

CAPTION SHEET

BASE MANAGEMENT SYSTEM

- 1. REPORT DATE: 00/00/00
- 2. BUREAU: FUS
- 3. SECTION(S):
- 5. APPROVED BY:
 - DIRECTOR:
 - SUPERVISOR:
- 6. PERSON IN CHARGE:
- 8. DOCKET NO: A-230257 F5000
- 4. PUBLIC MEETING DATE: 00/00/00
- 7. DATE FILED: 05/23/07
- 9. EFFECTIVE DATE: 00/00/00

PARTY/COMPLAINANT: FRANK PERANO, STOCK PURCHASER

RESPONDENT/APPLICANT: MEADOWS SEWER COMPANY

COMP/APP COUNTY: UTILITY CODE: 230257

ALLEGATION OR SUBJECT

APPLICATION OF MEADOWS SEWER COMPANY, INC, FOR APPROVAL OF THE TRANSFER OF OWNERSHIP BY SALE OF STOCK FROM CHARLES J TAYLOR, C/O TAYLOR ENTERPRISES, TO FRANK PERANO.....

DOCUMENT
FOLDER

DOCKETED

MAY 24 2007

METTE, EVANS & WOODSIDE

ORIGINAL

A PROFESSIONAL CORPORATION
ATTORNEYS AT LAW

3401 NORTH FRONT STREET
P.O. BOX 5950
HARRISBURG, PA 17110-0950

IRS NO.
23-1985005

TELEPHONE FAX
(717) 232-5000 (717) 236-1816

HTTP://WWW.METTE.COM

HOWELL C. METTE
ROBERT MOORE
CHARLES B. ZWALLY
PETER J. RESSLER
LLOYD R. PERSUN
JAMES A. ULSH
DANIEL L. SULLIVAN
JEFFREY A. ERNICO
MARY ALICE BUSBY
KATHRYN L. SIMPSON

ANDREW H. DOWLING
MICHAEL D. REED
PAULA J. LEICHT
GARY J. HEIM
THOMAS F. SMIDA
MICHAEL L. MIXELL
JOHN F. YANINEK*
VICKY ANN TRIMMER
TIMOTHY A. HOY
JAMES M. STRONG

MATTHEW E. HAMLIN**
KATHLEEN DOYLE YANINEK
JENNIFER A. YANKANICH
RANDALL G. HURST*
MARK D. HIPP
RONALD L. FINCK
JENNIFER L. DENCHAK
MELANIE L. VANDERAU
SARAH L. RUBRIGHT

OF COUNSEL
JAMES W. EVANS

* MARYLAND BAR
** NEW YORK BAR

May 23, 2007

James J. McNulty, Secretary
Pennsylvania Public Utility Commission
2nd Floor North, Commonwealth Keystone
Building
Post Office Box 3265
Harrisburg, PA 17105-3265

A 230257F 5000

DOCUMENT
FOLDER

**Re: Meadows Sewer Co.
Application for Approval of Transfer of Ownership**

Dear Mr. McNulty:

Please accept for filing one Original and three copies of an Application for Approval of Transfer of Ownership of Meadows Sewer Company, and a Certificate of Service on the Office of Consumer Advocate and the Office of Small Business Advocate. We are also enclosing a filing fee in the amount of \$350.00.

Very truly yours,

Randall G. Hurst
Randall G. Hurst

Enclosure

SECRETARY'S BUREAU
2007 MAY 23 PM 3:03

471959v1

66

ORIGINAL

APPLICATION FOR COMMISSION APPROVAL OF THE TRANSFER OF STOCK IN
A PUBLIC UTILITY TO ANOTHER PERSON UNDER 66 Pa.C.S. § 1102(a)(3)

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

In re: Application of Meadows Sewer
Company, Inc., for approval of the
transfer of ownership by sale of stock

Docket No.

A-230257 F5000

DOCUMENT
FOLDER

SECRETARY'S BUREAU

2007 MAY 23 PM 3:03

To the Pennsylvania Public Utility Commission:

Application is made for the transfer of ownership by means of a sale of stock in a public utility under the provisions of 66 Pa.C.S. § 1102(a)(3), as interpreted by the Commission's Statement of Policy at 52 Pa. Code § 69.901.

1. The name and address of the Utility is: Meadows Sewer Company, Inc., 5015 East Trindle Road, Mechanicsburg, PA 17050
2. The name and address of the Owner of the stock is: Charles J. Taylor, c/o Taylor Enterprises, 5015 East Trindle Road, Mechanicsburg, PA 17050.
3. The name and address of the Attorneys for the Utility and the Owner is:

Charles B. Zwally, Esquire
Randall G. Hurst, Esquire
Mette, Evans & Woodside
Post Office Box 5950
3401 N. Front Street
Harrisburg, PA 17110-0950

DOCKETED

MAY 24 2007

4. The name and address of the Purchaser is: Frank Perano, 2846 Main Street, Box 12A, Morgantown, PA 19543-9490.

5. The name and address of the Attorney for the Purchaser is:

Thomas T. Niesen, Esquire
Thomas, Thomas, Armstrong & Niesen
Post Office Box 9500,
Suite 500, 212 Locust Street
Harrisburg, PA 17108-9500

6. The Utility, Meadows Sewer Company, is a Pennsylvania Corporation offering sewer collection and treatment service to the public in Middlesex Township, Cumberland County, Pennsylvania. The Utility serves 251 Residential customers, who reside in The Meadows development, and one commercial customer: the Country Manor West mobile home park. A Certificate of Public Convenience was issued to the Utility on March 6, 1986 at Docket No. A 230257.

7. The Utility obtains sewage operations and maintenance service from a contract operator, Applied Water Management Group. Administrative services are provided by an Affiliated Interest, Taylor Enterprises, under an Affiliated Interest Agreement approved by the PaPUC at Docket G-00061160.

8. The Owner (Mr. Taylor) is the legal and equitable owner of 100% of the shares in the Utility, consisting of 1,095 shares of common stock. Owner desires to sell 100% of the stock to Purchaser.

9. The Purchaser, Mr. Perano, an individual, desires to purchase 100% of the stock. Because this transaction is a stock purchase, Meadows Sewer Company will remain in existence after the transaction and all of the assets of Meadows Sewer Company will remain with the Utility.

10. It is the intent of the Purchaser to continue to operate the Utility in the same manner as is currently done, by continuing to employ Applied Water Management as the contract operations and maintenance provider. However, Mr. Perano will not continue the administrative contract under the Affiliated Interest Agreement with Taylor Enterprises, but intends to contract with Applied Water Management, the current contract operator, to also handle all administrative work. Applied Water Management is an experienced provider of such services.

11. The Utility entered into a Settlement Agreement in a rate case before the Commission at Docket No. R-00050672, in which it agreed not to seek a rate increase for 27 months after the entry of the final Order of the Commission. The final Order in the case was entered on April 7, 2006. The Utility will remain in existence and will continue to be bound by that Agreement.

12. Because the Utility will continue in existence, offering the same service to the same customers, no rate increase is contemplated as a result of the transaction and no changes to the Tariff are necessary or proposed as part of the transaction. Customers will be notified of the

address for making rate payments changes (*i.e.*, if the location of the administrative offices changes).

13. The transaction is contemplated because Mr. Taylor intends to retire. Mr. Perano's ownership of the Utility and the continuation of the services of Applied Water Management will provide continuity of service to the customers. Customers will experience no change in service.

14. The sale of stock will have no effect on the financial resources of the Utility because the Utility is a corporation with its own assets and is financially stable, as demonstrated in the referenced 2005-06 Rate Case. No change in accounting procedures, asset management, or any other financial aspect of the Utility is contemplated.

15. The purchase is contemplated but has not been effectuated, the approval of the Commission being a necessary prerequisite. A copy of the Agreement of Sale, which provides the details of the transaction, is attached as Exhibit "A."

16. The purchase price of the stock is \$350,000, which the Seller and Purchaser have determined is a fair price for the stock of the Company. The purchase price will be paid by the Purchaser without impact on the Utility.

17. The Owner and the Purchaser are independent private parties and the transaction is not between Affiliated Interests as defined by the Commission; the transaction is an arms-length transaction.

WHEREFORE, Applicant prays your Honorable Commission to issue an order granting a Certificate of Public Convenience under the Public Utility Code, as amended, 66 Pa.C.S. § 1102(a), authorizing the transfer, by sale, of 100% of the stock in Meadows Sewer Company from Charles J. Taylor to Frank Perano

Respectfully Submitted

Meadows Sewer Company

Frank Perano

BY 
Charles J. Taylor



VERIFICATION

I, Charles J. Taylor, have read the foregoing document and verify that the facts set forth herein are true and correct to the best of my knowledge, information and belief. To the extent that the foregoing document and/or its language is that of counsel, I have relied upon counsel in making this Verification.

I understand that any false statements made herein are subject to the penalties of 18 Pa. C.S.A. §4904 relating to unsworn falsification to authorities.

DATED: 5/26/07

Charles J. Taylor
Charles J. Taylor

CERTIFICATE OF SERVICE

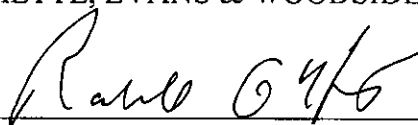
I hereby certify that I have, on the date stated below, served a true copy of the foregoing document upon the participants listed below, in accordance with the requirements of 52 Pa. Code § 1.54, by placing the documents in the United States Mail, First Class Postage Prepaid and addressed as follows:

Office of Consumer Advocate
5th Floor, Forum Place
555 Walnut Street
Harrisburg, PA 17101-1923

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

METTE, EVANS & WOODSIDE

By:



Randall G. Hurst, Esquire
3401 North Front Street
P. O. Box 5950
Harrisburg, PA 17110-0950
(717) 232-5000 - Phone
(717) 236-1816 - Fax

Date:

