



PENNSYLVANIA
AMERICAN WATER

800 West Hersheypark Drive
Hershey, PA 17033
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Seth A. Mendelsohn
Corporate Counsel

September 3, 2014

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

In re: Application of Pennsylvania-American Water Company for Approval of (1) the transfer, by sale, of substantially all of Shippenville Borough, properties and rights related to its wastewater system to Pennsylvania-American Water Company, and (2) the rights of Pennsylvania-American Water Company to begin to offer or furnish wastewater service to the public in Shippenville Borough and a portion of Elk Township, Clarion County, Pennsylvania.

Dear Ms. Chiavetta:

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

Sincerely,

Seth A. Mendelsohn

Enclosures

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

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

In re: Application of Pennsylvania-American Water Company for Approval of (1) the transfer, by sale, of substantially all of Shippenville Borough, properties and rights related to its wastewater system to Pennsylvania-American Water Company, and (2) the rights of Pennsylvania-American Water Company to begin to offer or furnish wastewater service to the public in Shippenville Borough and a portion of Elk Township, Clarion County, Pennsylvania.

Application No. _____

TO PENNSYLVANIA PUBLIC UTILITY COMMISSION:

1. Pennsylvania-American Water Company ("Pennsylvania-American" or "PAWC") hereby requests that the Pennsylvania Public Utility Commission ("PUC" or the "Commission") issue Certificates of Public Convenience evidencing its approval under Sections 1102(a) and 507 of the Public Utility Code (66 Pa.C.S. §1102(a), 507) of: (1) Pennsylvania-American's acquisition of substantially all of the assets, properties and rights of the Shippenville Borough ("Shippenville ") related to, or used in connection with, its wastewater system; (2) Pennsylvania-American's right to offer, render, furnish and supply wastewater service in the areas served by Shippenville pursuant to Shippenville's Act 537 Plan as filed and approved by the Pennsylvania Department of Environmental Protection ("DEP").

2. The name and address of the Applicant is:

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

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

Velma A. Redmond, Esquire
Susan D. Simms, Esquire
Seth A. Mendelsohn, Esquire
Pennsylvania-American Water Company
800 West Hershey Park Drive
Hershey, PA 17033
(717) 533-3000

4. Shippenville is a municipal authority organized under the Pennsylvania Municipality Authorities Act of May 2, 1945, P.L. 382. It owns and operates a public sanitary wastewater treatment system providing wastewater services to the public in a service territory encompassing Shippenville Borough and a portion of Elk Township, Clarion County, Pennsylvania.

5. Pennsylvania-American is a regulated public utility corporation duly organized and existing under the laws of the Commonwealth of Pennsylvania and is engaged in the business of collecting, treating, storing, supplying, distributing and selling water to the public, and collecting, treating, transporting and disposing of wastewater and sewage for the public. Water and wastewater service is furnished by Pennsylvania-American to the public in a service territory encompassing more than 396 communities across the Commonwealth with a combined population of over 2,000,000. A description of Pennsylvania-American's certificated water and wastewater service territory is found at Exhibit A, along with a detailed corporate history, outlining all of the mergers, acquisitions and consolidations which have created Pennsylvania-American as it exists today.

6. As of March 4, 2014, Shippenville furnishes wastewater service to 245 customers, as follows:

Residential	226
Commercial	17
Municipal	2

7. As of July 31, 2014, Pennsylvania-American furnished wastewater service to 16, 676 customers, as follows:

Residential	15,840
Commercial	778
Industrial	6
Municipal	48
Sale for Resale	4

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

All of the preceding and succeeding paragraphs are incorporated by reference into this subpart A.

Summary of the Transaction

8. On August 13, 2014 Shippenville entered into an agreement with Pennsylvania-American to sell the wastewater assets of Shippenville.

Background Financial Information

9. There is attached hereto the balance sheet of Shippenville as of December 31, 2013 (Exhibit B), which is the latest available, and Pennsylvania-American's unaudited balance sheet as of December 31, 2013 (Exhibit C). Pennsylvania-American will undertake an original cost study to determine the original cost and accumulated depreciation of Shippenville's wastewater utility plant in service.

