



PENNSYLVANIA
AMERICAN WATER

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Seth A. Mendelsohn
Corporate Counsel

December 6, 2013

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

In re: Application of Pennsylvania-American Water Company for Approval of (1) the transfer, by sale, of substantially all of Paint-Elk Joint 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 Paint Township and Elk Township, Clarion County, Pennsylvania.

Dear Ms. Chiavetta:

On behalf of Pennsylvania-American Water Company, I am e-filing an original copy of the above-referenced Application, together with payment in the amount of \$350 for the Commission's filing fee.

Sincerely,

Seth A. Mendelsohn

Enclosures

cc: Office of Consumer Advocate
Office of Small Business Advocate
Department of Environmental Protection

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 Paint-Elk Joint 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 Paint Township and Elk Township, Clarion County, Pennsylvania.

Application No. _____

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 Sections 1102(a) and 507 of the Public Utility Code (66 Pa.C.S. §§1102(a), 507) of: (1) Pennsylvania-American’s acquisition of substantially all of the assets, properties and rights of the Paint-Elk Joint Sewer Authority (“PEJSA”) 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 PEJSA.

2. The name and address of the Applicant is:

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

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

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

4. The PEJSA is a municipal authority organized under the Pennsylvania Municipality Authorities Act of May 2, 1945, P.L. 382. It owns and operates a public sanitary wastewater treatment system in portions of Paint Township and Elk Township, Clarion 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. PEJSA provides wastewater services to the public in a service territory encompassing a portion of Paint Township and Elk Township, Clarion County, Pennsylvania, with a population of approximately 1,500. Water and wastewater service is furnished by Pennsylvania-American to the public in a service territory encompassing more than 396 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, 2012, PEJSA furnished wastewater service to 450 customers, as follows:

Residential	378
Commercial	72

7. As of September 30, 2013, Pennsylvania-American furnished wastewater service to 18,076 customers, as follows:

Residential	17,227
Commercial	790
Industrial	5
Municipal	50
Sale for Resale	4

A. TRANSFER, BY SALE, OF SUBSTANTIALLY ALL OF THE PAINT-ELK JOINT SEWER 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 subpart A.

Summary of the Transaction

8. On October 28, 2013 PEJSA entered into an agreement with Pennsylvania-American to sell the wastewater assets of PEJSA.

Background Financial Information

9. There is attached hereto the balance sheet of PEJSA as of December 31, 2012 (Exhibit B), which is the latest available, and Pennsylvania-American's unaudited balance sheet as of December 31, 2012 (Exhibit C). Pennsylvania-American will undertake an original cost study to determine the original cost and accumulated depreciation of PEJSA's wastewater utility plant in service.

10. There is attached hereto the income statement of PEJSA for the 12 months ended December 31, 2012 (Exhibit D) and Pennsylvania-American's unaudited income statement for the 12 months ended December 31, 2012 (Exhibit E).

11. 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

12. This Application seeks approval of the transfer to Pennsylvania-American of substantially all of the wastewater property and rights of PEJSA. The terms and conditions of the transaction are contained in the executed Agreement between Pennsylvania-American and PEJSA (Exhibit F). The specific property to be transferred is defined and described in Paragraph 1.1 of the Agreement.

13. The consideration for the transfer of the wastewater system is as outlined in Paragraph 2.2 of the Agreement. The transaction is at arm's length.

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

15. There is attached hereto a pro forma balance sheet of Pennsylvania-American as of December 31, 2012, giving effect to the transfer (Exhibit G). However, as noted in Paragraph 9, 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 PEJSA. 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.

16. There is attached hereto a pro forma consolidated income statement of Pennsylvania-American and PEJSA for the 12 months ended December 31, 2012 (Exhibit H).

17. Tentative journal entries to record the transfer in Pennsylvania-American's accounts are set forth below, based upon the books of PEJSA and the purchase price. However, as stated above, Pennsylvania-American will undertake an original cost study and will establish the depreciated original costs for PEJSA's utility plant based on the results of the study.

Utility plant	\$1,701,776
Accumulated depreciation	(\$158,776)
Short term debt	\$1,543,000

8. 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 I). A certified copy of the resolutions adopted by the officers of PEJSA authorizing the execution of the Agreement is attached as Exhibit J.

Effect on Service and Rates

19. The proposed transfer will have no detrimental effect on the service provided to Pennsylvania-American's existing customers or the customers transferred by PEJSA. Pennsylvania-American believes that the proposed transfer will have a beneficial effect on the customers of PEJSA 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 PEJSA 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. PEJSA'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 PEJSA'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.

e. The acquisition of PEJSA and Pennsylvania- American's existing operations creates opportunities for functional and operational consolidation, and associated efficiencies and cost savings.

20. The proposed transfer will have no immediate effect on the rates for service to be charged to Pennsylvania-American's existing customers. With regard to the customers to be transferred by PEJSA to Pennsylvania-American, Pennsylvania-American will adopt PEJSA's rates existing at the time of Closing. PEJSA's current rates are shown on Exhibit K.

21. Pennsylvania-American will finance the purchase with a note and cash.

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

23. Pennsylvania-American and PEJSA are not affiliated with each other.

24. PEJSA 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 PORTIONS OF PAINT TOWNSHIP AND ELK TOWNSHIP, CLARION COUNTY, PENNSYLVANIA.

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

25. Pennsylvania-American is currently furnishing water services in the service territory outlined in Paragraph 5. PEJSA currently provides wastewater services to approximately 450 customers in the area.

26. The areas served by PEJSA are shown on the map at Exhibit L and are further described on Exhibit M.

27. 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 21.

28. No corporation, partnership or individual other than PEJSA 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 PEJSA. PEJSA will permanently discontinue all wastewater service to the public.

29. The facilities to be employed are described in Paragraph 1.1 of the Agreement. Specifically excluded assets are described in Paragraph 1.2 of the Agreement.

30. Immediately upon Closing, Pennsylvania-American will adopt PEJSA's existing rates in the application territory, and apply the rules and regulations regarding conditions of service, as set forth in Pennsylvania-American's duly filed and in effect tariff on the date of closing and as amended from time to time.

31. The estimated annual revenues and expenses of Pennsylvania-American in the application territory are set forth in Exhibit N.

D. CONCLUSION

32. Approval of this Application is necessary and proper in order for the public now served by PEJSA to benefit by receiving wastewater service from a public wastewater supply

company with the resources and personnel to provide safe and reliable treatment of wastewater at reasonable prices.

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), 507, authorizing:

- (a) the transfer, by sale, of substantially all the assets, properties and rights of PEJSA related to or used in connection with its wastewater system to Pennsylvania-American in accordance with the Agreement, and;
- (b) the commencement by Pennsylvania-American of wastewater service to the public in portions of Paint Township and Elk Township, Clarion County, Pennsylvania, and;

Respectfully submitted,



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

Dated: 12/6, 2013

PENNSYLVANIA-AMERICAN WATER COMPANY

Pennsylvania-American Water Company, an investor-owned water company, with corporate offices at 800 West Hershey Park 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 16 water companies with and into South Pittsburgh Water Company at various times from 1970 to 1973. WPW added seven 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 and wastewater 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);

Applegold 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); Center Township (Butler County, December 30, 1999); Strattanville Borough (Clarion County, April 6, 2000); Franklin Township Municipal Authority (Beaver County, August 30, 2000); Elk Forest Estates (Wayne County, November 18, 2000); T.O.W. Associates (Butler County, February 13, 2001); City of Coatesville Authority (Chester and Lancaster Counties, March 22, 2001); Fox Knoll Water Company (Chester County, April 26, 2001); Butler Township Area Water and Sewer Authority (Butler County, April 27, 2001); Citizens Utilities Water Company of Pennsylvania (Adams, Berks, Chester, Monroe, Montgomery and Northampton Counties, January 15, 2002); LP Water & Sewer Company (Monroe and Pike Counties, April 3, 2002); Mid-Monroe Water Company (Monroe County, August 23, 2002); West Decatur Authority (Clearfield County, March 31, 2003); Rustic Acres Water Association (Pike County, September 30, 2003); Sandy Ridge Water Authority (Center County, October 14, 2003); Connoquenessing Borough Authority (Butler County, October 23, 2003); Skytop Water Company (Luzerne County, December 3, 2003); Sligo Borough Authority (Clarion County, August 31, 2004); Snowshoe at Mt. Pocono Condominiums, Inc. (Monroe County, February 24, 2005); Shippenville Municipal Authority (Clarion County, March 31, 2005); Blue Mountain Lake Associates, L.P. (Monroe County, October 31, 2005); East Fallowfield Township (Chester County, December 22, 2005); Stillwater Lakes Water Corporation (Monroe County, January 17, 2006); Winona Lakes Utilities, Inc. (Monroe and Pike Counties, January 26, 2006); Saville Rustin Water Company, Inc./Pine Ridge Community Association, Inc. (Pike County, March 29, 2006); Lexington Woods Corporation (Monroe County, July 24, 2006); Community Association of Pocono Farms, Incorporated (Monroe County, July 31, 2006); Redstone Water Company (Fayette and Washington Counties, March 20, 2007); Mountain Top Estates Property Owners Association (Monroe County, May 30, 2008); Claysville-Donegal Joint Municipal Authority (Washington County, July 31, 2008); Three Lane Utilities, Inc. (Pike County, September 10, 2008); Clarion Area Authority (Clarion County, October 30, 2008); Boggs Township (Centre County, September 10, 2009); Amwell Township Water Authority (Washington County, September 23, 2009); Wallaceton Municipal Authority (Clearfield County, October 1, 2009); Saxonburg Area Authority (Butler County, October 28, 2009); Nittany Water Company (Centre and Clinton Counties, February 3, 2010); Sutton Hills Homeowners Association (Luzerne County, May 5, 2010); Birch Acres Water Works, Inc. (Monroe County, December 7, 2010); Helen Norella and Louis & Isabelle Norella (Lackawanna County, October 5, 2011); Wildcat Park Corporation (Schuylkill County, November 17, 2011); Estate of George Spangenberg d/b/a Lake Spangenberg Water Company (Lackawanna County, May 3, 2012); North Fayette County Municipal Authority-Balsinger Public Water System and Springfield Pike Public Water System (Fayette County, October 4, 2012); All Seasons Water Company (Pike County, December 20, 2012); Ha Ra Corporation-Fernwood Community Water System (Monroe County, December 31, 2012) and Olwen Heights Water Service Company, Inc. (Lackawanna County, February 4, 2013). 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. On March 24, 2003, Salisbury Water Supply Company (State of Massachusetts) was acquired and merged into the Company.

As a result of the various mergers and acquisitions, the Company furnishes water service to about 641,664 customers in the following municipalities:

All, or portions of, the Townships of Mount Joy, Mount Pleasant and Straban in Adams County;

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 Applegold and Kittanning and the Townships of Manor and Rayburn in Armstrong County;

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

All, or portions of, the Boroughs of Sinking Spring, St. Lawrence, West Lawn³ and Wyomissing² and the Townships of Amity, Cumru, Earl, Exeter, Lower Heidelberg, Ruscombmanor, South Heidelberg and Spring in Berks 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 Boroughs of Connoquenessing, East Butler and Saxonburg and the Townships of Butler, Center, Clinton, Connoquenessing, Forward, Franklin, Jackson, Jefferson, Lancaster, Oakland, Penn and Summit in Butler County;

All, or portions of, the Boroughs of Philipsburg and South Philipsburg and the Townships of Boggs, Rush and Walker in Centre County;

All, or portions of, the City of Coatesville, the Boroughs of Atglen, Parkesburg, South Coatesville and Spring City and the Townships of Caln, East Coventry, East Fallowfield, East Pikeland, East Vincent, Highland, Sadsbury, Schuylkill, Valley, West Caln, West Sadsbury and West Vincent in Chester County;

All, or portions of, the Boroughs of Clarion, Shippenville, Sligo and Strattanville and the Townships of Clarion, Elk, Farmington, Highland, Knox, Limestone, Monroe, Paint and Piney in Clarion County;

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

All, or portions of, the Township of Porter in Clinton 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 Fairview¹ 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 Conewago, Derry, Londonderry, South Hanover and West Hanover in Dauphin County;

All, or portions of, the Cities of Connellsville and Uniontown, the Boroughs of Brownsville and South Connellsville and the Townships of Brownsville, Bullskin, Connellsville, Dunbar, German, 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, Jefferson, North Abington, Roaring Brook, Scott and South Abington in Lackawanna County;

All, or portions of, the Borough of Quarryville and the Townships of Bart, Colerain, Eden and Sadsbury in Lancaster County;

All, or portions of, the City of New Castle; the Boroughs of Ellport, Ellwood City, New Beaver and South New Castle and the Townships of Hickory, Mahoning, Neshannock, North Beaver, 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 Townships of Coolbaugh, Hamilton, Middle Smithfield, Ross, Smithfield and Stroud in Monroe County;

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

All, or portions of, the Boroughs of Bangor, Belfast, Nazareth, Pen Argyl, Roseto, Stockertown, Tatamy and Wind Gap and the Townships of Bushkill, Forks, Lower Nazareth, Palmer, Plainfield, Upper Mt. Bethel, Upper Nazareth and Washington in Northampton County;

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

Portions of the Townships of Delaware, Lehman and Westfall in Pike County;

All, or portions of, the Borough of Frackville and the Townships of Butler, Mahanoy, New Castle, Walker 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, Claysville, Coal Center, East Washington, Finleyville, Houston, McDonald, Midway, New Eagle, West Brownsville and West Middletown and the Townships of Amwell, Buffalo, Canton, Carroll, Cecil, Chartiers, Cross Creek, Donegal, East Finley, Fallowfield, Hanover, Hopewell, Independence, Jefferson, Morris, Mount Pleasant, North Franklin, North Strabane, Nottingham, Peters, Robinson, Smith, Somerset, South Franklin, South Strabane, Union and West Pike Run in Washington County;

Portion of the Township of Clinton in Wayne County; and

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

As a result of acquisitions, the Company furnishes wastewater service to about 17,105 customers in the following municipalities:

All, or portions of, the City of Coatesville, the Boroughs of Parkesburg and South Coatesville and the Townships of Caln, East Fallowfield, Highland, Sadsbury, Valley, West Caln and West Sadsbury in Chester County;

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

Portions of the Townships of Coolbaugh, Middle Smithfield, Smithfield and Stroud in Monroe County;

Portion of the Township of Lehman in Pike County; and

All, or portions of, the Borough of Claysville and the Township of Donegal in Washington County.

¹ West Fairview Borough was merged into East Pennsboro Township in 1998.

² Wyomissing Hills was merged into Wyomissing Borough in 2002.

³ West Lawn was merged into Spring Township in 2006.

[396 municipalities in 36 counties.]

02/28/2013

Paint-Elk Joint Sewer Authority
Pro Forma Condensed Balance Sheet
December 31, 2012 (Unaudited)
(Dollars in thousands)

	December 31, 2012 (Unaudited)
Property, plant and equipment	
Utility plant - at original cost less accumulated depreciation	\$1,543
Utility plant acquisition adjustments, net	\$0
Total Non-Utility Plant, net	\$0
Construction Work in Progress	\$0
Total property plant and equipment	<u>\$1,543</u>
Current assets	
Cash and cash equivalents	\$0
Accounts receivable:	
Billed, net of allowance for doubtful accounts	\$0
Unbilled	\$0
Other current assets	\$0
Total current assets	<u>\$0</u>
Long-term assets	
Regulatory assets	\$0
Goodwill	\$0
Other	\$0
Total long-term assets	<u>\$0</u>
Total assets	\$1,543
Capitalization and Liabilities	
	December 31, 2012 (Unaudited)
Capitalization	
Stockholder's equity:	
Common stock	\$0
Paid-in capital	\$0
Retained earnings	\$0
Total stockholder's equity	<u>\$0</u>
Long-term debt	\$0
Preferred stock without mandatory redemption requirements	\$0
Preferred stock with mandatory redemption requirements	\$0
Total capitalization	<u>\$0</u>
Current liabilities	
Notes payable - associated companies	\$1,543
Short-term debt	\$0
Current portion of long-term debt	\$0
Other	\$0
Total current liabilities	<u>\$1,543</u>
Long-term liabilities	
Deferred income taxes	\$0
Other	\$0
Total long-term liabilities	<u>\$0</u>
Contributions in aid of construction	\$0
Total capitalization and liabilities	\$1,543

Pennsylvania-American Water Company, Inc.
Condensed Balance Sheet
December 31, 2012 (Unaudited)
(Dollars in thousands)

	December 31, 2012 (Unaudited)
Property, plant and equipment	
Utility plant - at original cost less accumulated depreciation	\$2,879,187
Utility plant acquisition adjustments, net	\$14,662
Total Non-Utility Plant, net	\$267
Construction Work in Progress	\$73,615
Total property plant and equipment	<u>\$2,967,731</u>
Current assets	
Cash and cash equivalents	(\$4,889)
Accounts receivable:	
Billed, net of allowance for doubtful accounts	\$36,521
Unbilled	\$29,114
Other current assets	\$8,635
Total current assets	<u>\$69,381</u>
Long-term assets	
Regulatory assets	\$179,731
Goodwill	\$39,782
Other	\$478
Total long-term assets	<u>\$219,991</u>
Total assets	\$3,257,103
Capitalization and Liabilities	
	December 31, 2012 (Unaudited)
Capitalization	
Stockholder's equity:	
Common stock	\$21,507
Paid-in capital	\$719,299
Retained earnings	\$393,965
Total stockholder's equity	<u>\$1,134,771</u>
Long-term debt	\$1,082,407
Preferred stock without mandatory redemption requirements	\$1,720
Preferred stock with mandatory redemption requirements	\$11,252
Total capitalization	<u>\$2,230,150</u>
Current liabilities	
Notes payable - associated companies	\$30,664
Short-term debt	\$3,727
Current portion of long-term debt	\$119,825
Other	\$119,825
Total current liabilities	<u>\$154,216</u>
Long-term liabilities	
Deferred income taxes	\$607,564
Other	\$144,843
Total long-term liabilities	<u>\$752,407</u>
Contributions in aid of construction	\$120,330
Total capitalization and liabilities	\$3,257,103