May 23, 2007

2007 MAY 23 PM 3:03
SECRETARY'S BUREAU

17101-1923



EXHIBIT A

STOCK PURCHASE AGREEMENT

STOCK PURCHASE AGREEMENT

BY AND AMONG

Frank Perano, Purchaser

Meadows Sewer Company, Inc., Company
a Pennsylvania Corporation

AND

Charles J. Taylor, Seller
Resident of Camp Hill, Pennsylvania

TABLE OF CONTENTS

		Page
Section 1.	<u>Purchase and Sale of the Company Stock</u>	1
1.1	<u>Purchase</u>	1
1.2	<u>Purchase Price</u>	1
1.3	<u>Indebtedness</u>	1
Section 2.	<u>The Closing</u>	2
2.1	<u>Date of Closing</u>	2
2.2	<u>At the Closing</u>	2
Section 3.	<u>Conditions to the Purchaser's Obligation at the Closing</u>	2
3.1	<u>Representations and Warranties; Covenants</u>	2
3.2	<u>No Material Adverse Change</u>	3
3.3	<u>Consents</u>	3
3.4	<u>Compliance with Applicable Laws</u>	3
3.5	<u>Authorizations</u>	3
3.6	<u>No Litigation</u>	3
3.7	<u>Release of Liens</u>	3
3.8	<u>Stock Certificates</u>	3
3.9	<u>Closing Documents</u>	4
3.10	<u>Waiver of Due Diligence</u>	5
3.11	<u>Waiver of Condition Precedent</u>	6
Section 4.	<u>Conditions to the Seller's Obligations at the Closing</u>	6
4.1	<u>Representations and Warranties; Covenants</u>	6
4.2	<u>Purchase of Purchased Shares</u>	6
4.3	<u>Waiver</u>	6
Section 5.	<u>Covenants Prior to Closing</u>	6
5.1	<u>Affirmative Covenants of the Company and the Sellers</u>	6
5.2	<u>Negative Covenants of the Company and the Sellers</u>	7
5.3	<u>Covenants of the Purchaser</u>	8
Section 6.	<u>Representations and Warranties of the Sellers</u>	9
6.1	<u>Organization; Authorization of Transactions</u>	9
6.2	<u>Execution Delivery; Valid and Binding Agreements</u>	9
6.3	<u>No Breach</u>	9
6.4	<u>Title to the Company Stock</u>	9
6.5	<u>Litigation</u>	10
6.6	<u>Absence of Undisclosed Liabilities</u>	10
6.7	<u>Closing Date</u>	10
Section 7.	<u>Representations and Warranties with Respect to the Company</u>	10
7.1	<u>Organization Corporate Power and Licenses</u>	10
7.2	<u>Subsidiaries; Investments</u>	11
7.3	<u>Capital Stock and Related Matters</u>	11
7.4	<u>Authorization; No Breach</u>	11
7.5	<u>Consents and Approvals</u>	12
7.6	<u>Financial Statements</u>	12
7.7	<u>Absence of Undisclosed Liabilities</u>	12

7.8	<u>Assets</u>	13
7.9	<u>Real Property</u>	13
7.10	<u>Tax Matters</u>	14
7.11	<u>Contracts and Commitments</u>	15
7.12	<u>Government Licenses, Permits and Consents</u>	16
7.13	<u>Litigation, etc</u>	17
7.14	<u>Brokerage</u>	17
7.15	<u>Insurance</u>	17
7.16	<u>Employees and Contract Operations</u>	18
7.17	<u>Compliance with Laws</u>	18
7.18	<u>Environmental and Safety Matters</u>	18
7.19	<u>Affiliated Transactions</u>	19
7.20	<u>Officers and Directors: Bank Accounts</u>	19
7.21	<u>Accounts Receivable</u>	19
7.22	<u>Patents and Trademarks</u>	20
7.23	<u>Disclosure</u>	20
7.24	<u>Closing Date</u>	20
Section 8.	<u>Representations and Warranties of the Purchaser</u>	20
8.1	<u>Authorization; No Breach</u>	20
8.2	<u>Books and Records</u>	20
8.3	<u>Brokerage</u>	21
8.4	<u>Closing Date</u>	21
Section 9.	<u>Survival; Indemnification</u>	21
Section 10.	<u>Termination</u>	21
10.1	<u>Method of Termination</u>	21
10.2	<u>Effect of Termination</u>	22
Section 11.	<u>Tax Matters</u>	22
11.1	<u>Tax Periods Beginning Before and Ending After the Closing Date</u>	22
11.2	<u>Cooperation on Tax Matters</u>	22
Section 12.	<u>Additional Agreements</u>	23
12.1	<u>Further Transfers</u>	23
12.2	<u>Confidentiality</u>	23
12.3	<u>Expenses</u>	23
Section 13.	<u>Definitions</u>	24
Section 14.	<u>Miscellaneous</u>	26
14.1	<u>Consent to Amendments</u>	26
14.2	<u>Successors and Assigns</u>	26
14.3	<u>Counterparts</u>	26
14.4	<u>Multiple Signature Execution</u>	27
14.5	<u>Descriptive Headings: Interpretation</u>	27
14.6	<u>Governing Law</u>	27
14.7	<u>Notices</u>	27
14.8	<u>Relinquishment by (Mrs. Taylor)</u>	28
14.9	<u>No Strict Construction</u>	28
14.10	<u>Entire Agreement</u>	28
14.11	<u>Severability</u>	28
14.12	<u>Attorney's Fees and Costs</u>	29

EXHIBITS AND SCHEDULES

Exhibit:

Exhibit A December 31, 2006 Balance Sheet

Schedules:

Indebtedness Schedule (1.4)
Consents Schedule (3.5/7.4/7.5)
Capitalization Schedule (7.3)
Liabilities Schedule (7.7)
Assets Schedule (7.8)
Excluded Assets Schedule (7.8)
Real Property Schedule (7.9)
Taxes Schedule (7.10)
Contracts Schedule (7.11 & 7.16)
Litigation Schedule (7.13)
Permits Schedule (7.12 & 7.18)
Environmental Schedule (7.18)
Affiliated Transactions Schedule (7.19)
Officers, Directors and Bank Accounts Schedule (7.20)
Accounts Receivable Schedule (7.21)

STOCK PURCHASE AGREEMENT

THIS STOCK PURCHASE AGREEMENT (this "Agreement") is made as of FEBRUARY 1, 2007, by and among Frank Perano, (the "Purchaser"), an individual, Meadows Sewer Company, Inc., a Pennsylvania corporation (the "Company"), and Charles J. Taylor, an individual (the "Seller"). Except as otherwise indicated herein, capitalized terms used herein are defined in Section 13 hereof.

WITNESSETH:

WHEREAS, the Company is engaged in the business of providing sewage conveyance and treatment services as a regulated Public Utility in Mechanicsburg, Pennsylvania; and

WHEREAS the Seller owns 10,095 shares of common stock, \$1.00 par value per share, of the Company, which represents all of the issued and outstanding capital stock of the Company (the "Company Stock"); and

WHEREAS, subject to the terms and conditions of this Agreement, the Purchaser desires to purchase from the Seller, and the Seller desires to sell to the Purchaser, all of the Company Stock held by Seller, there being no other shares outstanding, (the "Purchased Shares");

NOW THEREFORE, in consideration of the mutual terms, conditions and other agreements set forth herein, the parties hereto hereby agree as follows:

Section 1. Purchase and Sale of the Company Stock.

1.1 Purchase.

Subject to the terms and conditions set forth herein and on the basis of the representations, warranties, covenants and agreements contained herein, at the Closing (as defined in Section 2), the Seller shall sell to the Purchaser and the Purchaser shall purchase from the Seller, all of the outstanding shares of the Company Stock (the "Purchased Shares"), free and clear of all Encumbrances.

1.2 Purchase Price.

The total purchase price to be paid by the Purchaser to the Seller for the Purchased Shares (the "Purchase Price") is Three Hundred Fifty Thousand (\$350,000) Dollars, which shall be paid in full at Closing.

1.3 Indebtedness.

At Closing, the Purchaser will assume the Indebtedness of the Company only in the amounts and to the parties listed on the Indebtedness Schedule attached hereto. All other indebtedness of the Company and all shareholder loans to or from the Seller, if any, will be paid off and satisfied prior to the closing.

Section 2. The Closing

2.1 Date of Closing Subject to the conditions set forth herein, the closing of the purchase and sale of the Purchased Shares to be purchased pursuant to Section 1 (the "Closing") shall take place at such place as may be mutually agreeable to the Seller and the Purchaser, one hundred twenty (120) days from the date of execution of this Agreement (the "Closing Date"), or, if any of the conditions to Closing set forth in Section 3 and Section 4 have not been satisfied or waived by the party entitled to the benefits thereof on or prior to such date, on the second business day following the satisfaction or waiver of such conditions.

It is acknowledged that the purchase and sale of the Purchased Shares is subject to approval of the Pennsylvania Public Utility Commission ("PaPUC"), and that the PaPUC may institute formal proceedings to inquire into the proposed transaction. In such a case, all other conditions of this Agreement having been satisfied, the Closing shall take place on the second business day following entry of a final Order by the PaPUC authorizing the sale or at such later time as the parties shall agree.

2.2 At the Closing:

2.2.1 The Seller shall deliver to the Purchaser a certificate or certificates representing the Purchased Shares to be purchased from Seller, duly endorsed for transfer and accompanied by duly executed stock powers, or such other instruments of transfer as are required to transfer to the Purchaser good and marketable title to the Purchased Shares;

2.2.2 The Purchaser shall pay the Purchase Price by delivery of the Purchase Price by wire transfer or good check;

2.2.3 There shall be delivered to the Purchaser and the Seller the opinions, certificates and other documents provided for in Sections 3 and 4 hereof.

Section 3. Conditions Precedent to the Purchaser's Obligation to Close.

The obligation of the Purchaser to purchase and pay the Purchase Price for the Purchased Shares at the Closing is subject to the satisfaction as of the Closing of the following conditions:

3.1 Representations and Warranties; Covenants.

The representations and warranties contained in Sections 6 and 7 hereof and all other representations and warranties of the Company and the Seller set forth in this Agreement shall be true and correct at and as of the Closing as though then made and as though the Closing Date were substituted for the date of this Agreement throughout such representations and warranties except to the extent of changes caused by the transactions expressly contemplated herein, and the Company and the Seller shall have performed in all material respects all of the covenants required to be performed by them hereunder prior to the Closing.

3.2 No Material Adverse Change.

There shall have been no material adverse change in the businesses, financial condition, operating results, earnings, customer base, or contractor relations of the Company and there will have been no material casualty, loss, destruction or damage to the assets or properties of the Company, whether or not covered by insurance.

3.3 Consents.

The Purchaser and the Company shall have received all consents and waivers by third parties referred to on the Consents Schedule (as defined in Section 7.5 Consents and Approvals), in each case on terms reasonably satisfactory to the Purchaser.

3.4 Compliance with Applicable Laws.

The purchase of the Purchased Shares by the Purchaser hereunder shall not be prohibited by any applicable law or governmental regulation, shall not subject the Purchaser to any penalty or liability under or pursuant to any applicable law or governmental regulation, and shall be permitted by laws and regulations of the jurisdictions to which the Purchaser is subject.

3.5 Authorizations.

All governmental filings, authorizations and approvals that are required for the consummation of the transactions contemplated hereby will have been duly made and obtained on terms reasonably satisfactory to the Purchaser.

3.6 No Litigation.

No action or proceeding before any court or government body will be pending or threatened wherein an unfavorable judgment, decree, injunction or order would prevent the carrying out of this Agreement or any of the transactions contemplated hereby, declare unlawful the transactions contemplated by this Agreement or cause such transactions to be rescinded, or could reasonably be expected to adversely affect the right of the Purchaser to own, operate or control the Company.