10. There is attached hereto the income statement of Shippenville for the 12 months ended December 31, 2013 (Exhibit D) and Pennsylvania-American's unaudited income statement for the 12 months ended December 31, 2013 (Exhibit E).

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

Terms And Impact of the Transaction

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

the transaction are contained in the executed Agreement between Pennsylvania-American and Shippenville (Exhibit F). The specific property to be transferred is defined and described in Paragraph 1.1 of the Agreement.

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

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

15. There is attached hereto a pro forma balance sheet of Pennsylvania-American as of December 31, 2013, giving effect to the transfer (Exhibit G). However, as noted in Paragraph 9 above, Pennsylvania-American will update the original cost study through Closing for the purpose of establishing the depreciated original cost of the utility plant of Shippenville. Once the original cost study is updated and the property's depreciated original cost and book value are finalized, Pennsylvania-American will amend the pro forma balance sheet giving effect to the transfer, accordingly.

16. There is attached hereto a pro forma consolidated income statement of Pennsylvania-American and Shippenville for the 12 months ended December 31, 2013 (Exhibit H).

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

Utility plant	\$1,350,000
Accumulated depreciation	\$660,000
Short term debt	\$690,000

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

Effect on Service and Rates

19. The proposed transfer will have no detrimental effect on the service provided to Pennsylvania-American's existing customers or the customers transferred by Shippenville. Pennsylvania-American believes that the proposed transfer will have a beneficial effect on the customers of Shippenville in that they will receive the benefit of Pennsylvania-American's experience in managing and operating water and wastewater systems which will result in efficiencies and improvements in the service to the customers to be transferred. Pennsylvania-American's existing customers will benefit because the acquisition will expand the customer base, over which existing costs are recovered and thereby, stabilize or reduce per-customer costs. The proposed transfer is in the public interest and satisfies the applicable standard of Section 1103 for, among other, the following reasons:

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

b. The acquisition will further the Commission's goal of regionalization. Shippenville's wastewater system will become a part of a larger organization that is viable and is committed to providing improved service in the future. Any necessary system improvements can be

completed within a reasonable period of time, without adversely affecting service to Pennsylvania-American existing customers.

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

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

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

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

21. Pennsylvania-American will initially finance the transfer by short term bank debt which, at the appropriate time will be replaced through the issuance of long-term debt.

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

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

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

B. THE RIGHTS OF PENNSYLVANIA-AMERICAN TO OFFER OR FURNISH WASTEWATER SERVICE TO THE PUBLIC IN SHIPPENVILLE BOROUGH AND A PORTION OF ELK TOWNSHIP, CLARION COUNTY, PENNSYLVANIA.

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

25. Pennsylvania-American is currently furnishing water services in the service territory outlined in Paragraph 5. Shippenville currently provides wastewater services to approximately 245 customers in the area.

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

27. No additional permanent capital will be required by Pennsylvania-American for the purpose of financing the matters and things involved in this Application except as stated in paragraph 21.

28. No corporation, partnership or individual other than Shippenville is now furnishing or has corporate or franchise rights to furnish service similar to that to be rendered by Pennsylvania-American in the territory covered by this Application, and no competitive condition will be created. As part of this Application, Pennsylvania-American has requested approval to acquire, by purchase, substantially all the wastewater property and rights of Shippenville. Shippenville will permanently discontinue all wastewater service to the public.

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

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

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

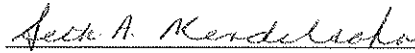
D. CONCLUSION

32. Approval of this Application is necessary and proper in order for the public now served by Shippenville to benefit by receiving wastewater service from a public wastewater supply company with the resources and personnel to provide safe and reliable treatment of wastewater at reasonable prices.

WHEREFORE, Applicant prays your Honorable Commission to issue the necessary Certificates of Public Convenience under the Public Utility Code, as amended, 66 Pa. C.S. §1102(a), 507, authorizing:

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

Respectfully submitted,



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

Dated: 9/3, 2014

PENNSYLVANIA-AMERICAN WATER COMPANY

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

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

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

Western Pennsylvania Water Company was the product of the merger of 16 water companies with and into South Pittsburgh Water Company at various times from 1970 to 1973. WPW added seven water distribution systems, extending its service territory into portions of 12 western Pennsylvania counties. The company operated through the following district offices: Butler, Clarion, Connellsville, Ellwood, Indiana, Kane, Kittanning, McDonald, Mon Valley, New Castle, Pittsburgh, Punxsutawney, Uniontown, Warren, and Washington.

