and 1 Pa. Code §33.36:

Service by first class mail addressed as follows:

Adams County Planning Commission
Adams County Courthouse
117 Baltimore Street
Gettysburg, PA 16214

Adams County Commissioners
Adams County Courthouse
117 Baltimore Street
Gettysburg, PA 16214

Franklin Township
Board of Supervisors
55 Scott School Road
P.O. Box 309
Cashtown, PA 17310

Franklin Township
Planning Commission
55 Scott School Road
P.O. Box 309
Cashtown, PA 17310

Franklin Township Municipal Sewer
Authority
55 Scott School Road
P.O. Box 309
Cashtown, PA 17310

Office of Small Business Advocate
Suite 1102, Commerce Building
300 North Second Street
Harrisburg, PA 17101

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

Department of Environmental Protection
909 Elmerton Avenue
Harrisburg, PA 17110-8200



Seth A. Mendelsohn
Velma A. Redmond, Esquire
Corporate Counsel for
Pennsylvania-American Water Company
800 West Hersheypark Drive
Hershey, PA 17033
(717) 533-5000

Dated: July 19, 2013