In the case of any proceeding before the Pennsylvania Public Utility Commission ("PaPUC") with regard to the approval of Purchaser as the sole shareholder of the Company, the Closing shall be delayed until the successful resolution of that proceeding, as provided by Section 2.1 Date of Closing.

3.7 Release of Liens.

The Company shall have obtained releases of all Liens relating to the assets and properties of the Company other than Permitted Liens, and all of such releases shall be on terms reasonably satisfactory to the Purchaser.

3.8 Stock Certificates.

The Seller shall have simultaneously delivered to the Purchaser the stock certificates evidencing

the Purchased Shares, free and clear of all Encumbrances.

3.9 Closing Documents.

The Seller shall have delivered to the Purchaser the following:

3.9.1 a certificate from the Seller in form and substance satisfactory to the Purchaser, dated the Closing Date, stating that the preconditions set forth in Sections 3.1 through 3.8 have been satisfied;

3.9.2 copies of all third party and governmental consents, approvals, licenses, permits and filings required to be obtained by the Seller in connection with the transactions contemplated herein;

3.9.3 certified copies of the resolutions of the Company's board of directors authorizing the execution, delivery and performance of this Agreement and each of the other agreements contemplated hereby to which the Company is a party and approving the transactions contemplated by this Agreement;

3.9.4 certified copies of the Company's articles of incorporation and bylaws, each as in effect as of the Closing;

3.9.5 a certificate as to the incumbency of the officers of the Company executing this Agreement and each of the other agreements contemplated hereby to which the Company is a party;

3.9.6 good standing certificates of the Company from its jurisdiction of incorporation, dated as of a recent date prior to the Closing; and

3.9.7 the unaudited balance sheet of the Company as of the Closing Date (the "Closing Balance Sheet"), and the related statements of income for the period then ended; and

3.9.8 such other documents relating to the transactions contemplated by this Agreement as the Purchaser or their counsel may reasonably request.

3.9.9 the opinion, dated as of the closing date, of Seller's counsel, in form and substance satisfactory to Purchaser and Purchaser's counsel, to the effect that:

A. The Company is a duly and validly organized and existing corporation in good standing under the laws of the Commonwealth of Pennsylvania with full corporate power to carry on the business in which it is engaged.

B. The performance of this Agreement and the consummation of the transactions contemplated in this Agreement will not result in any breach or violation of any of the terms or provisions of, or constitute a default under, the Company's Articles of Incorporation or bylaws, or any order, rule, or regulation of any court or governmental agency or body having jurisdiction over the Company or any of its activities or properties, or any statute, indenture, mortgage, deed of trust, lease, loan or instrument

known to counsel, to which the Company is a party, by which it is bound, or to which any of its property is subject.

C. No provision of the Articles of Incorporation, as amended, bylaws, as amended, minutes, or share certificate of the Company, or of any contract to which the Company or Seller is a party or otherwise bound or affected, prevents Seller from delivering good, absolute, and marketable title to the Company's stock to Purchaser as contemplated by this Agreement.

D. Seller has complete and unrestricted power and right to transfer, sell, assign, and deliver to Purchaser the Company's stock, and good, absolute, and marketable title to the Company's stock, free and clear of all liens, encumbrances, charges, escrows, equities, and other restrictions.

E. The Company is authorized by its Articles of Incorporation to issue 100,000 shares of common stock: par value \$1.00 per share, of which there are 10,095 shares issued and outstanding, all of which are duly authorized, validly issued and outstanding, fully paid, and nonassessable, and to the knowledge of counsel the issuance and sale of the shares does not violate the Securities Act of 1933, as amended, or the rules and regulations of the Securities and Exchange Commission, or any applicable state securities or "blue sky" laws.

F. The Company has no other authorized or outstanding series or class of capital stock or other securities.

G. Seller's counsel has no knowledge of any litigation, proceeding, or governmental investigation or labor dispute or labor trouble pending or threatened against or relating to the Company, its properties or business, except as set forth in the opinion.

3.9.10 executed resignations of all officers and Board members, effective as of the Closing date.

3.9.11 The representations and warranties of the Seller as set forth in this Agreement shall not survive the Closing.

3.10 Waiver of Due Diligence

From the date of signature on this agreement by the Seller, the Purchaser shall be entitled to 90 days of unrestricted and subjective due diligence investigation of the company's books and records, the physical plant, rights of way, sewer lines, and other facilities of the Company, and the Company's business operations. The Purchaser shall be entitled to seek an extension of this period, and the Seller will so grant one for a reasonable period, if the Purchaser in good faith needs an extension to meet any bank condition of financing that involves the hiring of third parties such as real estate or equipment appraisers and inspectors hired to conduct either an appraisal or a Phase I environmental audit. At the end of the 90 days, or any written extension sought and received which refers to this section of this contract, the Purchaser shall have provided in writing to the Seller a list of deficiencies relating to the foregoing due diligence investigation and a request that the Seller either escrow money from the closing to the satisfaction of the Purchaser to rectify any deficiencies found, request that the Seller directly rectify any deficiencies found prior to or within an agreed period after the closing, or adjust the purchase price to reflect any deficiencies found. In the event that within the 90 day period, or such extension as the parties

have agreed to, the Purchaser does not provide a written list of deficiencies, then this condition 3.10 shall be deemed to have been satisfied and the Purchaser's due diligence shall be deemed to be satisfactory. In the event that the Purchaser presents a list of deficiencies and the Seller and Purchaser cannot resolve the foregoing list to their mutual consent in writing by the Closing Date, then in that event the correction of the deficiencies shall be accomplished by the Purchaser placing adequate funds subtracted from the Purchase Price in an Escrow Account to be established for the correction of said deficiencies, the amount of such Escrow Account to be established by the reasonable estimation of the costs of such correction provided in writing by a qualified professional to Seller and Purchaser. Upon the correction of said deficiencies using the funds in the Escrow Account, any funds remaining in the Escrow Account shall be payable over to Seller. Should the funds in the Escrow Account prove insufficient to correct the stated deficiencies, the parties hereby mutually reserve their rights to take such action as they shall see fit.

3.11 Waiver of Condition Precedent

A condition specified in this Section 3 may be waived only if such waiver is set forth in a writing executed by the Purchaser.

Section 4. Conditions to the Seller's Obligations at the Closing.

The obligation of the Seller to sell the Purchased Shares to be sold by him at the Closing is subject to the satisfaction as of the Closing of the following conditions:

4.1 Representations and Warranties; Covenants.

The representations and warranties contained in Section 8 hereof shall be true and correct at and as of the Closing as though then made and as though the Closing Date were substituted for the date of this Agreement throughout such representations and warranties except to the extent of changes caused by the transactions expressly contemplated herein, and the Purchaser shall have performed all of the covenants required to be performed by it hereunder prior to the Closing. The representations, covenants, and warranties of Purchaser, as set forth in this Agreement, shall not survive closing.

4.2 Purchase of Purchased Shares.

The Purchaser shall have simultaneously offered to purchase the Purchased Shares in accordance with the terms of this Agreement at a closing settlement and the Seller shall have simultaneously received payment for the Purchased Shares in accordance with the terms of this Agreement.

4.3 Waiver.

Any condition specified in this Section 4 may be waived only if such waiver is set forth in a writing executed by the Seller.

Section 5. Covenants Prior to Closing.

5.1 Affirmative Covenants of the Company and the Seller.

Prior to the Closing, unless the Purchaser otherwise agrees in writing, the Seller will cause the

Company, and the Company will:

5.1.1 conduct its business and operations only in the usual and ordinary course of business in accordance with past custom and practice;

5.1.2 maintain the assets of the Company in customary repair, order and condition consistent with past practice and current needs, replace in accordance with past practice its inoperable, worn out or obsolete assets with assets of comparable quality consistent with past practice and current need and, in the event of a casualty, loss or damage to any of such assets or properties prior to the Closing Date for which the Company is insured, either repair or replace such damaged property or use the proceeds of such insurance in such other manner as mutually agreed upon by the Purchaser and the Seller;

5.1.3 maintain the books, accounts and records of the Company in accordance with past custom and practice as used in the preparation of the Financial Statements (as such term is defined in Section 7.6 hereof);

5.1.4 permit the Purchaser, its employees, agents, accounting and legal representatives and lenders and their representatives to have reasonable access at reasonable times and in a manner so as not to interfere with the normal business operations of the Company to the Company's books, records, invoices, contracts, leases, outside accountants, consultants, contract operators, facilities, equipment and other things reasonably related to the business and assets of the Company, wherever located, excluding the Company's customers;

5.1.5 promptly (once it has knowledge thereof) inform the Purchaser in writing of any variances from the representations and warranties contained in Section 6 or Section 7 or any breach of any covenant hereunder by the Seller or the Company;

5.1.6 comply with all legal requirements and contractual obligations applicable to the operations and business of the Company and pay all applicable Taxes;

5.1.7 cooperate with the Purchaser and use their best efforts to make all registrations, filings and applications, to give all notices and to obtain and maintain all governmental, third party or other consents, transfers, approvals, permits, orders, qualifications and waivers necessary for the consummation of the transactions contemplated hereby and to cause the other conditions to the Purchaser's obligation to close to be satisfied (including, without limitation, the execution and delivery of all agreements contemplated hereunder to be so executed and delivered);

5.2 Negative Covenants of the Company and the Seller.

Prior to the Closing, without the Purchaser's prior written consent, the Seller will cause the Company to not, and the Company will not:

5.2.1 make any loans, enter into any agreement or arrangement or engage in any transactions with any Affiliate, shareholder, officer, director or other insider other than in the ordinary course of business consistent with past practice or make or grant any increase in any

officer's compensation. Notwithstanding the foregoing statements the Company may adjust the officer's salary to meet the Closing balance sheet target as contemplated by this agreement;

5.2.2 enter into any contract, agreement or transaction other than in the ordinary course of the Company's business, in accordance with past custom and practice and at arm's length with unaffiliated persons or entities;

5.2.3 take any action or omit to take any action which act or omission would reasonably be anticipated to have a Material Adverse Effect;

5.2.4 amend its articles of incorporation or bylaws or issue or agree to issue any capital stock or any rights to acquire, or securities convertible into or exchangeable for, any of its capital stock;

5.2.5 execute any guaranty, issue any debt or borrow any money;

5.2.6 buy, sell, lease, license or otherwise dispose of any assets out of the ordinary course of business consistent with past practice or permit, allow or suffer any assets to be subjected to any Lien, other than Permitted Liens;

5.2.7 make or change any election, change an annual accounting period, adopt or change any accounting method, file any amended Tax Return, enter into any closing agreement, settle any Tax claim or assessment relating to the Company, surrender any right to claim a refund of Taxes, consent to any extension or waiver of the limitation period applicable to any Tax claim or assessment relating to the Company, or take any other similar action, or omit to take any action relating to the filing of any Tax Return or the payment of any Tax, if such election, adoption, change, amendment, agreement, settlement, surrender, consent or other action or omission would have the effect of increasing the present or future Tax liability or decreasing any present or future Tax asset of the Company or the Purchaser;

5.2.8 sell, redeem, convert, assign, exchange, transfer, pledge or otherwise dispose of any interest in the Purchased Shares, except as expressly contemplated by this Agreement or subject any of the Purchased Shares to any Encumbrances, and the Company shall not take or permit the Seller to take any of such actions; and

5.2.9 terminate, amend or modify any material contract, agreement or commitment or any governmental license, permit or other authorization.