Paint-Elk Joint Sewer Authority
 Consolidated Condensed Statement of Income
 December 31, 2012 (Unaudited)
 (Dollars in thousands)

Operating Revenue	
Sewer Charges	\$ 483
Other Operating Income	\$ -
Total Operating Revenue	<u>\$ 483</u>
Other Revenue	\$ -
Total Income	<u>\$ 483</u>
Operating Expense	
Operations and Maintenance	\$ 272
Administration	\$ -
Depreciation	\$ -
Total Operating Expense	<u>\$ 272</u>
Non-Operating Expense	
Interest Income	\$ -
Taxes	\$ -
Interest Expense	\$ -
Total Non-Operating Expense	<u>\$ -</u>
Total Expense	<u>\$ 272</u>
Net Income	<u><u>\$ 212</u></u>

Pennsylvania-American Water Company, Inc.
Consolidated Condensed Statement of Income
For period ending December 31, 2012 (Unaudited)
(Dollars in thousands)

	Period Ending December 31, 2012
Operating revenues	<u>\$514,082</u>
Operating expenses	
Operation and maintenance	\$222,015
Depreciation and amortization	\$68,172
General taxes	\$12,435
Total Operating Expenses	<u>\$302,622</u>
Operating income	<u>\$211,460</u>
Other income (deductions)	
Other income, net	(\$2,567)
Interest expense, net	\$35,666
	<u>\$33,099</u>
Income before income taxes	<u>\$178,361</u>
Provision for income taxes	<u>\$59,524</u>
Net income	<u>\$118,837</u>
Dividends on preferred stock	<u>\$77</u>
Income to common stock	<u>\$118,760</u>

PURCHASE AGREEMENT

between

THE PAINT-ELK JOINT SEWER AUTHORITY

as Seller,

and

PENNSYLVANIA-AMERICAN WATER COMPANY

as Buyer

Dated as of October 28, 2013

List of Schedules

Schedule 1.1	Permitted Exceptions
Schedule 1.2	Excluded Assets
Schedule 4.4	Permits and Compliance with Laws Generally
Schedule 4.5	Pending or Threatened Litigation
Schedule 4.6	Environmental Matters
Schedule 4.8	Real Estate
Schedule 4.9	Easements and Rights-of-Way
Schedule 4.10	Personalty
Schedule 4.11	Leases
Schedule 4.12	Contracts
Schedule 4.14	Liabilities
Schedule 4.15	Customer Advances
Schedule 7.1.8	Storm Water Ordinances
Schedule 7.2.2	Rates
Schedule 7.2.3	Tariff Area
Schedule 9.1.7	Certification of Financial Information
Schedule 9.1.9	Opinion of Counsel (PEJSA)
Schedule 9.1.13	Permits Issued
Schedule 9.2.3	Opinion of Counsel (PAWC)

PURCHASE AGREEMENT

THIS AGREEMENT, made and entered into as of the 28th day of October, 2013, by and between the PAINT-ELK JOINT SEWER AUTHORITY, a municipal authority organized and existing under the laws of the Commonwealth of Pennsylvania (hereinafter referred to as "PEJSA"), and PENNSYLVANIA-AMERICAN WATER COMPANY, a corporation organized and existing under the laws of the Commonwealth of Pennsylvania (hereinafter referred to as "PAWC").

WITNESSETH

WHEREAS, PEJSA is a municipal authority owning a public sanitary wastewater treatment system (hereinafter referred to as the "Wastewater System") in Paint Township and Elk Township, Clarion County, Pennsylvania; and

WHEREAS, PEJSA is the operator of the Wastewater System; and

WHEREAS, PEJSA is a Wastewater System identified with NPDES number PA-0034924; and

WHEREAS, PAWC is a public water and wastewater utility operating in various areas of Pennsylvania, including, owning and operating, inter alia, a public sanitary wastewater treatment system in the vicinity of PEJSA's Wastewater System in Paint Township and Elk Township, Clarion County; and

WHEREAS, PEJSA wishes to sell, and PAWC desires to purchase, substantially all of the assets, properties and rights of PEJSA in the Wastewater System on the terms and subject to the

conditions set forth in this Agreement; and

WHEREAS, PEJSA anticipates dissolution after the sale to PAWC is completed.

NOW THEREFORE, this Agreement witnesseth 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:

ARTICLE 1

THE TRANSACTION

1.1 SALE AND PURCHASE OF ASSETS. Subject to the terms, representations and conditions set forth in this Agreement, at Closing, PEJSA shall sell, assign, transfer, deliver and convey or cause to be sold, assigned, transferred, delivered and conveyed to PAWC, free and clear of all liens and encumbrances whatsoever (other than Permitted Exceptions in Schedule 1.1), and PAWC shall purchase, the Acquired Assets. "Acquired Assets" means all of PEJSA's right, title, and interest in and to all of the assets, properties and rights owned by PEJSA and used in the business of providing sanitary wastewater service of every kind, nature and description existing on the Closing Date, excepting only those assets listed in Section 1.2. For avoidance of doubt, PAWC and PEJSA agree that, excepting only the assets specifically described in Section 1.2, or as otherwise provided in this Agreement, every asset, property and right owned by PEJSA and used in the provision of sanitary wastewater service, whether real, personal, mixed, tangible or intangible, and including all the physical plant, property, equipment, and facilities comprising the existing sanitary wastewater system owned by PEJSA for providing sanitary wastewater service to the public in and

about portions of Paint Township and Elk Township, Clarion County, Pennsylvania, wherever located and without any other exception whatever, is included within the Acquired Assets to be conveyed hereby. Except as specifically described in Section 1.2, the Acquired Assets shall include all land and land rights (the "Real Estate"), sanitary wastewater treatment plant, collection system, grinder pumps of existing customers at Closing as indicated on Schedule 1.1, pumping stations, equipment, tools, inventory and all other sanitary wastewater system assets and appurtenances, rights, titles, and interests of PEJSA in and to such land, easements, and rights of way, as described on Schedule 4.8 and Schedule 4.9 and such franchises, licenses, and permits related to PEJSA's sanitary wastewater system.

1.2 EXCLUDED ASSETS. Specifically excluded from the Acquired Assets are (i) the sewer laterals on the customer's property; (ii) all storm water system facilities; (iii) any grinder pump units not listed on Schedule 1.1; and (iiii) those assets listed on Schedule 1.2.

1.3 LIABILITIES EXCLUDED. A. PAWC shall not assume any liabilities of PEJSA. It is further understood and agreed that all obligations of any nature whatsoever, including obligations owed by PEJSA to others, on the date of Closing shall be and remain with PEJSA (hereinafter referred to as "Retained Liabilities"). Notwithstanding the foregoing, from and after Closing, PAWC shall assume full responsibility for providing public sanitary wastewater service in the area currently served by PEJSA's sanitary wastewater system, including the costs associated with cleaning the lagoons as stated in Section 2.3.

1.3.1 ADDITIONAL MATTERS PERTINENT TO THE TRANSACTION

A. For a period of ten (10) years from the date of Closing, PAWC will contribute \$3,500 per

Equivalent Dwelling Unit (EDU) for line extensions that provide additional wastewater customers in Paint Township and Elk Township as stated in Section 2.4. The parties understand that this provision is subject to the approval of the Pennsylvania Public Utility Commission. PAWC reserves in its sole discretion that ability to provide for any additional contribution to the \$3,500 when it is in the public interest.

B. Schedule 1.1 includes a list of current PEJSA wastewater customers that have grinder pump units installed at their residences. The parties understand that PAWC does not ordinarily accept any ownership/maintenance of grinder pumps. However, for those PEJSA customers whose addresses appear on Schedule 1.1, PAWC shall own and maintain the grinder pump units for a period of three years from the date of Closing. PAWC shall be responsible to repair/replace any malfunctioning grinder pump during this three year period; the decision to repair/replace shall be made in PAWC's sole discretion. Any customer may indicate to PAWC that it does not wish to have this service and such services shall cease upon notification from the customer and the ownership of the grinder pump unit shall revert to the customer. The customer must agree to allow PAWC the necessary access to maintain the grinder pump unit or PAWC's obligation as to that particular customer shall cease without any further obligation from PAWC. Three years from the date of Closing, PAWC's obligation to operate and maintain the grinder pump units shall cease. At that time, PAWC will provide written notification to the addresses listed on Schedule 1.1 that ownership of the grinder pump units has transferred to the customer and all responsibilities related to the grinder pump unit reside with the customer.

1.4 ACCOUNTS RECEIVABLE Accounts receivable for sanitary wastewater services rendered through the close of business on the date of Closing shall be excluded assets as shown on Schedule 1.2, and accounts receivable for sanitary wastewater services rendered thereafter shall belong to PAWC. After Closing, PAWC shall cooperate with PEJSA in its efforts to collect the outstanding accounts receivable from existing customers served by the Wastewater System, provided however, it is understood by the parties that PAWC shall have no responsibility to collect any outstanding accounts receivable on behalf of PEJSA.

ARTICLE 2

PURCHASE PRICE

2.1 PURCHASE PRICE FOR THE WASTEWATER SYSTEM.

Subject to the terms and conditions of this Agreement, the total purchase price for the Wastewater System shall be \$1,207,000 Dollars composed of: 1) a payment by PAWC to the Pennsylvania Infrastructure Investment Authority (“PIIA”) of the non-delinquent balance of principal and interest accrued through the date of Closing on PEJSA’s PIIA loan and 2) a cash payment for the balance of the purchase price. The purchase price shall be payable directly to PEJSA on the date of Closing by corporate check or wire transfer at PAWC’s discretion.

2.2 Reserved

2.3 LAGOON CLEANING. PEJSA shall have removed sludge from the lagoons to a level such that the remaining sludge volume in each lagoon does not exceed 9% of the total

lagoon capacity. Prior to Closing and after completion of the lagoon dredging, the Pa-DEP shall have issued to PESJA a letter or written communication indicating the lagoons are in regulatory compliance and PESJA shall provide PAWC with accurate and updated sludge level drawings for lagoons 1 thru 4 to document the amount of sludge remaining in each lagoon. Upon completion of the aforementioned tasks, at Closing, PAWC shall reimburse PEJSA for the actual sludge removal costs as evidenced by the executed Sludge removal agreement(s) as attached on Schedule 4.12, however, the maximum amount PAWC shall be obligated to reimburse PEJSA is \$336,000. In the event the cost of cleaning the lagoons exceeds \$336,000, PEJSA may terminate this Agreement without any further liability or obligation, and PAWC shall have the right, but not the obligation, to continue the Agreement in full force and effect by paying any amount over \$336,000.

2.4 LINE EXTENSIONS. For a period of ten years from the date of Closing, PAWC shall contribute \$3,500 per Bona Fide Service Applicant (“BFSA”) toward the cost of collection system line extensions now or in the future that are identified in Paint Township and Elk Township’s DEP approved Act 537 Plan, attached hereto as Exhibit 2.4. A “BFSA” is a person or entity applying for General Wastewater Service to an existing structure for which a valid occupancy permit has been issued or lot for which a building permit has been issued if such structure or lot is within the Company’s certificated service territory and is either: (1) a primary residence of the Applicant; or (2) a place of business.

ARTICLE 3

THE CLOSING

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 (40) 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 August 31, 2014, 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 at 800 West Hersheypark Drive, Hershey, Pennsylvania 17033.

3.2 DELIVERIES AND PROCEEDINGS AT CLOSING. Subject to the terms and conditions of this Agreement, at the Closing, PEJSA shall deliver or cause to be delivered to PAWC:

3.2.1 Bills of sale and instruments of assignment duly executed by PEJSA as necessary to transfer all of the Acquired Assets to PAWC;

3.2.2 The consents to transfer all contracts, intellectual property and permits.

3.2.3 One or more special warranty deeds of conveyance of the Real Estate and easements to PAWC, duly executed and acknowledged by PEJSA and in recordable form, each sufficient to convey the title and rights of access to the Wastewater System.

3.2.4 The certificates, opinions and other documents required to be delivered by PEJSA under this Agreement and certified resolutions evidencing the authority of PEJSA as set forth in Section 4.2 hereof.

3.2.5 Evidence that any indebtedness of PEJSA on the Wastewater system has been retired, including PIIA Loan No. 75234 . Payment of PIIA Loan No. 75234 by PAWC at Closing shall be made pursuant to the terms set forth in Paragraph 2.1 above.

3.2.6 All such other agreements, documents and instruments of conveyance required by this Agreement or as shall, in the reasonable opinion of PAWC and its counsel, be necessary to transfer the Acquired Assets to PAWC in accordance with this Agreement, and where necessary or desirable, in recordable form.

3.2.7 In addition to such other instruments and documents as are to be delivered to PAWC by PEJSA on or prior to the Closing, as provided herein, PEJSA shall deliver to PAWC at the Closing all books and records and other documents maintained by PEJSA relating to the Acquired Assets.

3.2.8 An Opinion of Counsel that all procedures and requirements of law have been followed by PEJSA. Subject to the terms and conditions of this Agreement, at the Closing, P PAWC shall deliver or cause to be delivered to PEJSA

3.2.9 The certificates, opinions and other documents required to be delivered by PAWC under this Agreement and certified resolutions evidencing the authority of PAWC as set forth in Section 5.2 hereof.

ARTICLE 4

REPRESENTATIONS AND WARRANTIES OF PEJSA

4. REPRESENTATIONS AND WARRANTIES OF PEJSA. PEJSA represents and warrants to PAWC that:

4.1 QUALIFICATION. PEJSA is a municipal authority duly organized, validly existing and in good standing under the laws of the Commonwealth of Pennsylvania, and PEJSA has all requisite power and lawful authority to own the Acquired Assets and the Wastewater System as presently being conducted, and to convey the Acquired Assets to PAWC as contemplated under this Agreement.

4.2 AUTHORIZATION AND ENFORCEABILITY. The execution, delivery, performance and acceptance of this Agreement by PEJSA have been, or will be at Closing, duly and validly authorized by all necessary action. This Agreement constitutes a legal, valid and binding obligation of PEJSA enforceable against PEJSA in accordance with its terms. PEJSA has full power and authority to execute, deliver and perform this Agreement and all other agreements and instruments to be executed by PEJSA in connection herewith.

4.3 NO VIOLATION OF LAWS OR AGREEMENTS. PEJSA'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 PEJSA is a party.

4.4 PERMITS AND COMPLIANCE WITH LAWS GENERALLY. Except as disclosed on Schedule 4.4 hereto:

4.4.1 PEJSA has not knowingly violated any local, state or federal law, rule or regulation with respect to the use and operation of the Wastewater System. No outstanding notice, citation, summons or order has been issued, no outstanding complaint has been filed, no outstanding

penalty has been assessed and no investigation or review is pending or, to the knowledge of PEJSA, threatened, by any authority or other person with respect to any alleged violation by PEJSA relating to the Wastewater System of any law, ordinance, rule, regulation, code or order of any authority or failure to have any Permit required in connection with the operation of the Wastewater System, except, in each case where such violations or failures, individually or in the aggregate, would not have a Material Adverse Effect. "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 Wastewater System or the Acquired Assets, taken as a whole.

4.4.2 PEJSA possesses and is in compliance with all Permits required to operate the Wastewater System as presently operated and to own, lease, or otherwise hold the Acquired Assets under all applicable laws, rules, regulations, ordinances and codes, including environmental laws except, in each case where such violations or failures, individually or in the aggregate, would not have a Material Adverse Effect. The Wastewater System as operated is in compliance with all applicable laws, rules, regulations, ordinances, codes, judgments and orders except, in each case where such violations or failures, individually or in the aggregate, would not have a material adverse effect. All Permits of PEJSA, and the Wastewater System are in full force and effect. There are no proceedings pending or, to PEJSA's knowledge, threatened that seek the revocation, cancellation, suspension or any adverse modification of any such permits presently possessed by PEJSA other than those revocations, suspensions or modifications which do not individually or in the aggregate have a material adverse effect.

4.4.3 Schedule 4.4. is a complete and accurate list of current permits issued to PEJSA relating to the operation of the Wastewater System.

4.5 PENDING OR THREATENED LITIGATION. There is no known action, claim or litigation, arbitration, proceeding, judgment, injunction, audit or legal, administrative or governmental investigation pending, and none are known to be threatened against or affecting the Wastewater System or any of the Acquired Assets before any court, arbitrator or governmental authority, except as disclosed on Schedule 4.5. There are no known laws, ordinances, regulations or official orders now in effect or pending which could reasonably be expected to have a materially adverse effect on the Wastewater System or the ownership, condition or operation of the Wastewater System or the Acquired Assets, except as disclosed on Schedule 4.5.