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

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

Exhibit A

Page 1 of 6

the water utility assets of Pennsylvania Gas and Water Company (Lackawanna, Luzerne, Susquehanna and Wayne Counties, February 16, 1996); the Municipal Authority of the Township of Morris system (Clearfield County, April 24, 1996); Westford Water Company (Dauphin County, August 2, 1996); Lackawanna County Water System at Montage (Lackawanna County, April 11, 1997); Clarion Township General Authority (Clarion County, January 28, 1998); Fairview Water Company, National Utilities, Inc.-Pocono Division, and Pocono Mountains Industrial Park Authority (Monroe County, May 7, 1998); Coolbaugh Township-Fire System (Monroe County, July 28, 1998); Greene Valley Water Company (Lackawanna County, August 28, 1998); Franklin Manor Utilities, Ltd. (Washington County, September 22, 1998); Taylor Township (Lawrence County, December 21, 1998); Evansburg Water Company (Montgomery County, December 30, 1998); Applewold Borough (Armstrong County, March 26, 1999); Cedar Grove Water Association (Washington County, July 8, 1999); Independence Township Municipal Authority (Washington County, July 8, 1999); Koppel Borough (Beaver County, November 5, 1999); Center Township (Butler County, December 30, 1999); Strattanville Borough (Clarion County, April 6, 2000); Franklin Township Municipal Authority (Beaver County, August 30, 2000); Elk Forest Estates (Wayne County, November 18, 2000); T.O.W. Associates (Butler County, February 13, 2001); City of Coatesville Authority (Chester and Lancaster Counties, March 22, 2001); Fox Knoll Water Company (Chester County, April 26, 2001); Butler Township Area Water and Sewer Authority (Butler County, April 27, 2001); Citizens Utilities Water Company of Pennsylvania (Adams, Berks, Chester, Monroe, Montgomery and Northampton Counties, January 15, 2002); LP Water & Sewer Company (Monroe and Pike Counties, April 3, 2002); Mid-Monroe Water Company (Monroe County, August 23, 2002); West Decatur Authority (Clearfield County, March 31, 2003); Rustic Acres Water Association (Pike County, September 30, 2003); Sandy Ridge Water Authority (Center County, October 14, 2003); Connoquenessing Borough Authority (Butler County, October 23, 2003); Skytop Water Company (Luzerne County, December 3, 2003); Sligo Borough Authority (Clarion County, August 31, 2004); Snowshoe at Mt. Pocono Condominiums, Inc. (Monroe County, February 24, 2005); Shipperville Municipal Authority (Clarion County, March 31, 2005); Blue Mountain Lake Associates, L.P. (Monroe County, October 31, 2005); East Fallowfield Township (Chester County, December 22, 2005); Stillwater Lakes Water Corporation (Monroe County, January 17, 2006); Winona Lakes Utilities, Inc. (Monroe and Pike Counties, January 26, 2006); Saville Rustin Water Company, Inc./Pine Ridge Community Association, Inc. (Pike County, March 29, 2006); Lexington Woods Corporation (Monroe County, July 24, 2006); Community Association of Pocono Farms, Incorporated (Monroe County, July 31, 2006); Redstone Water Company (Fayette and Washington Counties, March 20, 2007); Mountain Top Estates Property Owners Association (Monroe County, May 30, 2008); Claysville-Donnegal Joint Municipal Authority (Washington County, July 31, 2008); Three Lane Utilities, Inc. (Pike County, September 10, 2008); Clarion Area Authority (Clarion County, October 30, 2008); Boggs Township (Centre County, September 10, 2009); Amwell Township Water Authority (Washington County, September 23, 2009); Wallaceton Municipal Authority (Clearfield County, October 1, 2009); Saxonburg Area Authority (Butler County, October 28, 2009); Nittany Water Company (Centre and Clinton Counties, February 3, 2010); Sutton Hills Homeowners Association (Luzerne County, May 5, 2010); Birch Acres Water Works, Inc. (Monroe County, December 7, 2010); Helen Norella and Louis & Isabelle Norella (Lackawanna County, October 5, 2011); Wildcat Park Corporation (Schuylkill County, November 17, 2011); Estate of George Spangenberg d/b/a Lake Spangenberg Water Company (Lackawanna County, May 3, 2012); North Fayette County Municipal Authority-Balsinger Public Water System and Springfield Pike Public Water System (Fayette County, October 4, 2012); All Seasons Water Company (Pike County,