5.3 Covenants of the Purchaser.

Prior to the Closing, the Purchaser will:

5.3.1 promptly (once it has knowledge thereof) inform the Seller in writing of any variances from the representations and warranties contained in Section 8 hereof or any breach of any covenant hereunder by the Purchaser;

5.3.2 cooperate with the Seller and use its reasonable best efforts to make all

registrations, filings and applications, to give all notices and to obtain all governmental, third party or other consents, transfers, approvals, orders, qualifications and waivers necessary for the consummation of the transactions contemplated hereby and to cause the other conditions to the Seller's obligation to close to be satisfied. Purchaser expressly acknowledges that the Company is subject to regulation by the Pennsylvania Public Utility Commission ("PaPUC") and that the transaction contemplated by this Agreement requires notice to and consent by the PaPUC.

Section 6. Representations and Warranties of the Seller.

As a material inducement to the Purchaser to enter into this Agreement and purchase the Purchased Shares to be purchased hereunder, the Seller represents and warrants to the Purchaser that:

6.1 Organization; Authorization of Transactions.

The Seller has full power and authority to enter into this Agreement and to perform the Seller's obligations hereunder.

6.2 Execution, Delivery; Valid and Binding Agreements.

This Agreement has been duly executed and delivered by the Seller, and this Agreement constitutes a valid and binding obligation of the Seller, enforceable in accordance with its terms.

6.3 No Breach.

The execution and delivery by the Seller of this Agreement and the fulfillment of and compliance with the respective terms hereof by the Seller, does not and shall not: (i) conflict with or result in a material breach of the terms, conditions or provisions of, (ii) constitute a default under, (iii) result in the creation of any Lien upon the Seller's assets or Encumbrance upon the Company's Stock pursuant to, (iv) give any third party the right to modify, terminate or accelerate any obligation under, (v) result in a violation of, or, (vi) except as set forth on the attached Consents Schedule, require any authorization, consent, permit, approval, exemption or other action by or notice or declaration to, or filing with, any third party or any court or administrative or governmental body or agency pursuant to, any law, statute, rule or regulation to which the Seller is subject, or any agreement, instrument, order, judgment or decree to which the Seller is subject or by which the Company was formed.

6.4 Title to the Company Stock.

The Seller is the record and beneficial owner of 100% of the Purchased Shares, which represent all of the outstanding issued shares of the Company. On the Closing Date, the Seller shall transfer to the Purchaser good and marketable title to the Purchased Shares, free and clear of all Encumbrances. The Seller owns no other shares of the Company and the Seller and the Company are not a party to any option, warrant, right, contract, call, put or other agreement or commitment providing for the acquisition or disposition of any capital stock of the Company (other than this Agreement). The Seller is not a party to any voting trust, proxy or other agreement or understanding with respect to the voting of any capital stock of the Company.

6.5 Litigation.

Except as disclosed herein on the attached Litigation Schedule, there are no actions, suits, proceedings, orders or investigations pending or threatened against or affecting the Seller or the Company, at law or in equity, or before or by any federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, which would materially adversely affect the Company's or the Seller's performance under this Agreement, the other agreements contemplated hereby to which the Seller is a party or the consummation of the transactions contemplated hereby or thereby.

6.6 Absence of Undisclosed Liabilities

Seller hereby separately and for himself represents and warrants the absence of undisclosed liabilities as set forth in full in paragraph 7.7 of this Agreement.

6.7 Closing Date.

All of the representations and warranties of the Seller contained in this Section 6 and by Seller elsewhere in this Agreement and all information delivered in any exhibit or schedule or attachment hereto or in any writing delivered to the Purchaser is true and correct in all material respects on the date of this Agreement and will be true and correct in all material respects on the Closing Date, except to the extent that the Seller shall have advised the Purchaser in writing prior to the Closing. As provided in Section 14.5, Multiple Signature Execution, certain Schedules may be incomplete at the time of initial execution of this Agreement, and such incompleteness shall not be a breach of the representations and warranties in this Section 6.

Section 7. Representations and Warranties with Respect to the Company.

As a material inducement to the Purchaser to enter into this Agreement and purchase the Purchased Shares to be purchased hereunder, the Seller and the Company hereby, jointly and severally, represent and warrant to the Purchaser:

7.1 Organization, Corporate Power and Licenses.

The Company is a corporation duly organized, validly existing and in good standing under the laws of the Commonwealth of Pennsylvania. The Company is qualified to do business and is in good standing in the Commonwealth of Pennsylvania, which jurisdiction constitutes all of the jurisdictions in which the ownership of its properties or the conduct of its business requires the Company to be so qualified. The Company possesses all requisite corporate power and authority and all licenses, permits and authorizations necessary to own and operate its assets, to carry on its businesses as now conducted and to carry out the transaction contemplated by this Agreement. The copies of the Company's organizational documents and bylaws which have been or will be furnished to the Purchaser reflect all amendments made thereto at any time prior to the date of this Agreement and are correct and complete. The Company is not in default under or in violation of any provision of its articles of incorporation or bylaws. The minute books containing the records of meetings of the shareholders and board of directors, the stock certificate books and the stock record books of the Company are correct and complete.

7.2 Subsidiaries; Investments.

The Company does not own or have any investment interest in any other entity, whether a subsidiary or not.

7.3 Capital Stock and Related Matters.

7.3.1 The attached Capitalization Schedule sets forth the authorized capital stock or other ownership interests of the Company, the name of each Person holding any such capital stock or other ownership interests of the Company (including any options, warrants or other rights to purchase any equity securities or capital stock of the Company) and any securities convertible or exchangeable into any equity securities or capital stock of the Company and the amount and type of such securities held by such Persons as of the date hereof. All of such capital stock and any other ownership interest of the Company shall be held beneficially and of record by the Purchaser free and clear of all Encumbrances. The Company does not have outstanding any stock or securities convertible or exchangeable for any shares of its capital stock or other ownership interest or containing any profit participation features, nor does it have outstanding any rights or options to subscribe for or to purchase its capital stock or other ownership interest or any stock or securities convertible into or exchangeable for its capital stock or other ownership interest or any stock appreciation rights or phantom stock plans. The Company is not subject to any obligation (contingent or otherwise) to repurchase or otherwise acquire or retire any shares of its capital stock or other ownership interest or any warrants, options or other rights to acquire its capital stock. All of the outstanding shares of capital stock or other ownership interests of the Company have been duly authorized and are validly issued, fully paid and non-assessable.

7.3.2 There are no statutory or contractual preemptive rights, rights of first refusal or similar rights or restrictions with respect to the sale of the Company Stock hereunder.

7.4 Authorization; No Breach.

The execution, delivery and performance by the Company of this Agreement and the transaction contemplated hereby, have been duly and validly authorized by the Company and no other corporate act or proceeding on the part of the Company, its board of directors or its shareholder is necessary to authorize the execution, delivery or performance by the Company of this Agreement or the consummation of any of the transactions contemplated hereby. This Agreement has been duly executed and delivered by the Company and this Agreement constitutes a valid and binding obligation of the Company, enforceable against the Company in accordance with its terms. The execution and delivery by the Company of this Agreement and the fulfillment of and compliance with the terms thereof by the Company, do not and shall not (i) conflict with or result in a material breach of the terms, conditions or provisions of, (ii) constitute a default under (whether with or without the giving of notice, the passage of time or both), (iii) result in the creation of any Lien upon the Company's assets or Encumbrance upon the Company's capital stock pursuant to, (iv) give any third party the right to modify, terminate or accelerate any obligation under, (v) result in a violation of, or (vi) except as set forth on the attached Consents Schedule, require any authorization, consent, approval, exemption or other action by or notice or declaration to, or filing with, any court or administrative or governmental body or agency pursuant to, the charter or bylaws of the Company, or any law, statute, rule or regulation to which the Company is subject, or any agreement,

instrument, order, judgment or decree to which the Company is subject.

7.5 Consents and Approvals.

Except as set forth on the attached Consents Schedule, no permit, consent, approval or authorization of, or declaration to or filing with, any governmental authority is required in connection with the execution, delivery and performance by the Company of this Agreement or the consummation by the Company of the transaction contemplated hereby. Except as set forth on the attached Consents Schedule, no consent or approval of any other third party is required in connection with the execution, delivery and performance by the Company of this Agreement in order to prevent a material breach of, or a default under or a termination, change in the terms or conditions or modification of, any instrument, contract, lease, license, permit, certificate of public convenience, or other agreement or obligation to which the Company is a party.

7.6 Financial Statements.

The following financial statements have been or will be provided by Seller to the Purchaser:

7.6.1 the unaudited balance sheets (non GAAP prepared) of the Company as of December 31, 2006 and the related statements of income, shareholders' equity, and cash flows (or the equivalent) for the respective twelve-month periods then ended (non GAAP prepared).

7.6.2 the unaudited CPA prepared balance sheet and income statement of the Company as of December 31, 2005 (the "Latest Balance Sheet"), and the related statements of income for the 12-month period then ended.

Each of the foregoing financial statements (including in all cases the notes thereto, if any) is accurate and complete in all material respects, is consistent with the books and records of the Company (which, in turn, are accurate and complete in all material respects) (i) has been prepared in accordance with GAAP (except as noted above in 7.6.1), subject in the case of the unaudited financial statements to the absence of footnote disclosure and changes resulting from normal year-end adjustments (none of which would, alone or in the aggregate, be materially adverse to the financial condition, operating results, assets, operations or business prospects of the Company) and (ii) presents fairly the financial condition, results of operations, shareholders' equity, and cash flows of the Company, as applicable, as of the times and for the periods referred to therein in accordance with GAAP.

7.7 Absence of Undisclosed Liabilities.

Except as set forth on the attached Liabilities Schedule, the Company does not have any obligation or liability (whether accrued, absolute, contingent, unliquidated or otherwise, whether or not known to the Company, whether due or to become due and regardless of when asserted) arising out of transactions entered into at or prior to the date hereof, or any action or inaction at or prior to the date hereof, other than: (i) liabilities set forth on the Latest Balance Sheet, (ii) liabilities and obligations which have arisen after the date of the Latest Balance Sheet in the ordinary course of business (none of which is a liability resulting from breach of contract, breach of warranty, tort, infringement, or lawsuit) and (iii) other liabilities and obligations expressly disclosed in the other Schedules to this Agreement. The Seller shall specifically reaffirm this condition on the date of the closing in writing by re-signing this contract on

that date.