4.6 ENVIRONMENTAL MATTERS. Except as expressly set forth on Schedule 4.6 hereto, and with such exceptions as are not reasonably likely, individually or in the aggregate, to have a material adverse effect:

4.6.1 PEJSA has not 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, or at any other facility, location, or site to be transferred to PAWC pursuant to the terms of this Agreement. PEJSA is not aware of any hazardous material in any of its lagoons.

4.6.2 PEJSA has not received any written notice or request for information with respect to, and to the best of PEJSA's knowledge, PEJSA has not been designated a potentially liable party for remedial action or response costs, in connection with any Real Estate, or, as of the date hereof, with respect to the Acquired Assets or the operation of the Wastewater System, at any

other facility, location, or other site under the federal Comprehensive Environmental Response, Compensation and Liability Act (“CERCLA”) or comparable state statutes.

4.6.3 To the best of PEJSA’s knowledge, except for such use or storage of hazardous substances as is incidental to the operation of the Wastewater System, which use and storage is or has been in compliance with applicable laws and regulations, no Real Estate 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.

4.6.4 During the period that PEJSA has owned the Real Estate, underground storage tanks (other than tanks for the storage of water) are not, and have not in the past, been located on or under any Real Estate. PEJSA has no knowledge of any underground storage tanks (other than tanks for the storage of water) located on or under any Real Estate prior to the time PEJSA acquired the Real Estate.

4.6.5 There are no pending or unresolved claims against PEJSA or the Wastewater System for investigatory costs, cleanup, 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 Estate or, as of the date hereof, with respect to the Wastewater System or the Acquired Assets or any other facility, location, or other site.

4.6.6 To the best of PEJSA’s knowledge, no polychlorinated biphenyls (“PCBs”) or asbestos-containing materials are located at or in any Real Estate in violation of Environmental Laws or which require remedial action.

4.6.7 PEJSA will within thirty (30) days of the date hereof provide PAWC with copies of all written environmental audits or investigations of which PEJSA is aware (after due inquiry) prepared for the Real Estate or operations of the Wastewater System.

4.7 BROKERAGE. PEJSA 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.

4.8 REAL ESTATE. Schedule 4.8 is a complete and accurate list of the Real Estate. PEJSA 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 pursuant to Section 2.1 ("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. PEJSA 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 PEJSA, no such proceeding is threatened. The PEJSA has not received any written or oral notice of assessment against any of the Real Estate which remains unpaid. To the best of PEJSA's knowledge, information and belief, there are no toxic or other dangerous conditions of the property.

4.9 EASEMENTS. To the best of PEJSA's knowledge, information and belief, Schedule 4.9, which shall be updated as of Closing, is a complete and accurate list of all easements and rights of way over the real property of others used by PEJSA in the operation of the Wastewater System or on which any of the Acquired Assets are located ("Easements"). PEJSA and PAWC agree to cooperate to identify and obtain all necessary rights-of-way prior to Closing. Upon execution of this Agreement, PEJSA shall forward all documentation with respect to its rights-of-way, both recorded and unrecorded, at PEJSA's expense to PAWC. PAWC will conduct a rights-of-way abstract, at PAWC's expense, to determine whether PEJSA has continuous rights-of-way for all of its wastewater lines and other facilities and that such rights are represented by legal instruments in appropriate form duly recorded. Upon notification from PAWC that the rights-of-way for the Wastewater System are not sufficient for the operation of the Wastewater System, PEJSA will, at its own expense, secure such additional rights-of-way as PAWC requests, provided, however, PEJSA shall not be obligated to spend more than Fifty Thousand (\$50,000) Dollars to secure such additional rights-of-way. PAWC may cancel this Agreement at its sole discretion if PEJSA does not obtain and transfer to PAWC at Closing, title to all Easements necessary for the maintenance and operations of the Wastewater System, free and clear of all liens, judgments, ground rents, leases, tenancies, licenses, covenants, conditions, restrictions, other easements, encroachments and any other matters affecting title (other than Permitted Exceptions in Schedule 1.1). Such title shall be insurable at regular rates by a reputable title insurance company, selected by PAWC and authorized to do business in Pennsylvania.

PAWC agrees to extend the Closing date herein by six months for PEJSA to obtain the requested easements, if all conditions in paragraphs 9.1 and 9.2 have been met.

4.10 PERSONALTY. Except as otherwise indicated on Schedule 4.10, PEJSA owns, free and clear of all liens, or leases from others under valid and enforceable leases not presently in default, all personal property in its possession or which is used or required for operation and maintenance of the Wastewater System as it is now conducted.

4.11 LEASES Schedule 4.11, which shall be updated as of Closing, contains a complete and accurate list of each lease of real property to which PEJSA is a party ("Lease"). PEJSA has delivered to PAWC a true, correct and complete copy of each Lease. Each Lease is valid and subsisting and in full force and effect in accordance with its terms and has not been modified, in writing or otherwise. Each Lease, or a memorandum thereof, is properly recorded in the land records of the county in which the respective property is located. To the best of PEJSA's knowledge there has been no default or event which, with the giving of notice or the passage of time, or both, would constitute a material default on the part of PEJSA or any landlord under each such Lease, and PEJSA has not asserted a defense to offset or claim against any payment or performance which is the obligation of PEJSA pursuant thereto. At Closing hereunder, PEJSA shall deliver to PAWC a landlord estoppel certificate form reasonably satisfactory to PAWC from each landlord under each Lease under which PEJSA is Lessee.

4.12 CONTRACTS. As of the date of this Agreement, Schedule 4.12 contains a complete and accurate list of all contracts, commitments, agreements and instruments relating to the Wastewater System and all leases of Real Estate and personal property related to the Wastewater

System ("Contracts"). PEJSA has delivered to PAWC a correct and complete copy of each written agreement listed in Schedule 4.12. Except as disclosed on Schedule 4.12, with respect to each Contract, neither PEJSA nor, to the best of PEJSA's knowledge, any other party thereto, is in breach or default, no event has occurred which with notice or lapse of time would constitute a breach or default by PEJSA, or permit termination, modification, or acceleration, under the Contract. Except as set forth in Schedule 4.12, there are no disputes pending or to the best of PEJSA's knowledge, threatened under or in respect of any of the Contracts. Schedule 4.12 shall be updated as of Closing.

4.13 TAXES. The PEJSA has (a) timely filed all material returns and reports for Taxes, including information returns, that are required to have been filed in connection with, relating to, or arising out of, the Wastewater System, (b) paid all Taxes that are shown to have come due pursuant to such returns or reports and (c) paid all other material Taxes not required to be reported on returns in connection with, relating to, or arising out of, or imposed on the Acquired Assets for which a notice of assessment or demand for payment has been received or which have otherwise become due. To the best of the PEJSA's knowledge, all such returns or reports have been prepared in accordance with all applicable laws and requirements in all material respects. None of the Acquired Assets (a) is property that is required to be treated as owned by another Person pursuant to the "safe harbor lease" provisions of former Section 168(f)(8) of the Code, (b) is "tax-exempt use property" within the meaning of Section 168(h) of the Code or (c) directly or indirectly secures any debt the interest on which is tax-exempt under Section 103(a) of the Code.

4.14 LIABILITIES. Schedule 4.14, which shall be updated as of Closing, contains a complete and accurate list of all indebtedness of the PEJSA related to the Wastewater System.

Such list includes the person to whom such indebtedness is owed, the interest rates applicable to such indebtedness, and a description of the property securing such indebtedness. PEJSA has no liabilities with respect to the Wastewater System, either direct or indirect, matured or unmatured or absolute, contingent or otherwise, except those liabilities expressly set forth at Schedule 4.14.

4.15 CUSTOMER ADVANCES. Schedule 4.15 is a complete and accurate list of all unexpired customer advances for construction held by PEJSA as of the date of this Agreement. Prior to Closing, PEJSA shall complete the construction of all mains and facilities for which PEJSA has received customer advances and return all unexpended customer advances to the appropriate depositor. Provided, however, that for projects acceptable to and approved in writing by PAWC, PEJSA may pay over to PAWC the unexpended, non-refundable customer advances, and PAWC shall assume all of the responsibility of the PEJSA as to those unexpired customer advances for construction and shall be bound by the terms and conditions contained in those Extension Deposit Agreements. PAWC shall not assume any responsibility for any unexpired customer advances for construction received by PEJSA, or for any Extension Deposit Agreements to which PEJSA is or becomes a party, except as specifically agreed to in writing. Schedule 4.15 may be updated prior to Closing at the mutual consent of the parties.

ARTICLE 5

REPRESENTATIONS AND WARRANTIES OF PAWC

5. REPRESENTATIONS AND WARRANTIES OF PAWC. PAWC represents and warrants to PEJSA that:

5.1 QUALIFICATION. PAWC is a corporation duly organized, validly existing and in good standing under the laws of the Commonwealth of Pennsylvania and has all requisite corporate power and authority to own, lease and operate the Wastewater System.

5.2 AUTHORIZATION AND ENFORCEABILITY PAWC has full corporate power and corporate authority to execute, deliver and perform this Agreement. The execution, delivery and performance by PAWC of this Agreement have been duly authorized by all necessary corporate action. This Agreement constitutes a legal, valid and binding obligation of PAWC, enforceable against PAWC in accordance with its terms. As of the Closing Date, each of the transaction documents to which PAWC is a party will be duly executed and delivered by PAWC and will constitute the legal, valid and binding obligation of PAWC, enforceable against PAWC in accordance with its respective terms.

5.3 NO VIOLATION OF LAWS OR AGREEMENTS. The execution, delivery and performance of this Agreement does not, and the consummation of the transactions contemplated by this Agreement as of Closing will not, violate any provision of law or conflict with, result in a breach of, or constitute a default under, the terms, conditions or provisions of any agreement, contract or other instrument to which PAWC is a party.

5.4 BROKERAGE. PAWC 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 PEJSA.

ARTICLE 6 – Reserved.

ARTICLE 7

COVENANTS

7.1 COVENANTS OF PEJSA. From and after the date of this Agreement PEJSA covenants and agrees that:

7.1.1 Conduct of Business. PEJSA will operate the Wastewater System until the closing only in the ordinary course of business substantially as it heretofore has been operated and in accordance with all applicable local, state, and federal laws, rules and regulations.

7.1.2 Contracts and Commitments. Except normal and usual commitments for the purchase of materials and supplies consistent with past practice, no contract or commitment shall be entered into by or on behalf of PEJSA relating to the Wastewater System which would materially affect the operation of the Wastewater System after closing, except for those commitments approved in writing by PAWC.

7.1.3 Release of Liens. PEJSA will take all reasonable action necessary to cause the release, cancellation and discharge of any and all liens or encumbrances, so that as of the closing date, the Acquired Assets will be free and clear of any and all such liens and encumbrances (other than the Permitted Exceptions in Schedule 1.1).

7.1.4 Material Events and Circumstance. PEJSA shall promptly inform PAWC in writing of any specific event or circumstance of which PEJSA is aware, or of which PEJSA receives notice, that has or is likely to have, individually or in the aggregate, taken together with the other events or circumstances, a material adverse effect on the Acquired Assets.

7.1.5 Supplemental Information.

7.1.5 (a) PEJSA shall provide PAWC, within fifteen (15) days of execution or the date of receipt thereof, a copy of (a) each contract entered into by PEJSA after the date hereof and prior to Closing relating to the Wastewater System; (b) a copy of any written notice of assessments for public improvements against any Real Estate received after the date hereof and prior to Closing; and (c) a copy of the filing of any condemnation, eminent domain or similar proceeding affecting all or any portion of any of the Real Estate received after the date hereof but prior to the Closing.

7.1.5 (b) Within fifteen (15) days of the receipt of notice of violation, PEJSA shall notify PAWC of any violations of state or federal standards.

7.1.6 Title Information. Within forty-five (45) days following the execution of this Agreement, PEJSA shall use its reasonable efforts to deliver to PAWC true, correct and complete copies of all existing title policies, surveys, leases, deeds, instruments and agreements relating to title to the Real Estate in PEJSA's possession.

7.1.7. Regulatory Consents. PEJSA 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 approval of any necessary revision to the Act 537 Plan. PEJSA shall (i) as promptly as practicable, make or cause to be made such filing and submissions under the laws, rules and regulations applicable to it as may be required for PEJSA to sell the Acquired 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.

7.1.8. Storm Water System. Paint Township and Elk Township shall retain ownership of all storm water system facilities, and retain ordinances that enforce that no storm water system facilities shall be connected to or cause storm water infiltration into the Wastewater System. Schedule 7.1.8 is a complete and accurate list of such ordinances. Such ordinances shall be no less restrictive on storm water discharges after Closing than they were prior to Closing. If, at any time after Closing, PAWC identifies municipal storm water lines interconnected with the Wastewater System, PAWC may at its sole cost and discretion, disconnect such storm water lines from the Wastewater System and tie them into the municipal storm water system.

7.2 COVENANTS OF PAWC. From and after the date of this Agreement PAWC covenants and agrees that:

7.2.1 Staff Retention. PAWC will offer employment, effective as of the completion of Closing, to up to one (1) operation laborers who is currently an employee of PEJSA, subject to possession of a valid Pennsylvania driver's license, successful completion of a functional capacity physical examination and successful completion of a training period, and any security clearances.

7.2.2 Rates. PAWC will implement PEJSA's rates then in effect at Closing, provided such rates shall not be lower than those in effect on the date this Agreement is executed, as shown at Schedule 7.2.2.

7.2.3 Tariff Area. PAWC will accept and agree to base its PA-PUC filing for its certified service area on Paint Township's and Elk Township's existing Act 537 plan(s). The map(s) from the Act 537 plan(s) is/are attached at Schedule 7.2.3.

7.3 FURTHER ASSURANCES Each party to this Agreement 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, each party shall take such other actions and execute such other documents, certifications, and further assurances as PEJSA or PAWC, as the case may be, may reasonably require in order to transfer more effectively to PAWC or to put PAWC more fully in possession of any of the Acquired Assets.

ARTICLE 8

PENNSYLVANIA PUBLIC UTILITY COMMISSION APPROVAL & PENNSYLVANIA INFRASTRUCTURE INVESTMENT AUTHORITY APPROVAL

8. The parties recognize and expressly agree that:

8.1 PENNSYLVANIA PUC APPROVAL. The consummation of the transaction is conditioned upon the approval of the Pennsylvania Public Utility Commission (the "Pa PUC"). PAWC covenants and agrees to initiate, and faithfully prosecute the necessary proceedings to obtain the approval of the Pa PUC for: (a) the transfer by sale of PEJSA's Acquired Assets to PAWC; (b) the right of PAWC to provide wastewater service to the public in areas presently being served by PEJSA; (c) the right of PAWC to provide sanitary wastewater service to the public in Paint Township and Elk Township; and (d) the right of PAWC to adopt PEJSA's wastewater rates in the area to be served at the time of Closing and to apply PAWC's existing rules and regulations for wastewater service as set forth in PAWC's duly filed and effective tariff for its Clarion system (generally applicable to its services) at the time of Closing.

PEJSA, by this Agreement, covenants and agrees to provide such information, documents and assistance as may be reasonably requested by PAWC in connection with any such proceedings and to otherwise cooperate in the initiation and prosecution of any such proceeding.

ARTICLE 9

CONDITIONS PRECEDENT

9.1 CONDITIONS PRECEDENT TO PAWC'S OBLIGATIONS. The obligation of PAWC to consummate the transactions contemplated hereby are subject to the satisfaction, on or prior to the Closing, 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):

9.1.1 Representations and Warranties. PEJSA's representations and warranties set forth 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 with the same force and effect as though such representations and warranties were made at and as of such time, and PEJSA shall deliver to PAWC a certificate executed by its proper representatives, and dated the Closing Date, certifying to the foregoing.

9.1.2 Performance of Agreements. PEJSA shall have performed and complied with in all material respects all covenants, agreements and conditions required by this Agreement to be performed or complied with by it prior to or at the Closing, and PEJSA shall deliver to PAWC a certificate executed by its proper representatives, and dated the Closing Date, to such effect.

9.1.3 Adverse Change. There shall not have been a material adverse change, occurrence or casualty, financial or otherwise, to the Wastewater System or the Acquired Assets, whether covered by insurance or not.

9.1.4 Release of Liens. All necessary action shall have been taken to cause the release, cancellation and discharge of any and all liens and encumbrances so that as of the Closing, the Acquired Assets shall be free and clear of any and all liens and encumbrances (other than Permitted Exceptions in Schedule 1.1), and PEJSA shall have provided PAWC with such opinions, instruments or documents as PAWC may reasonably request, and in form and substance satisfactory to PAWC, evidencing the release, cancellation and discharge of any and all liens and encumbrances (other than Permitted Exceptions in Schedule 1.1) and that the Acquired Assets are not subject to any liens or encumbrances. In the event PEJSA is unable to convey title to the Acquired Assets to PAWC at the Closing in accordance with the terms of this Agreement, PAWC shall have the option of: (a) accepting such title as PEJSA is able to convey without abatement of the purchase price; or (b) canceling this Agreement in which case this Agreement shall be of no further force or effect and neither of the parties hereto shall have any further liability hereunder.

9.1.5 Pennsylvania PUC Approval. The Pennsylvania PUC shall have issued an order, which order shall have become final and unappealable, approving the transactions set forth at Article 8.