December 20, 2012); Ha Ra Corporation-Fernwood Community Water System (Monroe County, December 31, 2012); Olwen Heights Water Service Company, Inc. (Lackawanna County, February 4, 2013); Indian Rocks Water Association (Wayne County, March 13, 2013); Koppel Borough (Beaver County, May 31, 2013); Pocono Mountain Lake Forest Community Association (Pike County, July 22, 2013); Clean Treatment Sewage Company (Pike County, August 21, 2013); Franklin Township Municipal Authority (Adams County, August 29, 2013) and Berry Hollow Water Company (Northampton County, April 3, 2014). On July 2, 1990, Brownsville Water Company (Fayette County) and California Water Company (Washington County) were acquired and merged into the Company. On June 16, 1992, the former Forge Road Acres water system (Cumberland County) was sold to South Middleton Township. On March 24, 2003, Salisbury Water Supply Company (State of Massachusetts) was acquired and merged into the Company.

As a result of the various mergers and acquisitions, the Company furnishes water service to about 649,127 customers in the following municipalities:

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

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

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

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

All, or portions of, the Boroughs of Sinking Spring, St. Lawrence, West Lawn³ and Wyomissing² and the Townships of Amity, Cumru, Earl, Exeter, Lower Heidelberg, Ruscombmanor, South Heidelberg and Spring in Berks County;

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

All, or portions of, the City of Butler, the Boroughs of Connoquenessing, East Butler and Saxonburg and the Townships of Butler, Center, Clinton, Connoquenessing, Donegal, Forward, Franklin, Jackson, Jefferson, Lancaster, Oakland, Penn and Summit in Butler County;

All, or portions of, the Boroughs of Philipsburg and South Philipsburg and the Townships of

Boggs, Rush and Walker in Centre County;

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

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

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

All, or portions of, the Township of Porter in Clinton County;

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

All, or portions of, the Boroughs of Camp Hill, Lemoyne, New Cumberland, Shiremanstown, West Fairview¹ and Wormleysburg and the Townships of East Pennsboro, Hampden, Lower Allen, Silver Spring and Upper Allen in Cumberland County;

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

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

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

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

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

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

All, or portions of, the City of New Castle; the Boroughs of Ellport, Ellwood City,

New Beaver and South New Castle and the Townships of Hickory, Mahoning, Neshannock, North Beaver, Perry, Shenango, Taylor, Union and Wayne in Lawrence County;

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

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

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

All, or portions of, the Borough of Mount Pocono and the Townships of Coolbaugh, Hamilton, Middle Smithfield, Ross, Smithfield and Stroud in Monroe County;

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

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

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

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

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

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

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

All, or portions of, the City of Warren and the Townships of Conewango, Glade, Meade, and

Pleasant in Warren County;

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

Portions of the Townships of Clinton and Salem in Wayne County; and

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

As a result of acquisitions, the Company furnishes wastewater service to about 16,746 customers in the following municipalities:

Portions of the Township of Franklin, Adams County;

All of the Borough of Koppel in Beaver County;

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

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

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

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

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

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

² Wyomissing Hills was merged into Wyomissing Borough in 2002.

³ West Lawn was merged into Spring Township in 2006.

[400 municipalities in 36 counties.]