7.8 Assets.

Except as set forth on the attached Assets Schedule, the Company has good and marketable title to, or a valid leasehold interest in, or a valid license to use, the properties and assets, tangible or intangible, used by it, located on its premises or, if applicable, shown on the Latest Balance Sheet or acquired thereafter, free and clear of all Liens, except for inventory disposed of in the ordinary course of business since the date of the Latest Balance Sheet and except for Permitted Liens. As of the Closing, the Company shall have good and marketable title to or a valid leasehold interest in, or a valid license to use, the properties and assets, tangible and intangible, set forth on the attached Assets Schedule, free and clear of all Liens other than Permitted Liens. Except as described on the Assets Schedule, all of the Company's equipment and other tangible assets (whether owned or leased) are fit for use in the ordinary course of business. Except as set forth on the Assets Schedule as of the Closing, the Company shall own, or have a valid leasehold interest in, or a valid license to use, all the assets or rights necessary for the conduct of its businesses as presently conducted and as presently proposed to be conducted.

7.8.1 Excluded Assets .

Attached on the Excluded Assets Schedule is a list of all property that the Company either does not own or property that the Company does own and that which the Seller desires for the Company to distribute to the ownership of the Seller prior to the closing at his own cost and expense, including the payment of any tax liabilities that result because of the transfer.

7.9 Real Property.

7.9.1 Real Property Disclosure. Except as disclosed on the attached Real Property Schedule, there is no other real property leased or owned which is used in the business of the Company.

7.9.2 Current Use. There is no violation of any covenant, condition, restriction, easement, agreement, zoning approval, or order of any governmental authority having jurisdiction over any Real Property that affects such real property or the use or occupancy thereof. No damage or destruction has occurred with respect to any of the owned Real Property that, individually or in the aggregate, has had or resulted in, or will have or result in, a significant adverse effect on the operation of the business of the Company.

7.9.3 Condition and Operation of Improvements. All buildings and all components of all buildings, structures and other improvements included within the Real Property (the "Improvements"), are in good condition and repair and adequate to operate such facilities as currently used. All utilities and other similar systems serving the Real Property are installed and operating and are sufficient to enable the Real Property to continue to be used and operated in the manner currently being used and operated.

7.10 Tax Matters.

Except as set forth on the attached "Taxes Schedule":

7.10.1 the Company has filed all Tax Returns which it is required to file under applicable laws and regulations, and all such Tax Returns are complete and correct and have been prepared in compliance with all applicable laws and regulations;

7.10.2 the Company has paid all Taxes due and owing by it (whether or not such Taxes are shown or required to be shown on a Tax Return) and has withheld and paid over to the appropriate taxing authority all Taxes which they are required to withhold from amounts paid or owing to any employee, shareholder, creditor or other third party;

7.10.3 the Company has not waived any statute of limitations with respect to any Taxes or agreed to any extension of time for filing any Tax Return which has not been filed; furthermore the Company has not consented to extend to a date later than the date hereof the period in which any Tax may be assessed or collected by any Taxing Authority;

7.10.4 the accrual for Taxes on the Closing Balance Sheet would be adequate to pay all Tax liabilities of the Company if its current tax year were treated as ending on the Closing Date (excluding any amount recorded which is attributable solely to timing differences between book and Tax income);

7.10.5 since the Latest CPA prepared Balance Sheet, the Company has not incurred any liability for Taxes other than in the ordinary course of business;

7.10.6 the assessment of any Taxes against the Company for periods ending on or prior to the date of the Latest Balance Sheet shall not exceed the recorded liability therefor on the Latest Balance Sheet (excluding any amount recorded which is attributable solely to timing differences between book and Tax income);

7.10.7 none of the Company's tax returns for any period have been audited by the relevant taxing authorities. The Company has not agreed to any extensions of time of any applicable statutes of limitation in connection with the filing of tax returns or payment of taxes. No audit or examination, or claim or proposed assessment, by any taxing authority is pending or threatened against the Company;

7.10.8 no foreign, federal, state or local tax audits or administrative or judicial proceedings are pending or being conducted with respect to the Company;

7.10.9 the Company has not received from any foreign, federal, state or local taxing authority (including, but not limited to, jurisdictions where the Company has filed Tax Returns) any (a) notice indicating an intent to open an audit or other review, (b) request for information related to Tax Matters or (c) notice of deficiency or proposed adjustment for any amount of Tax proposed, asserted or assessed by any taxing authority against the Company;

7.10.10 there are no material unresolved questions or claims concerning the Company's Tax liability;

7.10.11 the Company:

(a) is not liable for the Taxes of another Person as a transferee or successor, by contract or indemnity or otherwise;

(b) is not a party to any tax sharing agreement; and

(c) has maintained its status as an "S" corporation since its incorporation..

7.10.12 The Purchaser will not be required to deduct and withhold any amount pursuant to Code Section 1445(a) upon the purchase of the Purchased Shares.

7.11 Contracts and Commitments.

7.11.1 Except as expressly contemplated by this Agreement or as set forth on the attached Contracts Schedule, the Company is not a party to or bound by any written or oral:

(a) contract for the employment of any officer, individual, employee or other Person on a full-time, part-time, consulting or other basis or contract relating to loans to officers, directors or Affiliates or contract providing for the payment of any cash compensation or benefits upon the consummation of the transactions contemplated hereby;

(b) contract under which the Company has advanced, loaned or invested or agreed to advance, loan or invest monies to or in any other Person;

(c) agreement or indenture relating to borrowed money or other Indebtedness or the mortgaging, pledging or otherwise placing a Lien on any material asset or material group of assets of the Company;

(d) guaranty of any obligation or any letter of credit arrangement;

(e) lease or agreement under which the Company is lessee of or holds or operates any property, real or personal, owned by any other party;

(f) lease or agreement under which the Company is lessor of or permits any third party to hold or operate any property, real or personal, owned or controlled by the Company;

(g) contract or group of related contracts with the same party or group of affiliated parties the performance of which involves consideration in excess of \$5,000;

(h) outstanding power of attorney or other agency agreement;

(i) agreements relating to the ownership of or Investments in any business or enterprise, including Investments in joint ventures and minority equity investments;

(j) contract, agreement or other arrangement with any officer, director,

stockholder, employee or Affiliate or any Affiliate of any officer, director, stockholder or employee, or any Affiliate of the Company or any individual related by blood, marriage or adoption to any such individual or any entity in which any such Person or individual owns any beneficial interest;

(k) any other agreement which is material to its operations and business prospects or involves a consideration in excess of \$500 annually, whether or not in the ordinary course of business.

7.11.2 All of the contracts, agreements and instruments set forth or required to be set forth on the Contracts Schedule are valid, binding and enforceable in accordance with their respective terms and shall be in full force and effect without penalty in accordance with their terms upon consummation of the transactions contemplated hereby. The Company has performed in all material respects all obligations required to be performed by it under such contracts, agreements and instruments and is not in default under or in material breach of nor in receipt of any claim of default or breach under any contract, agreement or instrument to which the Company is subject; no event has occurred which it is foreseeable with the passage of time or the giving of notice or both would result in a default, material breach or event of noncompliance by the Company under any contract, agreement or instrument to which the Company is subject; the Company does not have any present expectation or intention of not fully performing all such obligations on a timely basis; the Seller has no knowledge of any material breach or anticipated breach by the other parties to any contract, agreement, instrument or commitment to which the Company is a party; and the Company is not a party to any contract or commitment that might reasonably be expected to have a Material Adverse Effect.

7.11.3 The Purchaser has been or will be supplied with a true and correct copy of, or been provided access to, each of the written instruments, plans, contracts and agreements and an accurate description of each of the oral arrangements, contracts and agreements which are referred to on the Contracts Schedule, together with all amendments, waivers or other changes thereto.

7.12 Government Licenses, Permits and Consents.

The attached Permits Schedule contains a complete listing and summary description of all permits, licenses, certificates, approvals and other authorizations of federal, state and local governments or agencies required of or used by the Company in the conduct of its business and the ownership of its properties (collectively, the "Permits"). The Permits constitute all permits, licenses, certificates, approvals and other authorizations necessary for the conduct of the Company's business. The Company is in compliance with the terms and conditions of the Permits and has received no notices that it is in violation of any of the terms or conditions of such Permits or alleging the failure to hold or obtain any permit, license, certificate, approval or authorization. The Company has taken all necessary action to maintain such Permits. No loss or expiration of any Permit is, to the knowledge of the Seller, pending or threatened, other than expiration in accordance with the terms thereof and all of such Permits shall be owned or available for use by the Company on substantially identical terms immediately after the Closing.

7.12.1 The permits issued by the Pennsylvania Department of Environmental

Protection ("PaDEP") for the construction and operation of the wastewater treatment facilities require that notice be given of the correct name and address of the Permittee should such information change. The Company shall cooperate with the Purchaser in the submission of such forms or notices as are necessary to notify the PaDEP of the change in the principal officers and address of the Company.

7.12.2 The Company operates under a Certificate of Public Convenience issued by the Pennsylvania Public Utility Commission ("PaPUC"). The change in ownership of the Company contemplated by this Agreement requires the approval of the PaPUC and the parties shall cooperate in providing information required by the PaPUC such that said approval will be granted.

7.12.3 The Company operates under rules and regulations approved by the PaPUC; such rules and regulations are called the "Tariff." Purchaser acknowledges that it shall be subject to the Tariff and requires the approval of the PaPUC for any changes to the Tariff, including changes to rates charged to customers.

7.13 Litigation, etc.

Except as disclosed on the Litigation Schedule, there are no actions, suits, proceedings, orders, investigations or claims pending or threatened against or affecting the Company or any of its assets (or pending or threatened against or affecting any of the officers, directors, members, partners, managers or employees of the Company with respect to its businesses or proposed business activities), or pending or threatened by the Company against any third party, at law or in equity, or before or by any governmental department, commission, board, bureau, agency or instrumentality (including, without limitation, any actions, suit, proceedings or investigations with respect to the transactions contemplated by this Agreement); the Company is not subject to any governmental investigations or inquiries; and there is no basis for any of the foregoing. Except as disclosed on the Litigation Schedule, the Company is not subject to any judgment, order or decree of any court or other governmental agency, and the Company has not received any opinion or memorandum or legal advice from legal counsel to the effect that it is exposed, from a legal standpoint, to any liability which may be material to its businesses.

7.14 Brokerage.

There are no claims for brokerage commissions, finders' fees or similar compensation in connection with the transactions contemplated by this Agreement based on any arrangement or agreement binding upon the Company. The Seller shall hold the Company and the Purchaser harmless against any liability, loss or expense (including, without limitation, reasonable attorneys' fees and out-of-pocket expenses) arising in connection with any such claim.

7.15 Insurance.

The Company carries no insurance..