9.1.6 Other 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 limitations the approval of every regulatory agency of federal, state or local government that may be required in the opinion of either PAWC or PEJSA.

9.1.7 Certification of Financial Information. PEJSA shall have delivered to PAWC a certificate, in substantially the form set forth at Schedule 9.1.7, executed by its authorized representative and in form and substance satisfactory to PAWC, listing (i) the amount of its net outstanding long-term debt or notes, if any, related to the Wastewater System, (ii) all unexpired customers' advances for construction and unexpended contributions in aid of construction as of the Closing date, and (iii) any and all additions or retirements to the Wastewater System during the period from the date of this Agreement to the Closing date, together with the cost thereof.

9.1.8 List of Materials and Supplies. PEJSA shall have delivered to PAWC a certificate listing all materials and supplies owned by PEJSA as of the Closing related to the operation or maintenance of the Wastewater System.

9.1.9 Opinion of Counsel. PEJSA shall have delivered to PAWC a favorable written opinion of PEJSA'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 9.1.9.

9.1.10 Contractual Consent. PEJSA shall have obtained written approvals, authorizations and consents of transfer to all material transferable or assignable contracts, agreement, licenses and permits to the extent specifically required by the terms of such contracts, agreements, licenses or permits.

9.1.11 Delivery of Documents. PEJSA shall have delivered to PAWC the deeds, easements or assignments of easements, bills of sale, rights of way and other documents

required to be transferred under this Agreement, and all books, records and such other instruments or documents maintained by PEJSA relating to the Wastewater System.

9.1.12 Delivery of Resolutions. PEJSA shall have delivered to PAWC a copy of the Resolutions, certified by their proper representatives, approving the execution, delivery and performance of this Agreement, together with the certificate of its proper representatives that said Resolutions are in full force and effect and were duly adopted.

9.1.13 Permits Issued. The Pennsylvania Department of Environmental Protection and all other regulatory agencies or authorities having jurisdiction over the operations of the Wastewater System shall have issued or consented to the transfer of the necessary permits to PAWC to operate the Wastewater System. A copy of the NPDES Permit for the Wastewater System in effect on the execution date of this Agreement is attached at Schedule 9.1.13. The parties acknowledge that the current NPDES permit expires May 31, 2016. PAWC reserves the right to terminate this Agreement if, at any time prior to Closing, a new NPDES Permit for the Wastewater System is issued which, in PAWC's sole opinion, is more stringent or materially different from the NPDES Permit in effect on the date of the execution of this Agreement.

9.1.14 PAWC Board Approval. PAWC's Board of Directors shall have approved this Agreement.

9.1.15 Easements and Rights-of-Way. PEJSA shall have delivered to PAWC, all documents necessary to transfer, at Closing, the easements and rights-of-way identified on Schedule 4.9 to PAWC by legal instruments in appropriate form duly recorded.

9.1.16 Title Insurance. A reputable title insurance company shall have issued, at PAWC's expense, title commitment to PAWC for an Owner's Title Insurance Policy including extended coverage at regular rates, evidencing good and marketable title, in the amount of the fair market value of the Real Estate, covering title to the Real Estate on the date of closing, and subject only to the Permitted Exceptions, at standard rates to be paid by PAWC.

9.1.17 Lagoon Cleaning. PEJSA will have cleaned out the lagoons pursuant to conditions as stated in Section 2.3.

9.2 CONDITIONS PRECEDENT TO PEJSA'S OBLIGATIONS. The obligation of PEJSA to consummate the transactions contemplated hereby are subject to the satisfaction, on or prior to the closing, of each of the following conditions (any one or more of which may be waived in writing in whole or in part by PEJSA in its sole discretion):

9.2.1 Regulations 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, with the same force and effect as though such representations and warranties were made at and as of such time, and PAWC shall deliver to PEJSA a certificate executed by its proper representatives, and dated the Closing Date, certifying to the foregoing.

9.2.2 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, and PAWC shall deliver

to PEJSA a certificate executed by its proper representatives, and dated the Closing Date, to such effect.

9.2.3 Opinion of Counsel. PAWC shall deliver to PEJSA a favorable written opinion of PAWC's counsel, dated as of the Closing Date and addressed to PEJSA, in form and substance satisfactory to PEJSA, to the effect set forth in Schedule 9.2.3.

ARTICLE 10

INDEMNIFICATION

10.1 INDEMNIFICATION BY PEJSA. PEJSA agrees to indemnify, defend and hold harmless PAWC and its affiliates and their respective officers, directors and agents at all times after the date of this Agreement, from, against and in respect of any and all damage or deficiency resulting from (i) any misrepresentation, breach of warranty or nonfulfillment of any agreement or covenant made by PEJSA 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 hereby, and (ii) any and all liabilities of PEJSA of any nature, whether due or to become due, whether accrued, absolute, contingent or otherwise, existing on the Closing Date or arising out of any transaction entered into, any state of facts existing or any event occurring on or prior to such date.

10.2 INDEMNIFICATION BY PAWC. PAWC will indemnify and hold harmless PEJSA at all times after the date of this Agreement, from, against and in respect of any and all damage or deficiency resulting from (i) any misrepresentation, breach of warranty or nonfulfillment

of any agreement or covenant made by PAWC as set forth in this Agreement or in any Schedule, statement, certification or other document furnished or to be furnished to PEJSA, in connection with the transactions contemplated hereby, and (ii) PAWC's operation or use of the Wastewater System after Closing.

ARTICLE 11

MISCELLANEOUS

11.1 REALTY TRANSFER TAXES. PAWC agrees to pay any realty transfer taxes that may be due or owing as a result of the within transaction, and the parties agree to prorate any property taxes, if any.

11.2 SURVIVAL OF REPRESENTATIONS AND WARRANTIES. All representations, warranties and agreements made by PEJSA and PAWC in this Agreement or pursuant hereto shall survive the Closing.

11.3 PENNSYLVANIA LAW TO GOVERN. This Agreement is being delivered in the Commonwealth of Pennsylvania and shall be construed and enforced in accordance with the laws of such State.

11.4 RISK OF LOSS. PEJSA retains all risk of destruction, losses or damage to Acquired Assets due to fire or other casualty up to the Closing and agrees to maintain its current insurance coverage until the Closing. If prior to the Closing: (i) all or part of the Acquired Assets are destroyed by fire or the elements or by any other cause; or (ii) all or a part of the Acquired Assets are taken by eminent domain, PEJSA shall give prompt notice thereof to PAWC and PAWC may, by

notice given to PEJSA prior to Closing, elect to cancel this Agreement. In the event PAWC shall so elect, all parties shall be relieved and released of and from any further liability hereunder.

11.5 ACCESS AND INFORMATION. PEJSA will give to authorized representatives of PAWC reasonable access during normal business hours throughout the period prior to Closing to all the properties, books, contracts, commitments, and records of PEJSA relating to the Wastewater System, and furnish PAWC during such period with all such information relating thereto as PAWC may reasonably request. Within thirty (30) days of the execution of this Agreement, the PEJSA shall provide PAWC with a complete list of customers, including names, service addresses, billing addresses, and meter sizes and 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 date of Closing.

11.6 RIGHT OF ENTRY. After the date of this Agreement and until Closing, PAWC shall have the reasonable right to enter upon the property and facilities constituting the Wastewater System, after making reasonable prior arrangement with PEJSA, for the purpose of making such inspections and investigations of the Wastewater System, including, but not limited to surveys, environmental assessments, and engineering studies, as PAWC deems reasonably necessary. PAWC shall indemnify and hold PEJSA harmless from and against all losses, damages, demands, claims, suits and other liabilities, including attorney fees and other expenses of litigation, because of personal or bodily injury or property damage resulting from PAWC's presence at or use of the Wastewater System for such inspections and investigations. PAWC shall promptly (within five (5) business days) return the surface of the property to substantially the same as before such inspections and investigations.

11.7 ENVIRONMENTAL ASSESSMENT. After the date of this Agreement and until the Closing Date, PAWC shall have the reasonable right to enter upon the property and facilities constituting the Wastewater System, after making reasonable prior arrangement with PEJSA, for the purposes of conducting an environmental assessment of the Wastewater System. Within sixty (60) calendar days after the date this Agreement is executed, PAWC shall notify PEJSA in writing if the environmental assessment reveals the presence of oil or petroleum products or any hazardous or toxic wastes or materials or storage of fuel tanks or any other environmental hazard or contamination. Within fifteen (15) days of the date of such notice, PEJSA shall advise PAWC in writing as to whether PEJSA can cure the environmental hazard or contamination. If PEJSA is unable to cure any such environmental hazard or contamination, then PAWC shall have the right, in PAWC's sole discretion, to terminate this Agreement upon written notice to PEJSA whereupon this Agreement shall be null and void, and neither party shall have further rights nor obligations to the other hereunder.

11.8. TERMINATION OF AGREEMENT.

11.8.1 If Closing does not occur by August 31, 2014, with the full cooperation and diligent efforts of PAWC and PEJSA, then any party may terminate this Agreement upon written notice to the others, and the parties shall be relieved of all rights and responsibilities hereunder, except as specified herein.

11.9 TIME OF THE ESSENCE. Time shall be of the essence with respect to all matters and times contained in this Agreement. Time as set forth in this Agreement shall not be extended except by written agreement signed by all parties. Notwithstanding the foregoing, if

any date specified for the giving or receipt of notice, or for the exercise of any right or option, or for Closing, shall fall on a Saturday, Sunday or legal holiday observed by local banking institutions, the date so specified shall be extended to the next succeeding day which is not a Saturday, Sunday or legal holiday.

11.10 SECTION HEADINGS. The Section headings herein have been inserted for convenience of reference only and shall in no way modify or restrict any of the terms or provisions hereof.

11.11 NOTICES. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given if delivered or mailed, first class, postage prepaid, registered mail, return receipt requested:

To PEJSA: Paint-Elk Joint Sewer Authority
 John F. Marshall, Esquire
 9888 Route 322, P.O. Box 29
 Shippenville, PA 16254

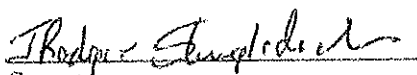
To PAWC: Pennsylvania-American Water Company
Seth A. Mendelsohn, Esquire
800 West Hershey Park Drive
Hershey, PA 17033

11.12 SUCCESSORS AND ASSIGNS. This Agreement shall inure to the benefit of and be binding upon the successors and assignees of PAWC and PEJSA. No assignment of this Agreement will be permitted unless the assignment is approved in writing by the no assigning party, which approval will not be unreasonably withheld.

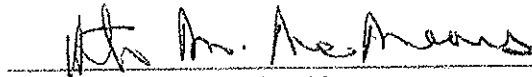
11.13 NO THIRD PARTY BENEFICIARIES. Nothing herein expressed or implied is intended or should be construed to confer upon or give to any person other than the parties hereto and their successors and permitted assigns any rights or remedies under or by reason of this Agreement.

11.14 ENTIRE AGREEMENT. This Agreement constitutes the entire understanding of the parties with respect to the subject matter hereof, supersedes any prior agreements or understandings, written or oral, among the parties with respect to the subject matter hereof and is not intended to confer upon any person other than the parties hereto any benefit, right or remedy.

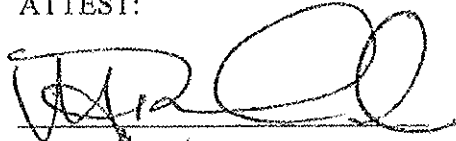
ATTEST:


Secretary

PAINT-ELK JOINT SEWER AUTHORITY

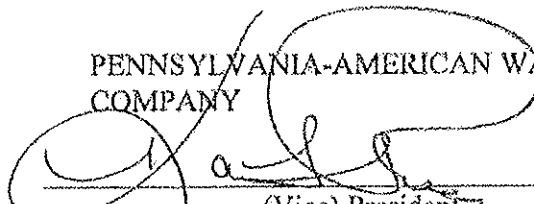

(Vice) President

ATTEST:



Secretary

PENNSYLVANIA-AMERICAN WATER
COMPANY



(Vice) President

Schedule 1.1

Permitted Exceptions

(List of Customers & Property Address wherein grinder pumps are located at the time of Closing)

PAINT-ELK SEWER PUMP CUSTOMERS as of 11/13/2013

	Customer	Service Address
1	Battery Warehouse	11077 Route 322
2	Kingdom Hall of Jehovah's Witness	11077 Route 322
3	Brett Whitling Photography	11227 Route 322
4	Wild West Tack	11251 Route 322
5	Kevin Roth	11263 Route 322
6	Matt Higgins UCIP OFFICE	11279 Route 322
7	Matt Higgins UCIP	11287 Route 322
8	Mary Selker	11309 Route 322
9	Steve Selker	11351 Route 322
10	David Akins	11421 Route 322
11	Harry Martz	11449 Route 322
12	Gary Bailey	11463 Route 322
13	Virginia Hartzell	11473 Route 322
14	Edward Say	11105 Route 322
15	Tony Beveridge	11521 Route 322
16	Sal Mazzocci	11545 Route 322
17	Dale Fiscus	11583 Route 322
18	Don Weidner	11534 Route 322
19	Brian Kerley	11530 Route 322
20	Gary Heeter	11514 Route 322
21	Lighting palace	11410 Route 322
22	Clarion Electric	11426 Route 322
23	Robert Leavey	11374 Route 322
24	Clarion PAWS	11348 Route 322
25	UCIP	11328 Route 322
26	Jen Woolam	11294 Route 322
27	John Green	11260 Route 322
28	Robert Clark	11236 Route 322
29	Burford and Henry	11178 Route 322
30	National Hydraulics	11146 Route 322
31	Clarion Boards Office	11120 Route 322
32	Tim Fulton	11042 Route 322
33	Seneca Motors	Route 322
34	Riverhill Beverage	10866 Route 322
35	Jim Huffman-Winscot house	1111 Huffman Lane
36	Amwood Company House	PO Box 50
37	Tom's Sales Service	11799 Route 322
38	Jeff's Performance Plus	10760 Route 322
39	John O'Shany	Occupied but never turned on
40	Scrap Happy	11284 Route 322
41	Riverhill Evangelical Church	11133 Route 322
42	Matt Higgins Nationwide Office	11271 Route 322

43	Chris Thompson	11276 Route 322
44	Robert Hrisak	10956 Route 322
45	Jeff Corcetti	70 Paint Mills Road
46	Rick Miller	100 Paint Mills Road
47	Ryan Passamore	22192 Route 66
48	Jami Lutz	2222 Kiser Wagner Road

Commercial Stations

Green Line Polymers Plant	Route 66
Colony Homes Plant	Route 66
Commodore Plant	Route 66
Krause	Amsler Ave
Clarion Fiberboard Plant	Fiberboard Road
Clarion Laminates Plant	Fiberboard Road

Schedule 1.2

Excluded Assets

Cash

Accounts Receivable

Exhibit 2.4

See Schedule 7.2.3

Schedule 4.4

Permits and Compliance with Laws Generally

NPDES Compliance Inspection Report dated May 4, 2011, copy attached, requiring Lagoon cleaning.

4

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF ENVIRONMENTAL PROTECTION
BUREAU OF WATER STANDARDS AND FACILITY REGULATION
NPDES COMPLIANCE INSPECTION REPORT

NPDES	No. / Day / Yr	Key Time	End Time	Inspection Type	WFACTS ID No.
PA0034924	5/4/2011	0945	1130	RTNC	2065326
Primary Facility Name			Municipal or Operating Authority		
Paint-alk Municipal Sewage Plant			Paint-alk Joint Sewer Authority		
Location				Permit expiration	
Southside of Route 332 between Marimms & Shippenville				5/31/2016	
Municipality		County		Permit renewal application due	
Paint/alk Township		Clifton		December 2013	
Primary Facility <input checked="" type="checkbox"/> Sewage <input type="checkbox"/> Industrial Waste <input type="checkbox"/> Stormwater <input type="checkbox"/> Other					
Responsible Person			Title		
			Chief		
Address			Business Phone (814) 226-8804		
22129 State Route 66			FAX		
Shippenville, PA 16334			E-mail: fivevobbs@yahoo.com		
VIOLATIONS		The permittee must comply with all conditions of their NPDES permit. Any permit non-compliance constitutes a violation of The Pennsylvania Clean Streams Law, as amended, 32 P.S. § 691.1 et seq.			
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Pending					
Weather: Clear High Mid 60's F					
Remarks Present: Chief Stancifer, WQS, Rick Webb, Operator.					
Summary: See following pages					
Person Interviewed		Date	Inspector	Date	
Rick Webb		5/4/2012	Clint Stancifer	5/4/2012	
Signature		Phone Number	Inspector Signature	Phone Number	
		814-226-8804		814-797-1191	
Title: Plant Operator			Title: Water Quality Specialist		
E-mail: fivevobbs@yahoo.com			E-mail: cstonestife@epa.gov		
This document is official notification that a representative of the Department of Environmental Protection inspected the above facility works. The findings of this inspection are shown above and on any attached pages. Any violations which were noted during the inspection are indicated. Violations may also be discovered upon examination of the results of laboratory analyses of the discharge and review of Department records. Notification will be forthcoming, if such violations are noted.					