4/30/2014



BALANCE SHEET

DCED-CLGS-30 (9-09)

SHIPPENVILLE BORO, CLARION COUNTY BALANCE SHEET December 31, 2013

	Governmental Funds				Proprietary Funds			Fid. Fund	Account Groups		Total
	General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency		General Fixed Assets	General Long Term Debt	
Assets and Other Debits											
100-120 Cash and Investments	249,538	11,774			41,874						303,186
140-144 Tax Receivable											
121-129 Accounts Receivable (excluding taxes)											
145-149 Due From Other Funds											
151-156 Other Current Assets											
160-169 Fixed Assets											
180-189 Other Debits											
Total Assets and Other Debits	249,538	11,774			41,874						303,186

Liabilities and Other Credits							
210-229 Payroll Taxes and Other Payroll Withholdings							
230-239 All Other Current Liabilities							
200-209 Due To Other Funds							

Pennsylvania-American Water Company, Inc.
 Balance Sheet (Unaudited)
 December 31, 2013
 (Dollars in thousands)

	December 31, 2013 (Unaudited)
Property, plant and equipment	
Utility plant - at original cost less accumulated depreciation	\$ 3,149,042
Utility plant acquisition adjustments, net	\$ 14,531
Total Non-Utility Plant, net	\$ 235
Total property plant and equipment	\$ 3,163,808
Current assets	
Cash and cash equivalents	\$ 683
Accounts receivable:	
Billed, net of allowance for doubtful accounts	\$ 42,469
Unbilled	\$ 36,111
Other current assets	\$ 14,643
Total current assets	\$ 93,906
Long-term assets	
Regulatory assets	\$ 182,074
Goodwill	\$ 39,782
Prepaid Pension Expense	\$ 19,885
Other	\$ 553
Total long-term assets	\$ 242,294
Total assets	\$ 3,500,008
Capitalization and Liabilities	
Capitalization	
Total stockholder's equity	\$ 1,169,390
Long-term debt	\$ 1,147,870
Preferred stock without mandatory redemption requirements	\$ -
Preferred stock with mandatory redemption requirements	\$ 10,052
Total capitalization	\$ 2,327,312
Current liabilities	
Notes payable - associated companies	\$ 66,728
Current portion of long-term debt	\$ 5,117
Other	\$ 116,157
Total current liabilities	\$ 188,002
Long-term liabilities	
Deferred income taxes	\$ 699,187
Regulatory Liabilities	\$ 27,780
Other	\$ 129,879
Total long-term liabilities	\$ 856,846
Contributions in aid of construction	\$ 127,848
Total capitalization and liabilities	\$ 3,500,008

SHIPPENVILLE BORC, CLARION County
STATEMENT OF REVENUES AND EXPENDITURES
 December 31, 2013

General Fund	Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
	Special Revenue (Including State Liquid Funds)	Capital Projects	Debt Service	Internal Service	Enterprise	Trust and Agency		

REVENUES

Taxes								
301.00	Real Estate Taxes	19,838	1,874					21,712
305.00	Occupation Taxes (levied under municipal code)							
308.00	Residence Taxes (levied by cities of the 3rd Class)							
309.00	Regional Asset District Sales Tax (Allegheny County municipalities only)							
310.00	Per Capita Taxes	1,156						1,156
310.10	Real Estate Transfer Taxes	2,124						2,124
310.20	Earned Income Taxes / Wage Taxes	41,342						41,342
310.30	Business Gross Receipts Taxes							
310.40	Occupation Taxes (levied under Act 511)							
310.50	Local Services Tax **							
310.60	Amusement / Admission Taxes							
310.70	Mechanical Device Taxes							
310.90	Other Local Tax Enabling Act / Act 511 / Taxes							
	Other							
	Total Taxes	64,460	1,874					66,334

Licenses and Permits								
320-322	All Other Licenses and Permits	30						30
324.00	Cable Television Franchise Fees	1,121						1,121
	Total Licenses and Permits	1,151						1,151

Fines and Forfeits								
330-332	Fines and Forfeits	535						535
	Total Fines and Forfeits	535						535

SHIPPENVILLE BORO, CLARION County
STATEMENT OF REVENUES AND EXPENDITURES
 December 31, 2013

General Fund	Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service			

REVENUES

Interest, Rents and Royalties								
341.00	Interest Earnings	3	29			11		43
342.00	Rents and Royalties	80						80
	Total Interest, Rents and Royalties	83	29			11		123