7.16 Employees and Contract Operations.

The Company has no employees. The operation of the wastewater facilities is carried out by a contract operator, Applied Water Management. The administrative and executive operations are carried out by an Affiliated Interest, Taylor Enterprises, Inc., under the terms of a Services Contract and an Affiliated Interest Agreement. The contracts are disclosed on the Contracts Schedule. If so requested by Purchaser in writing within applicable notice periods under these contracts, the Company will notify either or both of the contractors that it intends to terminate their contract(s) as of the date of Closing.

7.17 Compliance with Laws.

The Company has not violated any law or any governmental regulations or requirements including, but not limited to, any rules, regulations or requirements of the Environmental Protection Agency or the PaDEP, and the Company has not received notice of or claim alleging any such violation.

7.18 Environmental and Safety Matters.

7.18.1 Except as set forth on the attached Environmental Schedule:

(a) the Company has complied with and is currently in compliance with all Environmental and Safety Requirements, and the Company has not received any oral or written notice, report or information regarding any violations of or any liabilities or corrective, investigatory or remedial obligations arising under Environmental and Safety Requirements which relate to the Company or any of its respective properties or facilities.

(b) Without limiting the generality of the foregoing, the Company has obtained and complied with, and is currently in compliance with, all permits, licenses and other authorizations that may be required pursuant to any Environmental and Safety Requirements for the occupancy of its properties or facilities or the operation of its businesses. A list of all such permits, licenses and other authorizations is set forth on the Permits Schedule.

(c) None of the following exists at any property or facility owned, occupied or operated by the Company:

- (i) underground storage tanks;
- (ii) asbestos-containing materials in any form or condition;
- (iii) materials or equipment containing polychlorinated biphenyls; or
- (iv) landfills, surface impoundments or other solid waste disposal areas.

7.18.2 Except as set forth on the attached Environmental Schedule, the Company has not treated, stored, disposed of, arranged for or permitted the disposal of, transported, handled or Released any substance (including, without limitation, any hazardous waste or hazardous

substance) or owned, occupied or operated any facility or property in a manner that has given or could give rise to liabilities including any liability for response costs, corrective action costs, personal injury, natural resource damages, property damage or attorneys fees or any investigative, corrective or remedial obligations pursuant to CERCLA or any other Environmental and Safety Requirements.

7.18.3 Without limiting the generality of the foregoing, no facts, events or conditions relating to the past or present properties, facilities or operations of the Company shall prevent, hinder or limit continued compliance with Environmental and Safety Requirements, give rise to any corrective, investigatory or remedial obligations pursuant to Environmental and Safety Requirements or give rise to any other liabilities pursuant to Environmental and Safety Requirements (including, without limitation, those liabilities relating to onsite or offsite Releases or threatened Releases of hazardous materials, substances or wastes, personal injury, property damage or natural resources damage).

7.18.4 The Company has not, either expressly or by operation of law, assumed or undertaken any liability or corrective, investigatory or remedial obligation of any other Person relating to any Environmental and Safety Requirements.

7.18.5 No Environmental Lien has attached to any property owned, leased or operated by the Company.

7.19 Affiliated Transactions.

Except as set forth on the attached Affiliated Transactions Schedule, no officer, director, employee, shareholder or Affiliate of the Company or any individual related by blood, marriage or adoption to any such individual or any entity in which any such Person or individual owns any beneficial interest, is a party to any agreement, contract, commitment or transaction with the Company or has any interests in any property used by the Company.

7.20 Officers and Directors; Bank Accounts.

The attached Officers, Directors and Bank Accounts Schedule lists all officers and directors of the Company, and all of the Company's bank accounts (designating each authorized signatory and the level of each signatory's authorization).

7.21 Accounts Receivable.

Except as set forth on the attached Accounts Receivable Schedule, all of the accounts receivable reflected on the Latest Balance Sheet are, and all of the accounts receivable to be reflected on the Closing Balance Sheet will be, good and valid receivables (subject to no counterclaims or offset) and will be collected within 90 days after the Closing at the gross amount thereof as shown on the Closing Balance Sheet (the "Receivables"). Except as set forth on the attached Accounts Receivable Schedule, the Company does not have individual accounts receivable which are over 90 days past due.

7.22 Patents and Trademarks

The Company owns, possesses, and has good title to all copyrights, trademarks, trademark rights, patents, patent rights, and licenses necessary in the conduct of its business; to the best of Seller's knowledge and belief, the Company is not infringing on or otherwise acting adversely to the rights of any person under, or in respect to, any copyrights, trademarks, trademark rights, patents, patent rights, or licenses owned by any person or persons, and there is not claim or pending or threatened action with respect to any infringement or violation; the Company is not obligated to pay any royalties or fees to any licensee or other claimant to any patent, trademark, trade name, copyright, or other intangible asset; and that the Company has the unrestricted right to use (free and clear of any rights or claims of others) all trade secrets, customer lists, manufacturing and other processes incident to its operations.

7.23 Disclosure.

Neither this Agreement nor any of the exhibits, schedules, attachments, written statements, documents, certificates or other items prepared and supplied to the Purchaser by or on behalf of the Seller or the Company with respect to the transactions contemplated hereby contain any untrue statement of a material fact or omit a material fact necessary to make such statement contained herein or therein not misleading. There is no fact which the Seller has not disclosed to the Purchaser in writing and of which he is aware which has had or would reasonably be expected to have a Material Adverse Effect.

7.24 Closing Date.

All of the representations and warranties contained in this Section 7 and elsewhere in this Agreement and all information delivered in any Schedule or in any writing delivered to the Purchaser are true and correct on the date of this Agreement and will be true and correct on the Closing Date, except to the extent that the Company or Seller shall have advised the Purchaser in writing prior to the Closing. As provided in Section 14.4, Multiple Signature Execution, certain Schedules may be incomplete at the time of initial execution of this Agreement, and such incompleteness shall not be a breach of the representations and warranties in this Section 7. Representations and warranties of the Parties as set forth in this Agreement shall not survive the Closing.

Section 8. Representations and Warranties of the Purchaser.

As a material inducement to the Seller to enter into this Agreement and take the actions set forth in Section 1, the Purchaser hereby represents and warrants that:

8.1 Authorization; No Breach.

This Agreement constitutes a valid and binding obligation of the Purchaser, enforceable in accordance with its terms. The execution and delivery by the Purchaser of this Agreement does not and shall not (i) conflict with or result in a breach of the terms, conditions or provisions of, (ii) constitute a default under, (iii) result in the creation of any Lien upon the Purchaser's assets pursuant to, (iv) give any third party the right to modify, terminate or accelerate any obligation under, (v) result in a violation of, or (vi) except as set forth in Section 5.3.2 and 7.12.2 regarding the consent of the PaPUC and section 7.12.1 regarding notice to the PaDEP, require any authorization, consent, approval, exemption or other action by or notice or declaration to, or filing with, any court or administrative or governmental body or agency or any law, statute, rule or regulation to which the Purchaser is subject, or any agreement, instrument, order,

judgment or decree to which the Purchaser is subject.

8.2 Books and Records.

Purchaser agrees that it will cooperate with and make available to Seller, during normal business hours, all books and records, information and employees (without substantial disruption of employment) of the Company which are necessary or useful in connection with any tax inquiry, audit, investigation or dispute, any litigation or investigation, or any other matter requiring any such books and records, information or employees for any reasonable business purpose it being understood that all books and records shall be maintained by Purchaser for a minimum of seven (7) years following the Closing Date. Anything to the contrary in this Agreement notwithstanding, the obligations of Purchaser under this paragraph 8.2 shall survive closing.

8.3 Brokerage.

There are no claims for brokerage commissions, finders' fees or similar compensation in connection with the transactions contemplated by this Agreement based on any arrangement or agreement binding upon the Purchaser.

8.4 Closing Date.

The representations and warranties of the Purchaser contained in this Section 8 and elsewhere in this Agreement are true and correct on the date of this Agreement and shall be true and correct in all respects on the Closing Date as though then made, except to the extent that the Purchaser shall have advised the Seller in writing prior to the Closing.

Section 9. Survival of Representations and Warranties.

Unless otherwise provided in this Agreement, none of the representations and warranties set forth in this Agreement or in any writing delivered by the Purchaser, the Company or the Seller in connection with this Agreement shall survive the consummation of the transactions contemplated hereby, regardless of any investigation, inquiry or examination made by or on behalf of any party or on its behalf or the acceptance by any party of any certificate or opinion.

Section 10. Termination.

10.1 Method of Termination

This Agreement may be terminated at any time prior to the Closing:

10.1.1 by the Purchaser giving written notice to the Seller (i) in the event the Seller has breached any representation, warranty or covenant contained in this Agreement or (ii) if the Closing shall not have occurred on or before the Closing Date as stated in Section 2.1, by reason of the failure of any condition precedent under Section 3 (unless the failure results primarily from the Purchaser itself breaching any representation, warranty, or covenant contained in this Agreement); or

10.1.2 by the Seller giving written notice to the Purchaser (i) in the event the Purchaser has breached any representation, warranty or covenant contained in this Agreement or (ii) if the Closing shall not have occurred on or before the Closing Date as stated in Section 2.1, by reason of the failure of any condition precedent under Section 4, (unless the failure results primarily from the Seller breaching any representation, warranty, or covenant contained in this Agreement).

10.2 Effect of Termination

In the event of termination of this Agreement by either party pursuant to this Section 10, this Agreement will forthwith become void and there will be no liability on the part of any party hereto to any other party hereto except that nothing herein will relieve any party from liability arising from any breach of this Agreement prior to such termination; provided that the covenants and agreements set forth in 12.2 Confidentiality, 12.3 Expenses and 14.1 through and including 14.11 shall survive such termination indefinitely.

Section 11. Tax Matters.

11.1 Tax Periods Beginning Before and Ending After the Closing Date.

The Company shall prepare, or cause to be prepared, and file, or cause to be filed, any Tax Returns of the Company for Tax periods which begin before the Closing Date and end after the Closing Date. All taxes shall be paid or an appropriate reserve established.

11.2 Cooperation on Tax Matters.

11.2.1 The Purchaser and the Seller will cooperate fully, as and to the extent reasonably requested by the other party, in connection with any audit, litigation or other proceeding with respect to Taxes. Such cooperation will include (i) the retention and (upon the other party's request) the provision of records and information which are reasonably relevant to any such audit, litigation or other proceeding and (ii) making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder.

11.2.2 The Purchaser and the Seller will (i) retain all books and records with respect to Tax matters pertinent to the Company relating to any Tax period beginning before the Closing Date until the expiration of the statute of limitations with respect to such Tax period (including, to the extent notified by the Seller or the Purchaser, as the case may be, any extensions thereof), and abide by all record retention agreements entered into with any taxing authority, and (ii) give each other reasonable written notice prior to transferring, destroying or discarding any such books and records and, if the other party so requests, the Purchaser or the Seller, as the case may be, will allow the other party to take possession of such books and records.