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Comments
<p>4-1 Facility violates NPDES Permit #0034924 and WCM Permit #1890402 to allow for the treatment of nonpoint runoff generated from Paint and Elk Townships.</p>
<p>4-1 Previous inspections have documented that with the completion of the Riverhill extension the facility now consists of 4 major pump stations, 30+ individual grinder pumps, ponds, aerators, and several miles of sewer line. The facility currently has a single operator to perform all the associated responsibilities. Should the operator be unable to accomplish all necessary tasks with minimum assistance the Department will likely draw from such resources. I recommend that the Authority hire at least one more skilled operator to assure such circumstances do not prevail.</p>
<p>4-1 An inspection in 2010 determined that the facility was solving itself because the operator was having difficulty keeping the primary clarifier baffle hole and other openings the aerators and turbine the broiler. It has been suggested previously that the facility needs a headworks that will remove that grit and debris. To date, a headworks still is not present and during today's inspection and permit was not complete because of the situation noted above. Several other issues were on the verge of climbing off as well. Credit should be given to the operator as he has crafted a baffling system that keeps some of the garbage from becoming entangled in the aerators. A serious consideration of a headworks should be deliberated.</p>
<p>4-1 Because of the situation described above the faecal coliform will go high because of the operator's inability to keep the filters running. It was noted during a 2010 inspection that odors had been a problem and that residents were complaining to the operator. Today's inspection found a slight odor; however, the operator said it may increase due to weather temperatures and wind turnover that occurs during spring months.</p>
<p>4-1 The permit requires that the Authority begin planning for sludge removal and disposal when sludge capacity reaches 20%. An inspection in 2011 found that the lagoons were over the 20% limit and no plan for sludge disposal could be produced. Sludge in pond #1 is now at 26.2% compared to 23.8% last year. Pond #2 showed a decrease from 31.2% to 31% indicating it is spilling over to ponds #3 & #4. It was noted 10 years ago that without adequate removal in ponds #1 & #2 that ponds #3 & #4 will need cleaned also. On today's inspection a plan for sludge removal could not be produced. The longer this situation exists the problems will only be exacerbated down the road. The facility is currently operating in violation of the permit and needs to develop a plan ASAP.</p>
<p>4-1 The facility continues to omit Behr manual composite samples. It has been suggested previously that the facility purchase a sampler to more accurately assess the treatment at the facility.</p>

Schedule 4.5

Pending or Threatened Litigation

NONE.

Schedule 4.6

Environmental Matters

NONE.

Schedule 4.8

Real Estate

Legal Description of Easements and Real Property Interests to Be
Acquired.

Schedule 4.B
Real Estate List

(1 page)

Grantor	Grantee	Dated	Instrument No.	Acreage	DB	PG	Township	County
Paint Township	Paint-Elk Joint Sewer Authority	9-Feb-09	2009-616	Parcel	779	618	Paint	Clarion
Corner Sewer Corporation	Paint-Elk Joint Sewer Authority	20-Dec-89		26.0000	362	1066	Elk	Clarion
Baupat Enterprises, Inc	Paint-Elk Joint Sewer Authority	20-Dec-89		4.3850	362	1062	Paint	Clarion
Earl E. Weaver et al	Paint-Elk Joint Sewer Authority	20-Dec-89		0.5040	362	1070	Elk	Clarion

Schedule 4.9

Easements and Rights-of-Way

Schedule 4.9
Easements Rights-of-Way

(3 pages)

Grantor	Grantee	Dated	Instrument No.	Acreage	DB	PG	Township	County
Bruce Edward Bouch & Nancy Bouch Reed	Paint-Elk Joint Sewer Authority	13-Mar-08	2008-2731	20' wide	762	395	Paint	Clarion
Bruce Edward Bouch & Nancy Bouch Reed	Paint-Elk Joint Sewer Authority	13-Mar-08	2008-2736	20' wide	762	409	Paint	Clarion
Dennis Alston, Jr & Emily Alston	Paint-Elk Joint Sewer Authority	8-Aug-08	2008-4157	20' wide	760	376	Paint	Clarion
Walter Shattenberg & Tery Heeter, co-partners trading as Village Realty	Paint-Elk Joint Sewer Authority	13-Mar-08	2008-2735	20' wide	762	406	Paint	Clarion
National City Bank as successor in interest to First Seneca Bank	Paint-Elk Joint Sewer Authority	13-Mar-08	2008-2730	20' wide	762	392	Paint	Clarion
Brett Whitling	Paint-Elk Joint Sewer Authority	18-Sep-09	2009-4453	30' wide	796	66	Paint	Clarion
Thomas Stehle	Paint-Elk Joint Sewer Authority	18-Sep-09	2009-4454	20' wide	796	69	Paint	Clarion
Edward Say	Paint-Elk Joint Sewer Authority	16-Sep-09	2009-4455	20' wide	796	72	Paint	Clarion
June Lombardo	Paint-Elk Joint Sewer Authority	24-Aug-09	2009-4456	20' wide	796	75	Paint	Clarion
Teresa Selker & Steven Selker	Paint-Elk Joint Sewer Authority	24-Aug-09	2009-4457	20' wide	796	78	Paint	Clarion
Pete Chernicky	Paint-Elk Joint Sewer Authority	7-Aug-09	2009-4458	20' wide	796	81	Paint	Clarion
Clarion Bathware, Inc	Paint-Elk Joint Sewer Authority	26-Aug-09	2009-4459	20' wide	796	84	Paint	Clarion
Teresa Selker & Steven Selker	Paint-Elk Joint Sewer Authority	24-Aug-09	2009-4460	20' wide	796	86	Paint	Clarion
Henry Ray Pope, III	Paint-Elk Joint Sewer Authority	10-Aug-09	2009-4461	20' wide	796	89	Paint	Clarion
Terry Mascioli & Stephen Mascioli	Paint-Elk Joint Sewer Authority	28-Feb-09	2009-4462	20' wide	796	92	Paint	Clarion
Lisa Livengood, et al	Paint-Elk Joint Sewer Authority	24-Aug-09	2009-4366	20' wide	795	916	Paint	Clarion
William Henry, III & Brian Burford, partners t/d/b/a Henry Real Estates Services	Paint-Elk Joint Sewer Authority	4-May-09	2009-4367	20' wide	795	919	Paint	Clarion
DJR Holdings, LLC	Paint-Elk Joint Sewer Authority	8-Apr-09	2009-4368	20' wide	795	922	Paint	Clarion
Virginia Hartzell, executor of the estate of Marianne Hartzell	Paint-Elk Joint Sewer Authority	7-Jul-09	2009-4369	20' wide	795	925	Paint	Clarion
Charles Holabaugh	Paint-Elk Joint Sewer Authority	24-Aug-09	2009-4371	20' wide	795	931	Paint	Clarion
Kovalchick Corporation	Paint-Elk Joint Sewer Authority	27-Jul-09	2009-4372	20' wide	795	934	Paint	Clarion
Salvatore Mazzocchi & Karen Mazzocchi	Paint-Elk Joint Sewer Authority	28-Jul-09	2009-4373	20' wide	795	937	Paint	Clarion
Salvatore Mazzocchi & Karen Mazzocchi	Paint-Elk Joint Sewer Authority	28-Jul-09	2009-4374	20' wide	795	940	Paint	Clarion
Gale O'Neil & Vicki O'Neil	Paint-Elk Joint Sewer Authority	24-Aug-09	2009-4375	20' wide	795	943	Paint	Clarion
Scott Rhoades & Suzanne Rhoads	Paint-Elk Joint Sewer Authority	24-Aug-09	2009-4376	20' wide	795	946	Paint	Clarion
Jill Silvis	Paint-Elk Joint Sewer Authority	24-Aug-09	2009-4377	20' wide	795	949	Paint	Clarion
Jay Smith & Sue Smith	Paint-Elk Joint Sewer Authority	24-Aug-09	2009-4378	20' wide	795	952	Paint	Clarion
Winscott, Inc	Paint-Elk Joint Sewer Authority	28-Jun-09	2009-4379	20' wide	795	955	Paint	Clarion
Kevin Roth & Carol Roth	Paint-Elk Joint Sewer Authority	15-Jun-09	2009-4380	20' wide	795	958	Paint	Clarion
Jill Silvis	Paint-Elk Joint Sewer Authority	24-Aug-09	2009-4381	20' wide	795	961	Paint	Clarion
Salvatore Mazzocchi & Karen Mazzocchi	Paint-Elk Joint Sewer Authority	28-Jul-09	2009-4382	20' wide	795	964	Paint	Clarion
Salvatore Mazzocchi & Karen Mazzocchi	Paint-Elk Joint Sewer Authority	28-Jul-09	2009-4383	20' wide	795	967	Paint	Clarion
Salvatore Mazzocchi & Karen Mazzocchi	Paint-Elk Joint Sewer Authority	28-Jul-09	2009-4384	20' wide	795	970	Paint	Clarion
Salvatore Mazzocchi & Karen Mazzocchi	Paint-Elk Joint Sewer Authority	28-Jul-09	2009-4385	20' wide	795	973	Paint	Clarion

Schedule 4.9
Easements Rights-of-Way
(3 pages)

Harry Martz, Jr & Patricia Martz	Paint-Elk Joint Sewer Authority	24-Aug-09	2009-4386	20' wide 795 976	Paint	Clarion
Kovalchick Corporation	Paint-Elk Joint Sewer Authority	8-Jun-09	2009-4387	20' wide 795 979	Paint	Clarion
Matthew Higgins & Michele Higgins	Paint-Elk Joint Sewer Authority	24-Aug-09	2009-4388	20' wide 795 982	Paint	Clarion
Gary Heeter & Linda Heeter	Paint-Elk Joint Sewer Authority	24-Aug-09	2009-4389	20' wide 795 985	Paint	Clarion
Dale Fiscus & Judith Fiscus	Paint-Elk Joint Sewer Authority	24-Aug-09	2009-4395	20' wide 795 1011	Paint	Clarion
Stephen Drusko & Joseph Drusko	Paint-Elk Joint Sewer Authority	24-Aug-09	2009-4396	20' wide 795 1014	Paint	Clarion
David Akins	Paint-Elk Joint Sewer Authority	13-Jul-09	2009-4397	20' wide 795 1017	Paint	Clarion
Clarion Evangelical Congregational Church, Inc	Paint-Elk Joint Sewer Authority	18-Apr-09	2009-4398	20' wide 795 1020	Paint	Clarion
Robert Clark & Nancy Clark	Paint-Elk Joint Sewer Authority	24-Aug-09	2009-4400	20' wide 795 1026	Paint	Clarion
Eugene Dearth & Tammy Dearth	Paint-Elk Joint Sewer Authority	24-Aug-09	2009-4401	20' wide 795 1029	Paint	Clarion
Timothy Hockman	Paint-Elk Joint Sewer Authority	24-Aug-09	2009-4402	20' wide 795 1032	Paint	Clarion
Kingdom Hall of Jehovah's Witnesses	Paint-Elk Joint Sewer Authority	30-Apr-09	2009-4403	20' wide 795 1035	Paint	Clarion
Brian Kerle & Laurie Kerle	Paint-Elk Joint Sewer Authority	24-Aug-09	2009-4404	20' wide 795 1038	Paint	Clarion
Donald Weidner & Nancy Weidner	Paint-Elk Joint Sewer Authority	9-Apr-09	2009-4405	20' wide 795 1041	Paint	Clarion
Madeline Copenhaver & Jesse Copenhaver	Paint-Elk Joint Sewer Authority	21-Aug-09	2009-4406	20' wide 795 1044	Paint	Clarion
Timothy Fulton	Paint-Elk Joint Sewer Authority	8-Oct-09		20' wide	Paint	Clarion
John O'Shany	Paint-Elk Joint Sewer Authority	8-Oct-09		20' wide	Paint	Clarion
Philip Kiser, Trustee of the Helen Kiser Trust	Paint-Elk Joint Sewer Authority	8-Oct-09		20' wide	Paint	Clarion
Baupat Enterprises, Inc	Paint-Elk Joint Sewer Authority	15-Oct-98	2001-2442	20' wide 554 183	Paint	Clarion
D. Merle Wetzel & Janet Wetzel	Paint-Elk Joint Sewer Authority	9-Apr-01	2001-2441	20' wide 554 179	Paint	Clarion
Rodney Silvis & Shelly Silvis	Paint-Elk Joint Sewer Authority	8-Apr-01	2001-2440	20' wide 554 175	Paint	Clarion
James Rimer & Barbara Rimer	Paint-Elk Joint Sewer Authority	7-Aug-01	2001-4370	20' wide 561 508	Paint	Clarion
Cheryl Tregoning & Mark Tregoning	Paint-Elk Joint Sewer Authority	7-Aug-01	2001-4369	20' wide 561 504	Paint	Clarion
Christine Gilbert	Paint-Elk Joint Sewer Authority	27-Aug-01	2001-4368	20' wide 561 500	Paint	Clarion
The John D & Doris A McLain Trust	Paint-Elk Joint Sewer Authority	27-Jul-01	2001-4365	20' wide 561 488	Paint	Clarion
Robert Leonard & Ruth Leonard	Paint-Elk Joint Sewer Authority	13-Aug-01	2001-4367	20' wide 561 496	Paint	Clarion
Thomas Stehle	Paint-Elk Joint Sewer Authority	9-Aug-01	2001-4364	20' wide 561 483	Paint	Clarion
Eleanor Corbett	Paint-Elk Joint Sewer Authority	11-Jul-01	2001-4372	20' wide 561 516	Paint	Clarion
June Ziegler	Paint-Elk Joint Sewer Authority	10-Aug-01	2001-4366	20' wide 561 492	Paint	Clarion
Beatrice Ausel	Paint-Elk Joint Sewer Authority	10-Jul-01	2001-4373	20' wide 561 520	Paint	Clarion
Robert Howard & Debra Koerbel	Paint-Elk Joint Sewer Authority	26-Jul-01	2001-4374	20' wide 561 524	Paint	Clarion
Freeman Long	Paint-Elk Joint Sewer Authority	25-Jul-01	2001-4375	20' wide 561 528	Paint	Clarion
Thomas Venturella & Joanne Venturella	Paint-Elk Joint Sewer Authority	2-Jun-04	2004-4839	20' wide 649 1136	Paint	Clarion
Dom Greco, Trustee	Paint-Elk Joint Sewer Authority	1-Jul-04	2004-4838	20' wide 649 1133	Paint	Clarion
Connie Henry	Paint-Elk Joint Sewer Authority	24-May-04	2004-4840	20' wide 649 1139	Paint	Clarion
Terri Dunkle & Joyce Dunkle	Paint-Elk Joint Sewer Authority	30-Aug-04	2008-2732	20' wide 762 398	Paint	Clarion
Terri Dunkle & Joyce Dunkle	Paint-Elk Joint Sewer Authority	30-Aug-04	2008-2733	20' wide 762 401	Paint	Clarion
Paul Stehle & Alice Mae Stehle	Paint-Elk Joint Sewer Authority	23-Aug-04	2008-2734	20' wide 762 404	Paint	Clarion

Schedule 4.9
Easements Rights-of-Way

(3 pages)

