



Seth A. Mendelsohn P 717-531-3362
Corporate Counsel F 717-531-3399
800 West Hersheypark Drive E seth.mendelsohn@amwater.com
Hershey, PA 17033 I www.amwater.com

July 31, 2014

e-File

Ms. Rosemary Chiavetta, Secretary
Commonwealth of Pennsylvania
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

Re: Application of Pennsylvania-American Water Company (PAWC) for approval of:
(1) the transfer, by sale, of substantially all of Paint-Elk Joint Sewer Authority (PEJSA) properties and rights related to its wastewater system to PAWC, and
(2) the rights of PAWC to begin to offer or furnish wastewater service to the public in portions of Paint Township and Elk Township, Clarion County, Pennsylvania
Docket No.: A-2013-2395998

Dear Secretary Chiavetta:

PAWC closed on the above-referenced acquisition on July 31, 2014. Pursuant to the Commission's Order entered July 24, 2014, Ordering Paragraph 2, I am filing with the Commission a copy of the First Amendment to Purchase Agreement dated July 31, 2014 between PAWC and PEJSA.

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

Sincerely,

Seth A. Mendelsohn

eth

**FIRST AMENDMENT OF THE
PURCHASE AGREEMENT BETWEEN
PAINT-ELK JOINT SEWER AUTHORITY AND
PENNSYLVANIA-AMERICAN WATER COMPANY**

THIS FIRST AMENDMENT is made and entered into as of the 31st day of July, 2014 by and between 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 Pennsylvania 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 and operating a public sanitary wastewater treatment system in Paint Township and Elk Township, Clarion County, Pennsylvania (hereinafter referred to as the "Wastewater System"); 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; and

WHEREAS, PAWC and PEJSA entered into a Purchase Agreement dated October 28, 2013 (hereinafter referred to as the "Purchase Agreement"), whereby PEJSA will sell and PAWC will purchase substantially all of the assets, properties and rights of PEJSA; and

WHEREAS, subsequent to the negotiation of the Purchase Agreement, the Pennsylvania Public Utility Commission has approved a Main Extension Agreement for Bona Fide Service Applicants; and

WHEREAS, the Pennsylvania Public Utility Commission issued an Order dated July 24, 2014, approving the Purchase Agreement with the condition that, *inter alia*, PAWC was to file an Amended Purchase Agreement that eliminates the fixed Pennsylvania-American Water Company – Wastewater Division contribution for line extensions to additional wastewater customers in Paint Township and Elk Township and instead references Pennsylvania-American Water Company – Wastewater Division’s line extension agreement in its then in effect tariff; and

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

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

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

1. Article 1, Paragraph 1.3.1(A) of the Purchase Agreement is hereby deleted in its entirety and replaced with the following new paragraph:

*1.3.1 Additional Matters Pertinent to the Transaction:
A. The Pennsylvania Public Utility Commission has approved a Main Extension Agreement for Bona Fide Service Applicants as part of its decision in PAWC’s base rate case filing at Docket No. R-2013-2355276, adopted December 19, 2013, effective January 1, 2014. PAWC’s approved tariff now contains a Main Extension Agreement that will result in a higher contribution from PAWC for new customers within PAWC’s Tariff Area.*

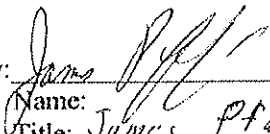
2. Article 2, Paragraph 2.4 of the Purchase Agreement is hereby deleted in its entirety and replaced with the following new paragraph:

2.41 Line Extensions. The Pennsylvania Public Utility Commission has approved a Main Extension Agreement for Bona Fide Service Applicants as part of its decision in PAWC's base rate case filing at Docket No. R-2013-2355276, adopted December 19, 2013, effective January 1, 2014. PAWC's approved tariff now contains a Main Extension Agreement that will result in a higher contribution from PAWC for new customers within PAWC's Tariff Area.

3. All other terms and conditions of the Purchase Agreement shall remain in full force and effect and the Purchase Agreement shall only be amended as set forth in this First Amendment.

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

PAINT-ELK JOINT SEWER AUTHORITY

By: 
Name: _____
Title: James Platt
PRES.

PENNSYLVANIA-AMERICAN WATER
COMPANY

By: _____
Name: Kathy L. Pape
Title: President

2. Article 2, Paragraph 2.4 of the Purchase Agreement is hereby deleted in its entirety and replaced with the following new paragraph:

2.41 Line Extensions. The Pennsylvania Public Utility Commission has approved a Main Extension Agreement for Bona Fide Service Applicants as part of its decision in PAWC's base rate case filing at Docket No. R-2013-2355276, adopted December 19, 2013, effective January 1, 2014. PAWC's approved tariff now contains a Main Extension Agreement that will result in a higher contribution from PAWC for new customers within PAWC's Tariff Area.

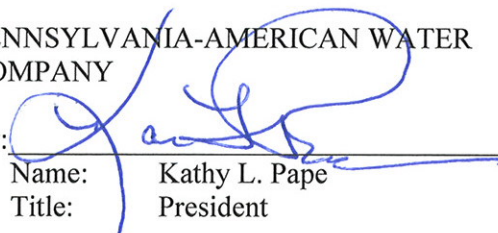
3. All other terms and conditions of the Purchase Agreement shall remain in full force and effect and the Purchase Agreement shall only be amended as set forth in this First Amendment.

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

PAINT-ELK JOINT SEWER AUTHORITY

By: _____
Name:
Title:

PENNSYLVANIA-AMERICAN WATER
COMPANY

By:  _____
Name: Kathy L. Pape
Title: President