11.2.3 The Purchaser and the Seller will, upon request from the other, use their reasonable best efforts to obtain any certificate or other document from any governmental authority or any other Person that may be necessary to mitigate, reduce or eliminate any Tax that could be imposed (including, but not limited to, with respect to the transactions contemplated hereby).

11.2.4 All transfer, documentary, sales, use, stamp, registration and other such Taxes and fees (including any interest, penalties, or additions thereto) incurred in connection with this Agreement will be paid by the Seller when due, and the Seller will, at its own expense, file all necessary Tax Returns and other documentation with respect to all such Taxes and fees, and, if required by applicable law, the Purchaser will join in the execution of any such Tax Returns and other documentation.

Section 12. Additional Agreements.

12.1 Further Transfers.

Each party will execute and deliver such further instruments of conveyance and transfer and take such additional action as the other party may reasonably request to effect, consummate, confirm or evidence the transfer to the Purchaser of the Purchased Shares and any other transactions contemplated hereby.

12.2 Confidentiality.

The parties agree that any and all information disclosed by one party to the other hereunder (the "Information") shall be handled as proprietary and confidential information in the same manner in which such party holds its own confidential information. No party shall disclose the Information to any third party without the written consent of such non-disclosing party. Provided that disclosure to counsel, government agencies with authority to require disclosure, and as necessary to agents such as environmental consultants and accountants to the extent necessary to effect a party's due diligence shall not be subject to this provision.

12.3 Expenses.

Except as otherwise provided herein, the Purchaser, the Company, and the Seller will each pay all of their own expenses (including fees and expenses of legal counsel, investment bankers, brokers or other representatives and consultants and appraisal fees and expenses) incurred in connection with the negotiation of this Agreement and the performance of its or their obligations hereunder, and the consummation of the transactions contemplated hereby (whether consummated or not). The Seller will pay for the CPA-incurred fees to produce the closing balance sheet and income statement for the Company thru the date of the closing. Purchaser's liability to the Company-hired CPA firm shall only encompass fees incurred by the Company for accounting services for the time period accruing after the closing. Notwithstanding anything in the foregoing to the contrary, the Seller shall not be precluded from using Company cash to pay or pre pay the Company's legal and accounting fees prior to the calculation of the entries for the closing balance sheet. For purposes of this section, attorneys fees and accounting costs directly related to preparing or closing this Stock Purchase Agreement shall not be paid using Company funds.

Section 13. Definitions.

For the purposes of this Agreement, the following terms have the meanings set forth below:

“Affiliate” of any particular Person means any other Person controlling, controlled by or under common control with such particular Person, where “control” means the possession, directly or indirectly, of the power to direct the management and policies of a Person whether through the ownership of voting securities, contract or otherwise.

“CERCLA” means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended.

“Code” means the Internal Revenue Code of 1986, as amended, and any reference to any particular Code section shall be interpreted to include any revision of or successor to that section regardless of how numbered or classified.

“Effective Date” means the date and year first written above.

“Encumbrances” means any Lien, voting agreement, voting trust, proxy, option, right of purchase, right of first refusal, right of first offer, restriction on transfer or any other similar arrangement or restriction of any kind whatsoever.

“Environmental Lien” means any Lien, whether recorded or unrecorded, in favor of any governmental entity, relating to any liability of the Company arising under any Environmental and Safety Requirements.

“Environmental and Safety Requirements” shall mean all federal, state, local and foreign statutes, regulations, ordinances and other provisions having the force or effect of law, all judicial and administrative orders and determinations, all contractual obligations and all common law, in each case concerning public health and safety, worker health and safety and pollution or protection of the environment (including, without limitation, all those relating to the presence, use, production, generation, handling, transport, treatment, storage, disposal, distribution, labeling, testing, processing, discharge, Release, threatened Release, control or cleanup of any hazardous or otherwise regulated materials, substances or wastes, chemical substances or mixtures, pesticides, pollutants, contaminants, toxic chemicals, petroleum products or byproducts, asbestos, polychlorinated biphenyls, noise, or radiation).

“GAAP” means United States generally accepted accounting principles.

“Indebtedness” means at a particular time, without duplication, (i) any indebtedness for borrowed money or issued in substitution for or exchange of indebtedness for borrowed money, (ii) any indebtedness evidenced by any note, bond, debenture or other debt security, (iii) any indebtedness for the deferred purchase price of property or services with respect to which a Person is liable, contingently or otherwise, as obligor or otherwise (other than trade payables and other current liabilities incurred in the ordinary course of business which are not more than six months past due), (iv) any commitment by which a Person assures a creditor against loss (including, without limitation, contingent reimbursement obligations with respect to letters of credit), (v) any indebtedness guaranteed in any manner by a Person (including, without limitation, guarantees in the form of an agreement to repurchase or reimburse), (vi) any obligations under capitalized leases with respect to which a Person is liable, contingently or otherwise, as obligor, guarantor or otherwise, or with respect to which obligations a Person assures a creditor against loss, and (vii) any indebtedness secured by a Lien on a Person’s assets

“Investment” as applied to any Person means (i) any direct or indirect purchase or other acquisition by such Person of any notes, obligations, instruments, stock, securities or ownership interest (including partnership interests and joint venture interests) of any other Person and (ii) any capital contribution by such Person to any other Person.

“Lien” or “Liens” means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including, without limitation, any conditional sale or other title retention agreement or lease in the nature thereof, any sale of receivables with recourse against such Person, any of its Subsidiaries or any Affiliate, any filing or agreement to file a financing statement as debtor under the Uniform Commercial Code or any similar statute other than to reflect ownership by a third party of property leased to such Person under a lease which is not in the nature of a conditional sale or title retention agreement, or any subordination arrangement in favor of another Person (other than any subordination arising in the ordinary course of business)).

“Loss” or “Losses” means all actions, suits, proceedings, hearings, investigations, charges, complaints, claims, demands, injunctions, orders, decrees, rulings, damages, dues, penalties, fines, costs, amounts paid in settlement, liabilities, obligations, taxes, liens, losses, expenses, and fees, including court costs and reasonable attorneys’ fees and expenses, in each case reduced by benefits or offsets to which any party shall be entitled directly by reason thereof.

“Material Adverse Effect” means any material adverse effect upon the business, operations, financial condition, operating results, earnings, assets, customers, supplier, or business prospects of the Company.

“Permitted Liens” means (i) Tax Liens with respect to taxes not yet due and payable or which are being contested in good faith by appropriate proceedings and for which appropriate reserves have been established in accordance with GAAP; (ii) deposits or pledges made in connection with, or to secure payment of, utilities or similar services, workers’ compensation, unemployment insurance, old age pensions or other social security obligations; (iii) interests or title of a lessor under any Leases; and (iv) easements, rights-of-way, restrictions and other similar charges and encumbrances not interfering with the ordinary conduct of the business of such Person or detracting from the value of the assets of such Person.

“Person” means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization and a governmental entity or any department, agency or political subdivision thereof.

“Release” with regard to environmental matters shall have the meaning set forth in CERCLA.

“Subsidiary” means, with respect to any Person, any corporation, limited liability company, partnership, association or other business entity of which (i) if a corporation, a majority of the total voting power of shares of stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person or a combination thereof, or (ii) if a limited liability company, partnership, association or other business entity, a majority of the partnership or other similar ownership interest thereof is at the time owned or controlled, directly or indirectly, by any Person or one or more Subsidiaries of that Person or a combination thereof. For purposes hereof, a

Person or Persons shall be deemed to have a majority ownership interest in a limited liability company, partnership, association or other business entity if such Person or Persons shall be allocated a majority of limited liability company, partnership, association or other business entity gains or losses or shall be or control any managing director or general partner of such limited liability company, partnership, association or other business entity.

“Tax” or “Taxes” means federal, state, county, local, foreign or other income, gross receipts, ad valorem, franchise, profits, sales or use, transfer, registration, excise, utility, environmental, communications, real or personal property, capital stock, license, payroll, wage or other withholding, employment, social security, severance, stamp, occupation, alternative or add-on minimum, estimated and other taxes of any kind whatsoever (including, without limitation, deficiencies, penalties, additions to tax, and interest attributable thereto) whether disputed or not.

“Tax Return” means any return, information report or filing with respect to Taxes, including any schedules attached thereto and including any amendment thereof.

Section 14. Miscellaneous.

14.1 Consent to Amendments.

Except as otherwise expressly provided herein, the provisions of this Agreement may be amended only with the written consent of the Purchaser and the Seller. No course of dealing between or among any persons having any interest in this Agreement will be deemed effective to modify, amend or discharge any part of this Agreement or any rights or obligations of any person under or by reason of this Agreement. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute, a waiver of any other provisions, whether or not similar, nor shall any waiver constitute a continuing waiver.

14.2 Successors and Assigns.

Except as otherwise expressly provided herein, all covenants and agreements contained in this Agreement by or on behalf of any of the parties hereto shall bind and inure to the benefit of the respective successors and assigns of the parties hereto whether so expressed or not. The Purchaser may assign its rights under this Agreement for collateral security purposes to any of its lenders providing financing for the transactions contemplated hereby and all extensions, renewals, replacements, refinancings and refundings thereof in whole or in part.

14.3 Counterparts.

This Agreement may be executed simultaneously in counterparts, any one of which need not contain the signatures of more than one party, but all such counterparts taken together shall constitute one and the same Agreement.

14.4 Multiple signature execution.

Despite the text stating otherwise, it is anticipated by the parties hereto that the Purchaser and the Seller and the Company will sign this agreement in the absence of complete and accurate schedules being

attached hereto at the time of initial signing. The parties will re-sign this agreement again at or before the Closing upon complete schedules being made available by the joint effort of the parties at that time.

14.5 Descriptive Headings; Interpretation.

The descriptive headings of this Agreement are inserted for convenience only and do not constitute a substantive part of this Agreement. The use of the word "including" in this Agreement shall be by way of example rather than by limitation.

14.6 Governing Law.

All other issues and questions concerning the construction, validity, enforcement and interpretation of this Agreement and the exhibits and schedules hereto shall be governed by, and construed in accordance with, the laws of the Commonwealth of Pennsylvania, without giving effect to any choice of law or conflict of law rules or provisions (whether of the Commonwealth of Pennsylvania or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the Commonwealth of Pennsylvania. In furtherance of the foregoing, the internal law of the Commonwealth of Pennsylvania shall control the interpretation and construction of this Agreement (and all schedules and exhibits hereto), even though under that jurisdiction's choice of law or conflict of law analysis, the substantive law of some other jurisdiction could also ordinarily apply.