Matthew Higgins & Michele Higgins	Paint-Elk Joint Sewer Authority	24-Aug-09	2009-4370	20' wide	795	928	Paint	Clarion
Gary Bailey & Barbara Bailey	Paint-Elk Joint Sewer Authority	24-Aug-09	2009-4399	20' wide	795	1023	Paint	Clarion
Philip Kiser, Trustee of the Helen Kiser Trust	Paint-Elk Joint Sewer Authority	8-Oct-09	2009-4802	20' wide	797	794	Paint	Clarion
Timothy Fulton	Paint-Elk Joint Sewer Authority	8-Oct-09	2009-4803	20' wide	797	798	Paint	Clarion
TCC Evergreen LLC	Paint-Elk Joint Sewer Authority	17-Nov-08	2008-5747	20' wide	774	1035	Paint	Clarion
John O'Shany	Paint-Elk Joint Sewer Authority	8-Oct-09	2009-4804	20' wide	797	802	Paint	Clarion
Bryan Huwar & Terry Rapp	Paint-Elk Joint Sewer Authority	1-Oct-09	2010-479	20' wide	805	62	Paint	Clarion
Robert Hrisak & Cami Hrisak	Paint-Elk Joint Sewer Authority	29-Oct-09	2010-625	20' wide	805	724	Paint	Clarion
Michael Thomas	Paint-Elk Joint Sewer Authority	21-Sep-09	2010-626	20' wide	805	727	Paint	Clarion
Paul Stehle	Paint-Elk Joint Sewer Authority	18-Feb-92		20' wide	391	332	Paint	Clarion
SENECA Resources Corp	Paint-Elk Joint Sewer Authority	7-Jul-98	1998-4929	variable	497	246	Paint	Clarion
					362	1075		
Baupat Enterprises, Inc	Paint-Elk Joint Sewer Authority	20-Dec-89			362	1078	Paint	Clarion
Baupat Enterprises, Inc	Paint-Elk Joint Sewer Authority	20-Dec-89			362	1080	Paint	Clarion
Earl E. Weaver et al	Paint-Elk Joint Sewer Authority	20-Dec-89		20' wide	362	1082	Elk	Clarion
					362	1085		
					367	311		
					350	1276		
<i>Bruce Edward Bouch & Nancy Bouch Reed</i>	<i>Paint-Elk Joint Sewer Authority</i>	<i>15-May-13</i>	<i>2013-2044</i>	<i>20' wide</i>	<i>-</i>	<i>-</i>	<i>Paint</i>	<i>Clarion</i>
<i>Richard Slike & Susan Slike</i>	<i>Paint-Elk Joint Sewer Authority</i>	<i>22-Apr-13</i>	<i>2013-1610</i>	<i>20' wide</i>	<i>-</i>	<i>-</i>	<i>Paint</i>	<i>Clarion</i>
<i>TCC Evergreen LLC</i>	<i>Paint-Elk Joint Sewer Authority</i>	<i>15-Feb-13</i>	<i>2013-0993</i>	<i>20' wide</i>	<i>-</i>	<i>-</i>	<i>Paint</i>	<i>Clarion</i>
<i>Thomas Stehle</i>	<i>Paint-Elk Joint Sewer Authority</i>	<i>8-May-13</i>	<i>2013-1394</i>	<i>20' wide</i>	<i>-</i>	<i>-</i>	<i>Paint</i>	<i>Clarion</i>
<i>Thomas Stehle</i>	<i>Paint-Elk Joint Sewer Authority</i>	<i>8-Apr-13</i>	<i>2013-1379</i>	<i>15' wide</i>	<i>-</i>	<i>-</i>	<i>Paint</i>	<i>Clarion</i>
<i>Clarion County Career Center</i>	<i>Paint-Elk Joint Sewer Authority</i>	<i>10-Apr-13</i>	<i>2013-1380</i>	<i>30' wide</i>	<i>-</i>	<i>-</i>	<i>Paint</i>	<i>Clarion</i>
<i>PNC Bank, National Association</i>	<i>Paint-Elk Joint Sewer Authority</i>	<i>14-Jan-13</i>	<i>2013-0941</i>	<i>20' wide</i>	<i>-</i>	<i>-</i>	<i>Paint</i>	<i>Clarion</i>
<i>Robert Gardner & Judith Gardber + Robert Schrecengost & Joanne Schrecengost</i>	<i>Paint-Elk Joint Sewer Authority</i>	<i>20-Aug-13</i>	<i>2012-4950</i>	<i>20' wide</i>	<i>-</i>	<i>-</i>	<i>Paint</i>	<i>Clarion</i>
<i>Baupat Enterprises, Inc</i>	<i>Paint-Elk Joint Sewer Authority</i>	<i>30-Oct-12</i>	<i>2012-5390</i>	<i>20' wide</i>	<i>-</i>	<i>-</i>	<i>Paint</i>	<i>Clarion</i>
<i>Paint Creek</i>	<i>Paint-Elk Joint Sewer Authority</i>	<i>24-Oct-12</i>	<i>2012-5391</i>	<i>20' wide</i>	<i>-</i>	<i>-</i>	<i>Paint</i>	<i>Clarion</i>
<i>Heasley, Siegel & Long as tenants in co-partnership</i>	<i>Paint-Elk Joint Sewer Authority</i>	<i>1-Nov-12</i>	<i>2012-5392</i>	<i>20' wide</i>	<i>-</i>	<i>-</i>	<i>Paint</i>	<i>Clarion</i>
<i>Patrick Hill Associates</i>	<i>Paint-Elk Joint Sewer Authority</i>	<i>24-Oct-12</i>	<i>2012-5393</i>	<i>20' wide</i>	<i>-</i>	<i>-</i>	<i>Paint</i>	<i>Clarion</i>
<i>Walter Shattenberg & Tery Heeter, co-partners trading as Village Realty</i>	<i>Paint-Elk Joint Sewer Authority</i>	<i>18-Jul-12</i>	<i>2012-4912</i>	<i>20' wide</i>	<i>-</i>	<i>-</i>	<i>Paint</i>	<i>Clarion</i>
<i>Edgar Delp & Nadine Delp</i>	<i>Paint-Elk Joint Sewer Authority</i>	<i>20-Oct-12</i>	<i>2012-4914</i>	<i>20' wide</i>	<i>-</i>	<i>-</i>	<i>Paint</i>	<i>Clarion</i>
<i>Thomas Weaver</i>	<i>Paint-Elk Joint Sewer Authority</i>	<i>6-Jul-12</i>	<i>2012-4913</i>	<i>20' wide</i>	<i>-</i>	<i>-</i>	<i>Paint</i>	<i>Clarion</i>
<i>Ronald Harris & Carol Harris</i>	<i>Paint-Elk Joint Sewer Authority</i>	<i>12-Oct-12</i>	<i>2012-4911</i>	<i>20' wide</i>	<i>-</i>	<i>-</i>	<i>Paint</i>	<i>Clarion</i>

Schedule 4.10

Personalty

NONE

Schedule 4.11

Leases

NONE

Schedule 4.12

Contracts

1. Funding Agreement between PEJSA and PIIA dated 2/16/10.
2. Debt Obligation between PEJSA and PIIA dated 2/16/10.
3. PEJSA Lagoon dredging agreements

Schedule 4.14

Liabilities

1. Funding Agreement between PEJSA and PIIA dated 2/16/10.
2. Debt Obligation between PEJSA and PIIA dated 2/16/10.

Schedule 4.15

Customer Advances

NONE

Schedule 7.1.8

Storm Water Ordinances

RESOLUTION NO. 2013-3

Township of Elk

Clarion County, Pennsylvania

WHEREAS, in accordance with the mandate of the Pennsylvania Stormwater Management Act (the "Act"), the Clarion County Commissioners have adopted a countywide Stormwater Management Plan (the "Plan");

WHEREAS, pursuant to Section 11(b) of the Act, each municipality within Clarion County must enact or amend, and implement, such ordinances as are necessary to regulate development in a manner consistent with the Plan;

WHEREAS, on February 26, 2013, the Clarion County Commissioners adopted the Clarion County Stormwater Management Ordinance (the "County Ordinance") which is effective on a countywide basis unless superseded by local ordinance;

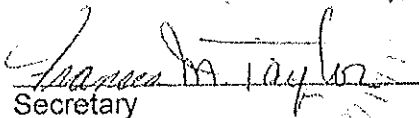
WHEREAS, the governing body of this municipality has determined that the provisions of the County Ordinance are appropriate to the needs of this municipality, and that adoption of a superseding local ordinance is unnecessary,

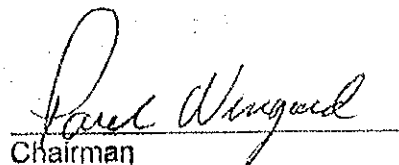
WHEREAS, the governing body of this municipality concurs with the Stormwater Management Site Plan and Report Requirements of Article VI of the County Ordinance,

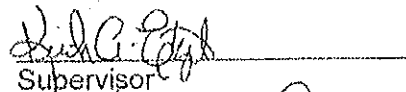
NOW THEREFORE, be it resolved, and it hereby is resolved as follows:

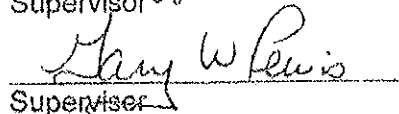
1. This municipality hereby adopts and ratifies all provisions of the Clarion County Stormwater Management Ordinance as the enactment governing stormwater management within this municipality.
2. This resolution is intended to comply with Section 11(b) of the Pennsylvania Stormwater Management Act.

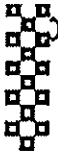
SO RESOLVED, this 11th day of March, 2013.


Secretary


Chairman


Supervisor


Supervisor



RESOLUTION NO. 02-2013

of the (Township/Borough) Township of Paint

Clarion County, Pennsylvania

WHEREAS, in accordance with the mandate of the Pennsylvania Stormwater Management Act (the "Act"), the Clarion County Commissioners have adopted a countywide Stormwater Management Plan (the "Plan");

WHEREAS, pursuant to Section 11(b) of the Act, each municipality within Clarion County must enact or amend, and implement, such ordinances as are necessary to regulate development in a manner consistent with the Plan;

WHEREAS, on February 26, 2013, the Clarion County Commissioners adopted the Clarion County Stormwater Management Ordinance (the "County Ordinance") which is effective on a countywide basis unless superseded by local ordinance;

WHEREAS, the governing body of this municipality has determined that the provisions of the County Ordinance are appropriate to the needs of this municipality, and that adoption of a superseding local ordinance is unnecessary,

WHEREAS, the governing body of this municipality concurs with the Stormwater Management Site Plan and Report Requirements of Article VI of the County Ordinance,

NOW THEREFORE, be it resolved, and it hereby is resolved as follows:

1. This municipality hereby adopts and ratifies all provisions of the Clarion County Stormwater Management Ordinance as the enactment governing stormwater management within this municipality.
2. This resolution is intended to comply with Section 11(b) of the Pennsylvania Stormwater Management Act.

SO RESOLVED, this 11th day of March, 2013.

Randy Vorley
Shady Shupler
Ben E. [unclear]

Schedule 7.2.2

Rate Schedule

Schedule 7.2.2

Paint-Elk Joint Sewer Authority
Monthly Rate Schedule
(as of October 28, 2013)

Metered Rates

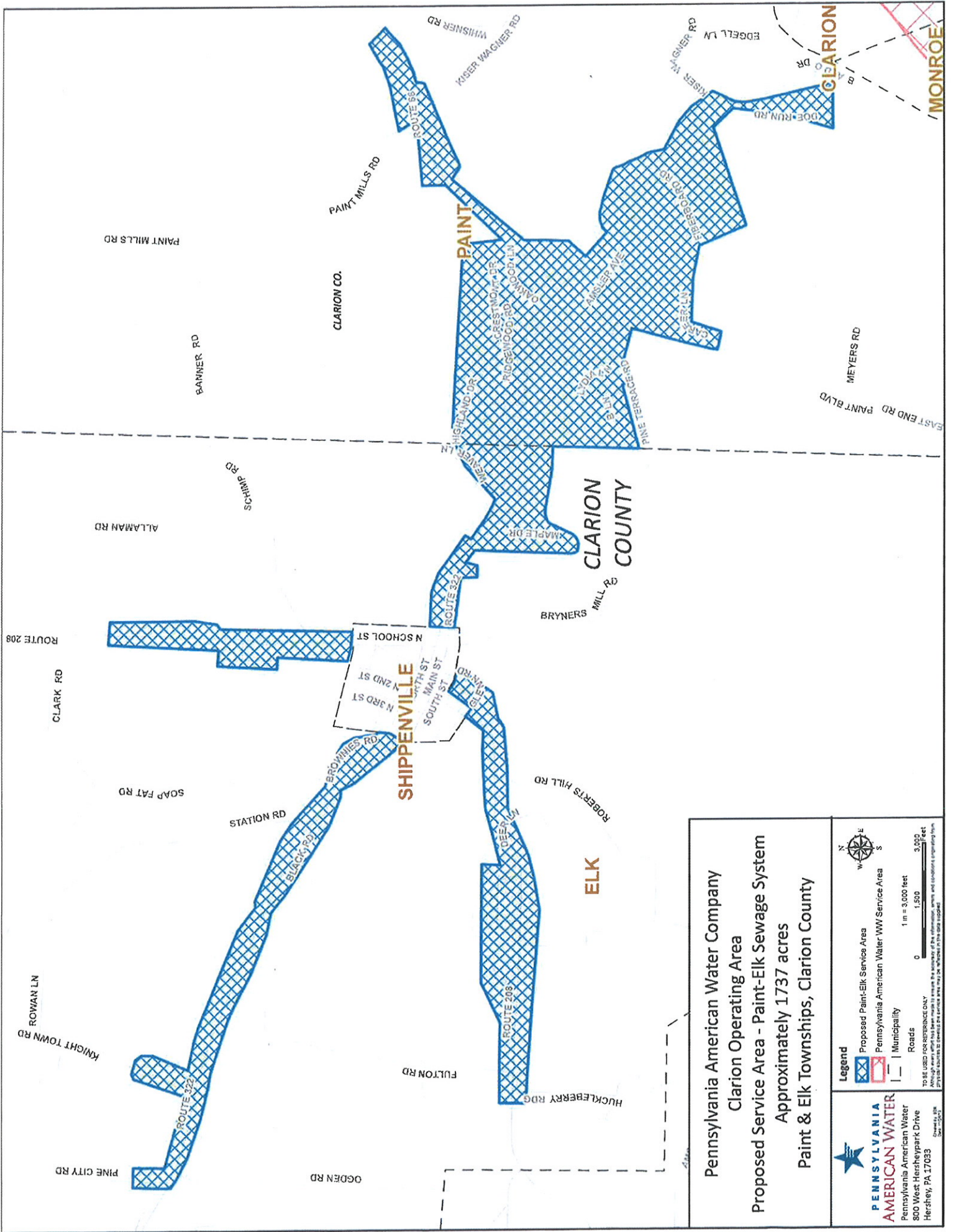
Customer Charge - \$36.00 per EDU
Volumetric Charge - \$7.00 per thousand gallons of metered water usage

Non-Metered Rates

Flat Fee - \$72.00 per EDU

Schedule 7.2.3

Act 537 Map – Service Area



Pennsylvania American Water Company
Clarion Operating Area
Proposed Service Area - Paint-Elk Sewage System
Approximately 1737 acres
Paint & Elk Townships, Clarion County

LEGEND

- Proposed Paint-Elk Service Area
- Pennsylvania American Water WWS Service Area
- Municipality
- Roads

TO BE USED FOR REFERENCE ONLY
 Although every effort has been made to ensure the accuracy of the information, errors and omissions are possible.
 Physical events that occurred after the service area was last updated are not shown.

1 in = 3,000 feet
 0 1,500 3,000 Feet

PENNSYLVANIA AMERICAN WATER
 Pennsylvania American Water
 800 West HERSHEYpark Drive
 Hershey, PA 17033
Copyright © 2014
 Date: 05/20/14

Schedule 9.1.7

Certification of Financial Information

CERTIFICATE AS TO DEBT, CONTRIBUTIONS,
AND ADDITIONS AND RETIREMENTS

The undersigned officer of Clarion Area Authority ("PEJSA"), with regard to the Purchase Agreement dated _____ (the "Agreement") between the PEJSA, as Seller, and Pennsylvania-American Water Company ("PAWC"), as Purchaser, for the sale by PEJSA to PAWC of the public water supply system now owned by PEJSA (the "Wastewater System"), hereby certifies that:

1. The amount of PEJSA's net outstanding long-term debt or notes related to the Water System is \$_____.
2. The amount of all unexpired customers' advances for construction and unexpended contributions in aid of construction is \$_____.
3. The additions or retirements to the Wastewater System during the period [date of agreement] through the date of this Certificate, together with the cost thereof, are: \$_____.

All of the foregoing statements are true and correct as of the _____ day of _____, 20____.

ATTEST:

PAINT-ELK JOINT SEWER AUTHORITY

Secretary

(Vice) President

(SEAL)

Schedule 9.1.9

Opinion of Counsel (PEJSA)

See Attached

MARSHALL LAW OFFICE, LLC

9888 Rte. 322 in Marianne
P. O. Box 29
Shippenville, PA 16254

JOHN F. MARSHALL, ESQ.
jfmloffice@atlanticbbn.net

Phone (814) 226-7410
Fax (814) 226-6101

_____, 2013

PENNSYLVANIA AMERICAN WATER COMPANY

RE: Paint-Elk Joint Sewer Authority to Pennsylvania American Water Company

To Whom It May Concern:

I am the Solicitor for the Paint-Elk Joint Sewer Authority ("Authority").

1. The Authority is duly organized, validly existing, and in good standing under the laws of the Commonwealth of Pennsylvania.

2. The Authority is duly authorized and legally permitted to enter into this transaction.

3. The following persons are the officers of the Authority:

Name	Office Held
<u>Hunter McMeans</u>	<u>President</u>
<u>Jacqui Blose</u>	<u>Secretary</u>

4. The Authority has full power, authority and legal right to execute, deliver and comply with the Agreement of Sale, Deed and all other documents.

5. All actions of the Authority and other authorizations necessary or appropriate for the execution and delivery of and compliance with the Agreement of Sale, Deed and all other documents have been taken or obtained and, upon their execution, the Agreement of Sale, Deed and all other documents shall be valid and legally binding.

6. No consent, approval or other authorization of or by any court, administrative agency or other governmental authority is required in connection with the Authority's execution, issuance, making and delivery of, or compliance with the Agreement of Sale, Deed and all other documents executed by the Authority.

7. The execution and delivery of and compliance with the Agreement of Sale, Deed and any other documents and instruments relating to the Agreement of Sale will not conflict with or result in a breach of any applicable law, judgment, order, writ, injunction, decree, rule or regulation of any court, administrative agency or other governmental authority, or of any agreement or other document or instrument to which the Authority is a party or by which it is bound.

8. I have, as of the completion of the aforesaid settlement, made such investigation as is appropriate and, based thereon, am of the opinion that there is no litigation pending against the Authority contesting the validity of any action taken by the Authority in connection with the authorization, execution and delivery of the Agreement of Sale or otherwise affecting the validity of the Agreement of Sale.

Very truly yours,

John F. Marshall
Attorney at Law

JFM/nso

cc: Paint-Elk Joint Sewer Authority

Schedule 9.1.13

Permits Issued



pennsylvania

DEPARTMENT OF ENVIRONMENTAL PROTECTION

Northwest Regional Office

MAY 13 2013

Ms. Jacqui S. Blase
 Paint - Blk Township Joint Sewer Authority
 22139 Route 66
 Shippensburg, PA 16254

Re: Sewage
 Paint Blk Joint Sewer STP
 NPDES Permit No. PA0034924
 APS ID No. 337210
 Paint Township, Clarion County

Dear Ms. Blase:

Your permit is enclosed.