14.7 Notices.

All notices, demands or other communications to be given or delivered under or by reason of the provisions of this Agreement shall be in writing and shall be deemed to have been given when delivered personally to the recipient, one day after being sent to the recipient for overnight delivery by a nationally recognized overnight courier service (charges prepaid) or five business days after being mailed to the recipient by certified or registered mail, return receipt requested and postage prepaid or when delivered by facsimile transmittal as indicated on the facsimile transmission report with telephone confirmation. Such notices, demands and other communications shall be sent to the Purchaser and the Seller at the addresses indicated below or to such other address or to the attention of such other person as the recipient party has specified by prior written notice to the sending party.

To the Company and Seller:

Charles J. Taylor
Taylor Enterprises
5015 East Trindle Road
Mechanicsburg, PA 17050

with a copy to:

Charles B. Zwally
Mette Evans and Woodside
2401 N. Front Street
Post Office Box 5950
Harrisburg, PA 17110-0950

To the Purchaser:

Frank Perano
2846 Main Street
Box 12A
Morgantown, PA 19543-9490

with a copy to:

Ann E. Rhodes, Cleckner and Fearen
119 Locust Street
Harrisburg, PA 17101

14.8 Relinquishment by Mrs. Suzanne P. Taylor (“Mrs. Taylor”) Mrs. Taylor joins in this Stock Purchase Agreement solely and exclusively for the purpose of relinquishing any and all marital rights she may have in the Company Stock and Purchased Shares and in any of the real or personal property owned or leased by the Company. Mrs. Taylor does not join in any of the representations and warranties nor in any other aspects of this Agreement.

14.9 No Strict Construction.

In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties hereto, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement.

14.10 Entire Agreement.

This Agreement contains the entire agreement between the parties and supersedes any prior or contemporaneous understanding, agreements or representations by or between the parties, written or oral, which may have related to the subject matter hereof in any way.

14.11 Severability.

Whenever possible, each provision of this Agreement shall be interpreted in *such manner* as to be effective and valid under applicable law, but if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or any other jurisdiction, and this Agreement shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.

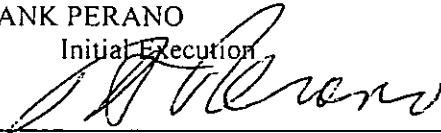
14.12 Attorney’s Fees and Costs.

If either party is required to enforce any of its rights under this Agreement and is a prevailing party in such enforcement effort, each shall be entitled to recover from the breaching party reasonable attorney’s fees, court costs and other expenses incurred by such prevailing party. The award of fees and costs pursuant to this Section shall not be affected by the financial resources of either party.

IN WITNESS WHEREOF, the parties hereto have executed this Stock Purchase Agreement on the date first written above.

FRANK PERANO

Initial Execution



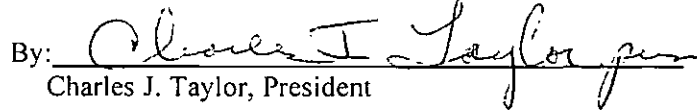
Frank Perano,

Upon completion of Schedules

Frank Perano,

MEADOWS SEWER COMPANY, INC
a Pennsylvania corporation

Initial Execution

By: 

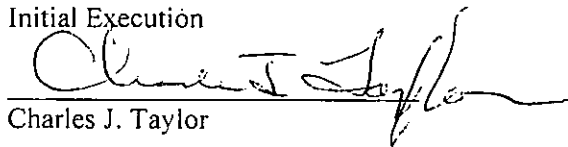
Charles J. Taylor, President

Upon completion of Schedules

By: _____
Charles J. Taylor, President

CHARLES J. TAYLOR

Initial Execution



Charles J. Taylor

Upon completion of Schedules

Charles J. Taylor

Suzanne P. Taylor

Suzanne P. Taylor

INDEBTEDNESS SCHEDULE (1.4)

CONSENTS SCHEDULE (3.5/7.4/7.5)

Pennsylvania Public Utility Commission

Pennsylvania Department of Environmental Protection

CAPITALIZATION SCHEDULE (7.3)

LIABILITIES SCHEDULE (7.7)

ASSETS SCHEDULE (7.8)

- 2- 220v F.E. Myers sewage grinder pumps
- 3- float switches for grinder pumps
- 1- new Sigma composite sampler
- 1- used ISCO composite sampler
- 3- 2 cu. Ft. refrigerators for samples refrigeration
- 1- gasoline powered sewage trash pump
- 20' (approximate) suction hose for sewage trash pump
- 20' (approximate) discharge hose for sewage trash pump
- 1- heavy duty hand truck with pneumatic tires
- 1- 2 h.p. electric submersible pump
- 1- chemical mixer
- 2- LMI brand precision chemical pumps
- 1 Panasonic telephone facsimile machine combination
- 1- Frigidaire window air conditioner
- 1- "YSI 55" dissolved oxygen meter
- 1- 3' long aluminum pipe wrench
- 1- metal desk
- 1- metal swivel chair

EXCLUDED ASSETS SCHEDULE (7.8)

REAL PROPERTY SCHEDULE (7.9)

TAXES SCHEDULE (7.10)

CONTRACTS SCHEDULE (7.11 & 7.16)

Contract Operator, Applied Water Management Group: Services contract dated _____

Taylor Enterprises: Services Contract dated September 15, 2005

Affiliated Interest Agreements dated January 2, 2006 and February 28, 2006

LITIGATION SCHEDULE (7.13)

Pennsylvania Public Utility Commission: Docket No. G00061160

Inquiry into the filed Affiliated Interest Agreement between Meadows Sewer Co. Inc. and Taylor Enterprises, Inc. (All inquiries by the PaPUC are treated as litigation and docketed before the Commission.)

PERMITS SCHEDULE (7.12 & 7.18)

WQM Permit No. _____ construction of sewer system
and _____

WQM Permit No. _____ construction and operation of treatment plant

NPDES Permit No. PA0082015 to operate and discharge from the treatment plant

Certificate of Public Convenience, issued _____ by the PaPUC, Tariff, Sewer No. 1

ENVIRONMENTAL SCHEDULE (7.18)

The Wastewater Treatment Plant treats and discharges Domestic Sewage under the terms of the WQM and NPDES permits issued by the PaDEP. See Permits Schedule. No violations of the Permits have been alleged during the previous _____ years.

No violations of any environmental laws have been alleged by any federal, state or local government entity.

AFFILIATED TRANSACTIONS SCHEDULE (7.19)

The Company holds a Contract with Taylor Enterprises for administrative services. See also disclosures on Contracts Schedule and Litigation Schedule.

Charles Taylor (Seller) owns _____ % of the outstanding stock in Taylor Enterprises. The remaining ___% is owned by members of Mr. Taylor's family.

There are no other affiliated transactions

OFFICERS, DIRECTORS AND BANK ACCOUNTS SCHEDULE (7.20)

ACCOUNTS RECEIVABLE SCHEDULE (7.21)

COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
P. O. BOX 3265, HARRISBURG PA 17105-3265

IN REPLY PLEASE
REFER TO OUR FILE
Secretary
717-772-7777

May 24, 2007

A-230257F5000

CHARLES B ZWALLY, ESQUIRE
RANDALL G HURST, ESQUIRE
METTE EVANS AND WOODSIDE
POST OFFICE BOX 5950
3401 NORTH FRONT STREET
HARRISBURG PA 17110-0950

DOCUMENT
FOLDER

Dear Mr. Hurst:

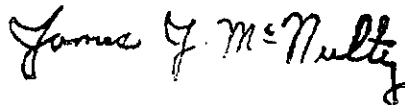
Receipt is acknowledged of the Application of Meadows Sewer Company, Inc, for approval of the transfer of ownership by sale of stock, which has been captioned and docketed to the above number.

Publication in a local newspaper is not required.

Enclosed is a copy of the Publication Notice that will appear in the Saturday, June 9, 2007 issue of the Pennsylvania Bulletin. This notice is being sent to you for informational purposes only.

This matter will receive the attention of the Commission and you will be advised of any further necessary procedure.

Sincerely,



James J. McNulty
Secretary

JJM:ddt

Enclosure

c: Thomas T. Niesen, Esquire

DOCKETED

MAY 24 2007

DATE: May 24, 2007

SUBJECT: A-230257F5000

DOCUMENT
FOLDER

TO: Bureau of Fixed Utility Services

FROM: James J. McNulty, Secretary *ddt*

APPLICATION OF MEADOWS SEWER COMPANY, INC

We attach hereto a copy of the Application of Meadows Sewer Company, Inc, for approval of the transfer of ownership by sale of stock, which has been captioned and docketed to the above number.

Notice will be published in the Saturday, June 9, 2007 issue of the Pennsylvania Bulletin.

If no protests are received by June 25, 2007, will your Bureau please prepare a report for the attention of the Commission or instruct the Secretary's Bureau to re-assign this matter to the Office of Administrative Law Judge for hearing.

Attachment

cc: Law Bureau

ddt

DOCKETED

MAY 24 2007

PENNSYLVANIA PUBLIC UTILITY COMMISSION

NOTICE TO BE PUBLISHED

Application of Meadows Sewer Company, Inc, for approval of the transfer of ownership of Meadows Sewer Company by Sale of Stock from Charles J. Taylor, c/o Taylor Enterprises, to Frank Perano. Docket Number: A-230257F5000.

Formal protests and petitions to intervene must be filed in accordance with Title 52 of the Pennsylvania Code on or before June 25, 2007. All filings must be made with the Secretary of the Pennsylvania Public Utility Commission, P. O. Box 3265, Harrisburg, PA 17105-3265, with a copy served on the Applicant. The documents filed in support of the Application are available for inspection and copying at the Office of the Secretary between the hours of 8:00 a.m. and 4:30 p.m., Monday through Friday, and at the Applicant's business address.

Applicant:

Meadows Sewer Company, Inc.

Through and By Counsel:

Charles B. Zwally, Esquire
Randall G. Hurst, Esquire
Mette, Evans and Woodside
Post Office Box 5950
3401 North Front Street
Harrisburg, PA 17110-0950

DOCUMENT
FOLDER

DOCKETED

MAY 25 2007

BY THE COMMISSION

James J. McNulty

James J. McNulty
Secretary

RECEIVED
LEGISLATIVE REFERENCE
BUREAU
07 MAY 29 AM 11:13
PA. CODE & BULLETIN

PENNSYLVANIA PUBLIC UTILITY COMMISSION

RECEIPT

The addressee named here has paid the PA P.U.C. for the following bill:

DATE: 5/25/2007
RECEIPT NO: 205866

MEADOWS SEWER COMPANY
5015 EAST TRINDLE ROAD
MECHANICSBURG PA 17050

IN RE: Application fees for MEADOWS SEWER COMPANY

Docket Number A-230257F5000..... \$350.00

REVENUE ACCOUNT: 001780-017601-102

CHECK NUMBER: 3755
CHECK AMOUNT: \$350.00

Michael Sobolesky
(for Department of Revenue)

**DOCUMENT
FOLDER**

DOCKETED
MAY 29 2007