Read the permit and special conditions carefully. The permit is valid for five years. You must reapply for renewal six months before the expiration date on the first page of the permit.

The discharge limitations and monitoring requirements in your NPDES permit are also typed on the original Discharge Monitoring Report (DMR) that is attached to the permit. That original DMR is provided as a master, so do not write on it, but rather: (1) make copies of it; (2) after conducting the sample analyses and flow measurements required by the permit, fill out all the empty blocks on one of the copies by following the instructions on the back of the original DMR; and (3) make copies of the filled out copy and send one to each of the addresses listed in the permit.

LAB Change
 Please complete the enclosed Laboratory Accreditation Form and submit it with your initial DMR. You are not required to submit this Form again during the remainder of the permit term unless a change is made to the laboratory or methods used to analyze parameters in your permit.

Also, we would like to bring your attention to the Department's electronic DMR (eDMR) program. The program can be accessed through the Internet at www.dep.state.pa.us/edmr and can be used in lieu of paper DMR submissions. Please find enclosed additional information concerning eDMR. We highly encourage your participation in this program.

Please note that on October 9, 2010, new NPDES regulations at 25 Pa. Code Chapter 92a became effective. These regulations represent an extensive reorganization of Chapter 92 such that it follows the organization of the corresponding Federal regulations set forth in 40 CFR Part 122. The regulations also set forth a new NPDES fee structure designed to cover the Commonwealth's share of administering the NPDES program. In addition, several new provisions incorporating recent requirements established under the Federal program have been added, and minimum treatment requirements based on the secondary treatment standard for

210 Chestnut Street | Meadville, PA 16335-3481

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discharges of treated sewage have been established. Please review your permit closely so that you are familiar with the changes that resulted from these new regulations.

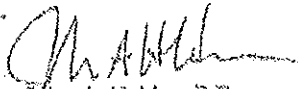
Any person aggrieved by this action may appeal, pursuant to Section 4 of the Environmental Hearing Board Act, 35 P.S. §7514, and the Administrative Agency Law, 2 Pa.C.S.A. Chapter 5A, to the Environmental Hearing Board, Second Floor, Rachel Carson State Office Building, 400 Market Street, P.O. Box 8457, Harrisburg, PA 17105-8457, 717.787.3483. TDD users may contact the Board through the Pennsylvania Relay Service, 800.654.5984. Appeals must be filed with the Environmental Hearing Board within 30 days of receipt of written notice of this action unless the appropriate statute provides a different time period. Copies of the appeal form and the Board's rules of practice and procedure may be obtained from the Board. The appeal form and the Board's rules of practice and procedure are also available in Braille or on audiotape from the Secretary to the Board at 717.787.3483. This paragraph does not, in and of itself, create any right of appeal beyond that permitted by applicable statutes and decisional law.

IF YOU WANT TO CHALLENGE THIS ACTION, YOUR APPEAL MUST REACH THE BOARD WITHIN 30 DAYS. YOU DO NOT NEED A LAWYER TO FILE AN APPEAL WITH THE BOARD.

IMPORTANT LEGAL RIGHTS ARE AT STAKE, HOWEVER, SO YOU SHOULD SHOW THIS DOCUMENT TO A LAWYER AT ONCE. IF YOU CANNOT AFFORD A LAWYER, YOU MAY QUALIFY FOR FREE PRO BONO REPRESENTATION. CALL THE SECRETARY TO THE BOARD (717.787.3483) FOR MORE INFORMATION.

If you have any questions, please call Adam J. Pesek of the Permits Section at the above telephone number.

Sincerely,


John A. Holden, P.E.
Regional Manager
Water Management Program

Enclosures

cc: Brian S. Sekula, P.E.
Frances M. Taylor
Monitoring & Compliance
BWSFR Data Systems and Analysis
NPDES file

JAK:AJP

3000-PM-WSPFR0012 Rev. 12/2010
Permit



pennsylvania
DEPARTMENT OF ENVIRONMENTAL PROTECTION

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF ENVIRONMENTAL PROTECTION
BUREAU OF WATER STANDARDS AND FACILITY REGULATION

**AUTHORIZATION TO DISCHARGE UNDER THE
NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM
DISCHARGE REQUIREMENTS FOR PUBLICLY OWNED
TREATMENT WORKS (POTWs)**

NPDES PERMIT NO: PA0034824

In compliance with the provisions of the Clean Water Act, 33 U.S.C. Section 1261 et seq. ("the Act") and Pennsylvania's Clean Streams Law, as amended, 35 P.S. Section 601.1 et seq.,

Paint - Elk Township Joint Sewer Authority
32130 Route 60
Shippenville, PA 16264

Is authorized to discharge from a facility known as Paint Elk Joint Sewer STP, located on U.S. Route 322, Shippenville, PA 16264, located in Paint Township, Clarion County, to Paint Creek in Watershed(s) 17-B in accordance with effluent limitations, monitoring requirements and other conditions set forth in Parts A, B and C hereof.

THIS PERMIT SHALL BECOME EFFECTIVE ON JUN 01 2011

THIS PERMIT SHALL EXPIRE AT MIDNIGHT ON MAY 31 2016

The authority granted by this permit is subject to the following further qualifications:

1. If there is a conflict between the application, its supporting documents and/or amendments and the terms and conditions of this permit, the terms and conditions shall apply.
2. Failure to comply with the terms, conditions or effluent limitations of this permit is grounds for enforcement action; for permit termination, revocation and reissuance, or modification; or for denial of a permit renewal application. 40 CFR 122.41(a)
3. A complete application for renewal of this permit, or notice of intent to cease discharging by the expiration date, must be submitted to DEP at least 180 days prior to the above expiration date (unless permission has been granted by DEP for submission at a later date), using the appropriate NPDES permit application form. 40 CFR 122.41(b), 122.21(d)

In the event that a timely and complete application for renewal has been submitted and DEP is unable, through no fault of the permittee, to reissue the permit before the above expiration date, the terms and conditions of this permit, including submission of the Discharge Monitoring Reports (DMRs), will be automatically continued and will remain fully effective and enforceable against the discharger until DEP takes final action on the pending permit application. 26 Pa. Code 92a.7(b), (c)

4. This NPDES permit does not constitute authorization to construct or make modifications to wastewater treatment facilities necessary to meet the terms and conditions of this permit.

DATE PERMIT ISSUED MAY 13 2015

ISSUED BY [Signature]
John A. Holden, P.E.
Water Management Program Manager
Northwest Regional Office

08-010-230-000

BR-6WD-15-Rev. 11/88

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF ENVIRONMENTAL RESOURCES
BUREAU OF WATER QUALITY MANAGEMENT
WATER QUALITY MANAGEMENT PERMIT

NO. 1690402

4. PERMITTEE (Name and Address) Paint-Elk Joint Sewer Authority R.D. #2 Shippanville, PA 16254		6. PROJECT LOCATION Municipality <u>Paint Township</u> County <u>Clarion County</u>	
7. TYPE OF FACILITY (For industrial wastes, type of modification) <u>Aerated Lagoon System</u>		8. NAME OF PLANT, AREA SERVED, OUTFALL NO., ETC. <u>Outfall 001, Paint and Elk Townships</u>	
9. THIS PERMIT APPROVES:	1. Plans For Construction Of:		<input checked="" type="checkbox"/> Pump Stations, Sewers and Appurtenances
	<input checked="" type="checkbox"/> Sewage Treatment Facilities		<input type="checkbox"/> Industrial Waste Treatment Facilities
	<input type="checkbox"/> Injection Well		<input type="checkbox"/> Outfall B Headwall
	<input type="checkbox"/> Stream Crossing		<input checked="" type="checkbox"/> Impoundment
2. The Discharge Of:		<input type="checkbox"/> Treated	<input type="checkbox"/> Untreated
<input type="checkbox"/> Sewage		<input type="checkbox"/> Industrial Wastes	
3. Discharge To:		<input type="checkbox"/> Surface Water	
<input type="checkbox"/> Ground Water		Name of Stream to which discharged or discharge area in which groundwater discharge takes place or impoundment is located:	
4. Preparedness, Prevention, Contingency (PPC) Plan		<input type="checkbox"/>	
5. An Erosion and Sedimentation Control Plan		<input checked="" type="checkbox"/>	
Project Area is <u>0.0</u> Acres			
F. THIS APPROVAL IS SUBJECT TO THE FOLLOWING CONDITIONS:			
1. ALL CONSTRUCTION, OPERATIONS, PROCEDURES AND DISCHARGE SHALL BE IN ACCORDANCE WITH APPLICATION NO. <u>1690402</u> DATED <u>8/27/90</u> ITS SUPPORTING DOCUMENTATION, AND AMENDMENTS DATED <u>12/17/90</u> SUCH APPLICATION, ITS SUPPORTING DOCUMENTATION AND AMENDMENTS ARE HEREBY MADE A PART OF THIS PERMIT.			
2. CONDITIONS NUMBERED <u>1, 7, 9, 10, 11, 12, 13, 14, 16, 19, 21, and 22</u> OF THE <u>GENERAL</u> STANDARD CONDITIONS DATED <u>1983</u> AND CONDITIONS NUMBERED <u>all</u> OF THE EROSION CONTROL STANDARD CONDITIONS DATED <u>1983</u> WHICH CONDITIONS ARE ATTACHED AND MADE PART OF THIS PERMIT.			
3. SPECIAL CONDITIONS DESIGNATED <u>A, B, C, and D</u> WHICH ARE ATTACHED AND ARE MADE A PART OF THIS PERMIT.			
G. THE AUTHORITY GRANTED BY THIS PERMIT IS SUBJECT TO THE FOLLOWING FURTHER QUALIFICATIONS:			
1. IF THERE IS A CONFLICT BETWEEN THE APPLICATION ON ITS SUPPORTING DOCUMENTS AND AMENDMENTS AND THE STANDARD OR SPECIAL CONDITIONS, THE STANDARD OR SPECIAL CONDITIONS SHALL APPLY.			
2. FAILURE TO COMPLY WITH THE RULES AND REGULATIONS OF THE DEPARTMENT OR WITH THE TERMS OR CONDITIONS OF THIS PERMIT SHALL VOID THE AUTHORITY GIVEN TO THE PERMITTEE BY THE ISSUANCE OF THE PERMIT.			
3. THIS PERMIT IS ISSUED PURSUANT TO THE CLEAN STREAMS LAW, ACT OF JUNE 22, 1927 P.L. 1927 AS AMENDED 25 P.S. 1401.1 BY 560 AND/OR THE DAM SAFETY AND ENCROACHMENTS ACT OF NOVEMBER 26, 1978, P.L. 1275, AS AMENDED, 32 P.S. 1403.1 BY 560. ISSUANCE OF THIS PERMIT SHALL NOT RELIEVE THE PERMITTEE OF ANY RESPONSIBILITY UNDER ANY OTHER LAW.			
PERMIT ISSUED DATE <u>JAN 07 1991</u> <u>BOOK</u>		DEPARTMENT OF ENVIRONMENTAL RESOURCES	
PAGE <u>0876</u>		David E. Milhous David E. Milhous, P.E. Regional Water Quality Manager Meadville Regional Office	

BOOK

PAGE

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0002

PAINT-ELK JOINT MUNICIPAL AUTHORITY
PAINT TOWNSHIP, CLARION COUNTY
WQM PERMIT #1690402,
AERATED LAGOON SYSTEM

SPECIAL CONDITIONS:

- A. It is required by law that this permit before being operative, shall be recorded in the Office of the Recorder of Deeds in which county the facility is to be located.
- B. The sides of the settling basins shall be maintained constantly at an elevation at least 24 inches above the highest water level in the basins.
- C. No sewage sludge may be disposed by the permittee without the written approval of the Department's Bureau of Waste Management. Six (6) months prior to the need to dispose of sludge, the permittee must contact the Bureau of Waste Management to obtain these approvals.
- D. This permit authorizes the installation of the sedimentation pond for the treatment of wastewater. Upon termination of its active life, the sludge in the pond must be completely removed and disposed as required by Special Condition C.

September 2, 1983

STANDARD CONDITIONS RELATING TO SEWERAGE - PART II PERMITS

ONE: During construction, no changes affecting any engineering design parameter shall be made from the plans, designs, and other data herein approved unless the permittee shall first receive written approval thereof from the Department. The sewerage facilities shall be constructed under expert engineering supervision and competent inspection.

TWO: The sewers shall have adequate foundation support as soil conditions require. Trenches shall be back-filled such that the sewers will have proper structural stability, with minimum settling and adequate protection against breakage. Concrete used in connection with these sewers shall be protected from injury by water, freezing, drying or other harmful conditions until cured.

THREE: Manhole inverts shall be so formed as to facilitate the flow of the sewage and to prevent the stranding of sewage solids, and the whole manhole structure shall have proper structural strength and be so constructed as to prevent undue infiltration, entrance of the street wash or grit, and to provide convenient and safe means of access and maintenance.

FOUR: No stormwater from pavements, area ways, roofs, foundation drains or other sources shall be admitted to the sanitary sewers herein approved.

FIVE: The permittee shall adopt and enforce an ordinance requiring the abandonment of privies, cesspools or similar receptacles for human waste and on-lot sewage disposal systems on the premises of occupied structures which are accessible to public sewers and require the connection of such structures to the public sewers.

SIX: The herein approved sewers shall be maintained in good condition, kept free from deposits by flushing or other proper means of cleaning, and repaired when necessary.

SEVEN: The permittee shall file with the Department of Environmental Resources "as-built" plans showing the correct plan of all sewers and sewerage structures as actually constructed together with any other information in connection therewith that may be required.

EIGHT: The outfall sewer or drain shall be extended to the low water mark of the receiving body of water. Where necessary to assure the proper mixing and waste assimilation an outfall sewer or drain may be extended with appurtenances below the low water mark and into the bed of navigable stream, provided that the permittee has secured an easement, right-of-way, license, or lease from the Department in accordance with Section 15 of the Dam Safety and Encroachment Act, the Act of November 26, 1978, P.L. 1375, as amended.

BOOK PAGE
6376 0003

NINE: The approval herein given is specifically made contingent upon the permittee acquiring all necessary property rights, by easement or otherwise, providing for the satisfactory construction, operation, maintenance and replacement of all sewers or sewerage structures in, along, or across private property, with full rights of ingress, egress and regress.

TEN: When the herein approved sewage treatment works is completed and before it is placed in operation, the permittee shall notify the Department in writing so that an inspection of the works may be made by a representative of the Department.

ELEVEN: The various structures and apparatus of the sewage treatment works herein approved shall be maintained in proper condition so that the facility will individually and collectively perform the functions for which they were designed.

TWELVE: If, in the opinion of the Department, these works are not so operated or if by reason of change in the character of wastes or increased load upon the works, or changed use or condition of the receiving body of water, or otherwise the effluent from the said works ceases to be satisfactory or the sewerage facilities shall have created a public nuisance, then upon notice by the Department, the right herein granted shall cease and become null and void unless within the time specified by the Department, the permittee shall adopt such remedial measures as will produce an effluent which, in the opinion of the Department, will be satisfactory.

THIRTEEN: The attention of the permittee is called to the highly explosive nature of certain gases generated by the digestion of sewage solids when these gases are mixed in proper portions with air, and to the highly toxic character of certain gases arising from such digestion or from sewage in insufficiently ventilated compartments or sewers. Therefore, at all places throughout the sewerage facilities where hazard of fire, explosion, or danger from toxic gases may occur, the permittee shall post conspicuously proper warnings of a permanent and legible character and shall provide for the thorough instruction of all employees concerning the aforesaid hazards and in first aid and emergency methods of meeting such hazards and shall further provide, in a conveniently accessible place, all necessary equipment and material therefor.

FOURTEEN: Cross connections between the potable water supply and the sewerage system constitute a potential danger to the public health. Therefore, all direct and indirect connections whereby under normal or abnormal conditions the potable water supply may become contaminated from an inferior water supply from any unit of the sewage treatment works, or by any appurtenance thereof or from any part of a sewerage system are hereby specifically prohibited. The permittee is further warned against permitting to be made permanent any temporary connection with a potable supply designed to be held in place while being used for flushing or other purposes, and is also cautioned against the danger of back siphonage through portable hose lines and similar avenues of possible contamination.

FIFTEEN: This permit authorizes the construction and operation of the proposed sewerage facilities until such time as facilities for conveyance and treatment at a more suitable location are installed and are capable of receiving and treating the permittee's sewage. Such facilities must be in accordance with either the applicable municipal official plan adopted pursuant to Section 3 of the Pennsylvania Sewerage Facilities Act, the Act of January 24, 1956, P.L. 1335, as amended, or a comprehensive Water Quality Management Plan as set forth in Section 91.31 of the Rules and Regulations of the Department. When such municipal sewerage facilities become available, the permittee shall provide for the conveyance of the sewage to these sewerage facilities, abandon the use of the herein-approved facilities and notify the Department accordingly. This permit shall then, upon notice from the Department, terminate and become null and void, and shall be relinquished to the Department.

SIXTEEN: The permittee shall construct the sewerage facilities in a manner compatible with good conservation methods in order to minimize the adverse effect on the environment.

SEVENTEEN: The local waterways patrolman of the Pennsylvania Fish Commission shall be notified when the construction of a stream crossing and outfall is started and completed. A permit must be secured from the Pennsylvania Fish Commission if the use of explosives is required. The permittee shall notify the local waterways patrolman when explosives are to be used.

EIGHTEEN: If future operations by the Commonwealth of Pennsylvania require modifications of the stream crossing and/or outfall, or there shall be unreasonable obstruction to the free passage of floods or navigation from the stream crossing and/or outfall, permittee shall remove or alter the structural work or obstruction without expense to the Commonwealth of Pennsylvania. If upon the revocation of the permit, the work shall not be completed, the permittee, at his own expense and in such time and manner as the Department may require, shall remove any or all portions of the incomplete work and restore the water-course to its former condition. No claims shall be made against the Commonwealth of Pennsylvania on account of any such removal or alteration.

NINETEEN: The sewage treatment plant shall be operated by an operator certified in accordance with the Sewage Treatment Plant and Waterworks Operators' Certification Act, the Act of November 18, 1968, P.L. 1217, as amended.

TWENTY: All industrial waste discharged or proposed for discharge into the sewer system shall be studied to determine the degree of pretreatment necessary in order that the industrial waste will not adversely affect the sewerage facilities or the sewage treatment process. The permittee shall properly control any industrial waste discharge into its sewerage system by regulating the rate of such discharge, requiring necessary pretreatment, and excluding industrial waste, if necessary, to protect the integrity of the permittee's sewerage system.

TWENTY-ONE: Receipt of this permit does not relieve the permittee of its obligations to comply with all federal, interstate, state, or local laws, ordinances, and regulations applicable to the sewerage facilities authorized herein.

TWENTY-TWO: This permit does not give any real or personal property rights or grant any exclusive privileges, nor shall it be construed to grant or confirm any right, title, easement, or interest in, on, to, or over any lands belonging to the Commonwealth.

BOOK

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0376

0005

DEPARTMENT OF ENVIRONMENTAL RESOURCES 8876 0006
STANDARD CONDITIONS RELATING TO EROSION CONTROL 1985
For Use in Water Quality Management Permits

1. By approval of the plans for which this permit is issued, neither the Department nor the Commonwealth of Pennsylvania assumes any responsibility for the feasibility of the plans or the operation of the measures and facilities to be constructed thereunder.
2. If at any time the erosion and sedimentation activities undertaken pursuant to this permit or the discharge of the effluent therefrom is causing or contributing to pollution of the waters of the Commonwealth, the permittee shall forthwith adopt such remedial measures as are acceptable to the Department.
3. This permit does not authorize any earth disturbance controlled by an ordinance enacted by a local municipality. Additional permits must be secured from local municipalities where earthmoving activities are covered by local ordinances.
4. At least seven days before earthmoving will begin, the permittee, by telephone or certified mail, shall notify the Department or its designee of the date for beginning of construction and invite the County Conservation District Representative to attend a pre-construction conference with the contractor.
5. The permittee shall have his erosion control plan available at the site of the activity at all times. All earthmoving activities shall be undertaken in the manner set forth in the erosion and sedimentation control plan identified with this permit. Revisions to the plan shall be approved by the Department.
6. The erosion control measures and facilities shall be constructed under the supervision and competent inspection of an individual trained and experienced in erosion control, and in accordance with plans, designs and other data as herein approved or amended, and with the conditions of this permit. Control facilities shall be frequently inspected to insure effective control.
7. When the herein approved erosion control measures and facilities are completed, the permittee shall notify the Department so that an inspection of the measures and facilities may be made by a representative of the County Conservation District.
8. No storm water, sewage or industrial wastes not specifically approved herein, shall be admitted to the erosion and sedimentation measures and facilities for which this permit is issued, unless with the approval of the Department.
9. Sediment shall at no time be permitted to accumulate in sedimentation basins to a depth sufficient to limit storage capacity or interfere with the settling efficiency thereof. The sediment removed shall be handled and disposed of in a manner that will not create pollution problems and so that every reasonable and practical precaution is taken to prevent the said material from reaching the waters of the Commonwealth.
10. All slopes, channels, ditches or any disturbed area shall be stabilized as soon as possible after the final grade or final earthmoving has been completed. Where it is not possible to permanently stabilize a disturbed area immediately after the final earthmoving has been completed or where the activity ceases for more than 20 days, interim stabilization measures shall be implemented promptly.
11. Upon completion of the project, all areas which were disturbed by the project shall be stabilized so that accelerated erosion will be prevented. Any erosion and sedimentation control facility required or necessary to protect areas from erosion during the stabilization period shall be maintained until stabilization is completed. Upon completion of stabilization, all unnecessary or unusable control measures and facilities shall be removed, the areas shall be graded and the soils shall be stabilized.
12. The responsibility of carrying out the permit conditions shall rest with the owner, lessee, assignee or other responsible manager of earthmoving that affects the approved erosion controls. Such responsibility passes with each control succession.

PAINT-ELE JOHN E. A.
PAINT TOWNSHIP, CLARION COUNTY
WQH PERMIT #1690402
AERATED LAGOON SYSTEM

EN-090-421 Rev. 4/78

STATE OF PENNSYLVANIA

COUNTY OF Crawford

} 65

On the *7th* day of *January* in the year one thousand
nine hundred and *ninety one* before me, the Subscriber, a Notary
Public, came the above named

David E. Milhous, P.E. Regional Water Quality Manager, Meadville Regional Office
and duly acknowledged the foregoing permit to be his act and deed, and desired
that the same might be recorded as such.

Witness my hand and notarial seal the day and year aforesaid.

NOTARY
PUBLIC

Viola M. Hodges
NOTARY PUBLIC

NOTARIAL SEAL
VIOLA M. HODGES, NOTARY PUBLIC
MEADVILLE, CRAWFORD COUNTY PA
MY COMMISSION EXPIRES MARCH 1, 1988

10
396
001
John
for

BOOK PAGE
0376 0007

Schedule 9.2.3

Opinion of Counsel (PAWC)

See Attached

Pennsylvania-American Water Company, Inc.
Pro Forma Condensed Balance Sheet
December 31, 2012 (Unaudited)
(Dollars in thousands)

	December 31, 2012 (Unaudited)
Property, plant and equipment	
Utility plant - at original cost less accumulated depreciation	\$2,880,730
Utility plant acquisition adjustments, net	\$14,662
Total Non-Utility Plant, net	\$267
Construction Work in Progress	\$73,615
Total property plant and equipment	<u>\$2,969,274</u>
Current assets	
Cash and cash equivalents	-\$4,889
Accounts receivable:	
Billed, net of allowance for doubtful accounts	\$36,521
Unbilled	\$29,114
Other current assets	\$8,635
Total current assets	<u>\$69,381</u>
Long-term assets	
Regulatory assets	\$179,731
Goodwill	\$39,782
Other	\$478
Total long-term assets	<u>\$219,991</u>
Total assets	\$3,258,646
Capitalization and Liabilities	
	December 31, 2012 (Unaudited)
Capitalization	
Stockholder's equity:	
Common stock	\$21,507
Paid-in capital	\$719,299
Retained earnings	\$393,965
Total stockholder's equity	<u>\$1,134,771</u>
Long-term debt	\$1,082,407
Preferred stock without mandatory redemption requirements	\$1,720
Preferred stock with mandatory redemption requirements	\$11,252
Total capitalization	<u>\$2,230,150</u>
Current liabilities	
Notes payable - associated companies	\$0
Short-term debt	\$32,207
Current portion of long-term debt	\$3,727
Other	\$119,825
Total current liabilities	<u>\$155,759</u>
Long-term liabilities	
Deferred income taxes	\$607,564
Other	\$144,843
Total long-term liabilities	<u>\$752,407</u>
Contributions in aid of construction	\$120,330
Total capitalization and liabilities	\$3,258,646

Pennsylvania-American Water Company, Inc.
Pro Forma Condensed Statement of Income
For period ending December 31, 2012 (Unaudited)
(Dollars in thousands)

	Period Ending December 31, 2012
Operating revenues	\$514,565
Operating expenses	
Operation and maintenance	\$222,287
Depreciation and amortization	\$68,172
General taxes	\$12,435
	<u>\$302,894</u>
Operating income	\$211,672
Other income (deductions)	
Other income, net	(\$2,567)
Interest expense, net	\$35,666
	<u>\$33,099</u>
Income before income taxes	<u>\$178,573</u>
Provision for income taxes	<u>\$59,524</u>
Net income	<u>\$119,049</u>
Dividends on preferred stock	<u>\$77</u>
Income to common stock	<u>\$118,972</u>

PENNSYLVANIA-AMERICAN WATER COMPANY

I, E.T. HICKS, Assistant 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 November 12, 2013, 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, that the proper officers of the Company be, and hereby are, authorized and directed to execute and deliver to Paint-Elk Joint Sewer Authority an agreement to purchase the wastewater system assets; and

RESOLVED, that the proper officers including but not limited to the President or a Vice President 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 resolution.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the corporate seal of this Company this 4th day of December, 2013.

E.T. Hicks

Assistant Secretary



PAINT ELK JOINT SEWER AUTHORITY

RESOLUTION

AUTHORIZING THE APPROPRIATE OFFICERS OF THE PAINT ELK JOINT SEWER AUTHORITY TO EXECUTE AN AGREEMENT OF SALE WITH PENNSYLVANIA AMERICAN WATER COMPANY.

WHEREAS, at a regular meeting of the Paint Elk Joint Sewer Authority ("Authority"), held on October 17, 2013, the Board approved, by motion made, seconded and voted on, to sell the sewer system and its assets to Pennsylvania American Water Company.

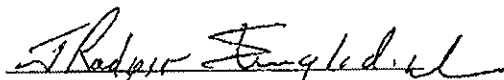
NOW, THEREFORE, the Board of the Authority hereby resolves as follows:

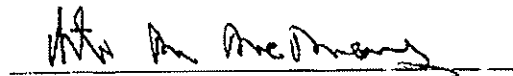
SECTION 1. The Authority shall sell the sewer system and its assets to Pennsylvania American Water Company according to the terms and conditions of the Purchase Agreement presented at said meeting.

SECTION 2. The appropriate officers of the Authority are hereby authorized, empowered and directed on behalf of the Authority to execute any and all papers and documents and to do and cause to be done any and all actions and things necessary or proper to execute or carry out the sale of the sewer system and its assets to Pennsylvania American Water Company.

SECTION 3. All resolutions or parts of resolutions inconsistent herewith are hereby rescinded, cancelled and annulled.

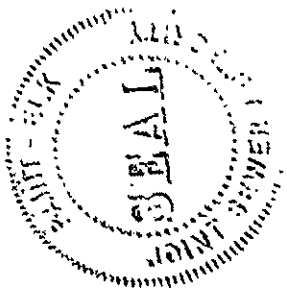
ATTEST:


Secretary


President

(SEAL)

DATE: 11/20/13



Schedule 7.2.2

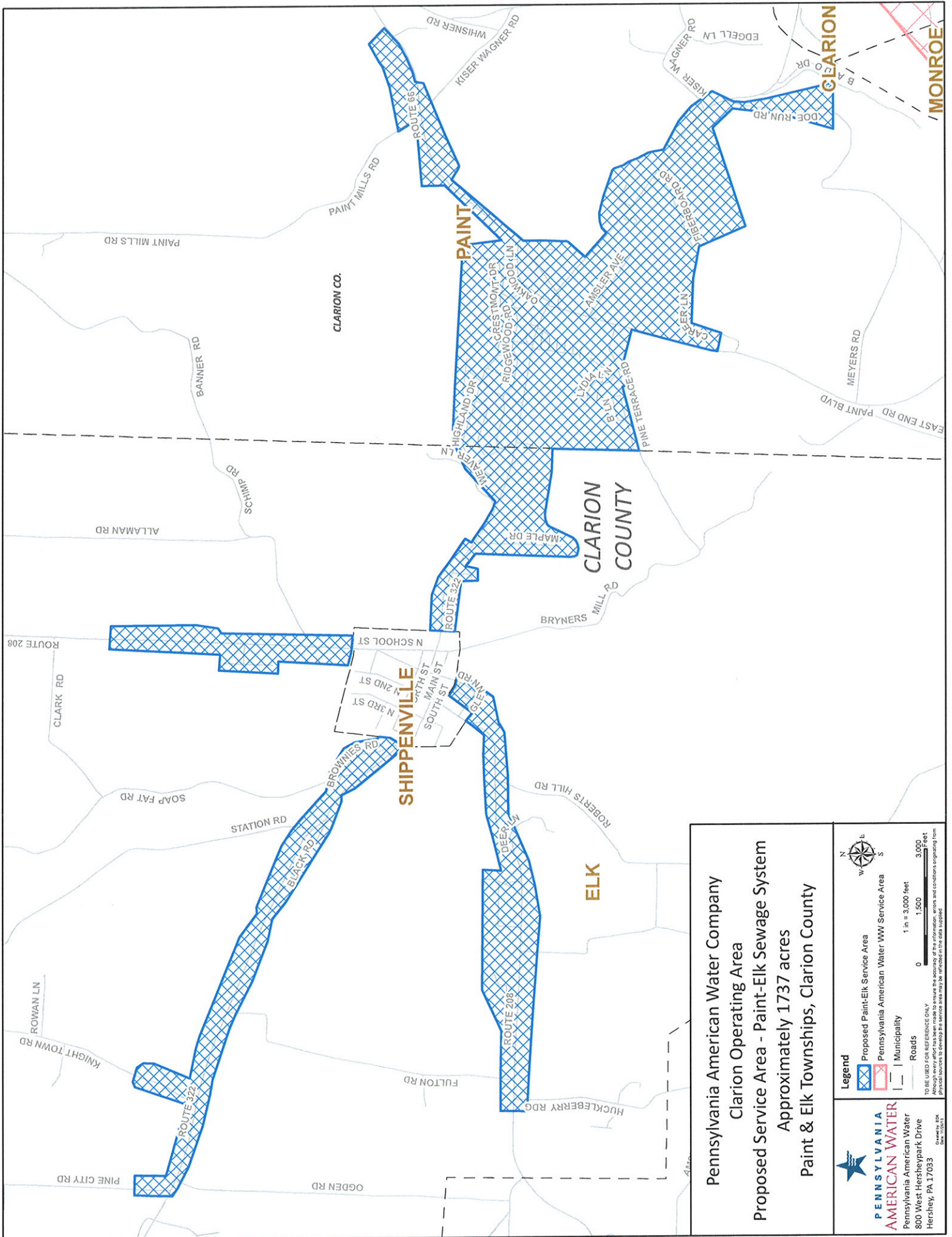
**Paint-Elk Joint Sewer Authority
Monthly Rate Schedule
(as of October 28, 2013)**

Metered Rates

Customer Charge - \$36.00 per EDU
Volumetric Charge - \$7.00 per thousand gallons of metered water usage

Non-Metered Rates

Flat Fee - \$72.00 per EDU



Pennsylvania American Water Company
 Clarion Operating Area
 Proposed Service Area - Paint-Elk Sewage System
 Approximately 1737 acres
 Paint & Elk Townships, Clarion County

Legend

- Proposed Paint-Elk Service Area
- Pennsylvania American Water WW Service Area
- Municipality
- Roads

Scale: 1 in = 3,000 feet
 0 1,500 3,000 feet

PENNSYLVANIA AMERICAN WATER
 Pennsylvania American Water
 800 West Hershey Park Drive
 Hershey, PA 17033
 Date: 1/10/10

THIS IS NOT A FINAL DESIGN. ONLY Pennsylvania American Water has been made to ensure the accuracy of the information, areas and conditions originating from Pennsylvania American Water. The service area may be modified in the data supplied.

Exhibit L

Exhibit M
Service Area Identification

The Paint-Elk Sewage System (“PESS”) service area is geographically represented by the map attached herein at Exhibit L and entitled “Pennsylvania American Water Company, Clarion Operating Area, Proposed Service Area - Paint-Elk Sewage System, Approximately 1,737 acres, Paint & Elk Township, Clarion County” and dated November 26, 2013, shows those portions of both Paint and Elk Townships wherein the Acquired Assets, east of Shippenville Borough, as defined in the Purchase Agreement attached herein at Exhibit F, are situated and serving customers of the Seller, The Paint-Elk Joint Sewer Authority, of Clarion County, Pennsylvania.

The PESS service area includes areas to the north, west and south-southwest of Shippenville Borough which represents approximately 619 acres. The total acreage of the service area wherein the Acquired Assets are situated is approximately 1,118 acres, all of which is east of Shippenville Borough.

Paint-Elk Joint Sewer Authority
 Consolidated Condensed Statement of Income
 December 31, 2012 (Unaudited)
 (Dollars in thousands)

Operating Revenue	
Sewer Charges	\$ 483
Other Operating Income	\$ -
Total Operating Revenue	<u>\$ 483</u>
Other Revenue	<u>\$ -</u>
Total Income	<u>\$ 483</u>
Operating Expense	
Operations and Maintenance	\$ 272
Administration	\$ -
Depreciation	\$ -
Total Operating Expense	<u>\$ 272</u>
Non-Operating Expense	
Interest Income	\$ -
Taxes	\$ -
Interest Expense	\$ -
Total Non-Operating Expense	<u>\$ -</u>
Total Expense	<u>\$ 272</u>
Net Income	<u><u>\$ 212</u></u>