Federal								
351.00	Highways and Streets							
351.00	Community Development							
351.00	All Other Federal Capital and Operating Grants							
352.01	National Forest							
352.00	All Other Federal Shared Revenue and Entitlements							
353.00	Federal Payments in Lieu of Taxes							
	Total Federal							

State								
354.00	Highways and Streets							
354.00	Community Development							
354.15	Recycling / Act 101							
354.00	All Other State Capital and Operating Grants							
355.01	Public Utility Realty Tax (PURTA)	75						75
355.02	Motor Vehicle Fuel Tax (Liquid Fuels Tax) and State Road Turnback		11,572					11,572
355.04	Alcoholic Beverage Licenses							
355.05	General Municipal Pension System State Aid							
355.07	Foreign Fire Insurance Tax Distribution	2,277						2,277
355.08	Local Share Assessment/Gaming Proceeds							

SHIPPENVILLE BORO, CLARION COUNTY
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2013

	Governmental Funds					Fiduciary Fund	Total
	General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise		
REVENUES							
State							
355.00 Marcellus Shale Impact Fee Distribution	605						605
355.00 All Other State Shared Revenues and Entitlements							
356.00 State Payments in Lieu of Taxes							
Total State	2,957	11,572					14,529

Local Government Units	
357.00 Highways and Streets	
357.00 All Other Local Governmental Units Capital and Operating Grants	
358.00 Local Government Unit Shared Payments for Contracted Intergovernmental Services	
359.00 Local Governmental Units and Authorities Payments in Lieu of Taxes	
Total Local Government Units	

Charges for Service	
361.00 General Government	
362.00 Public Safety	
363.20 Parking	
363.00 All Other Charges for Highway & Streets Services	
364.10 Wastewater / Sewage (including connection / tapping fees, sewer usage charges, reserve capacity fee, etc.)	134,565
364.20 Solid Waste Collection and Disposal Charge (trash)	384
364.60 Host Municipality Benefit Fee for Solid Waste Facility	
364.99 All Other Charges for Sanitation Services	
365.00 Health	
366.00 Human Services	
367.00 Culture and Recreation	

SHIPPENVILLE BORO, CLARION County
STATEMENT OF REVENUES AND EXPENDITURES
 December 31, 2013

	Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
	General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service		

REVENUES

Charges for Service								
368.00	Airports							
369.00	Bars							
370.00	Cemeteries							
372.00	Electric System							
373.00	Gas System							
374.00	Housing System							
375.00	Markets							
377.00	Transit Systems							
378.00	Water System							
379.00	All Other Charges for Service							
	Total Charges for Service	384				134,955		135,339

Unclassified Operating Revenues							
383.00	Special Assessments						
385.00	Escheats (sale of personal property)						
387.00	Contributions and Donations from Private Sectors	30					30
388.00	Fiduciary Fund Pension Contributions						
389.00	All Other Unclassified Operating Revenues	523	5				528
	Total Unclassified Operating Revenues	603	5				608

Other Financing Sources							
391.00	Proceeds of General Fixed Asset Disposition						
392.00	Interfund Operating Transfers						
393.00	Proceeds of General Long-Term Debt						
394.00	Proceeds of Short-Term Debt						

SHIPPENVILLE BORO. CLARION County
STATEMENT OF REVENUES AND EXPENDITURES
 December 31, 2013

General Fund	Governmental Funds			Proprietary Funds		Fiduciary Fund	Total
	Special Revenue (Including State Liquid Funds)	Capital Projects	Debt Service	Enterprise	Internal Service		

REVENUES

Other Financing Sources							
365.00	Refunds of Prior Year Expenditures						
	Total Other Financing Sources						

TOTAL REVENUES

70,173	13,460	134,866				218,519
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EXPENDITURES

General Government							
400.00	Legislative (Governing) Body						
401.00	Executive (Manager or Mayor)						
402.00	Auditing Services / Financial Administration	333		157			500
403.00	Tax Collector	1,081					1,081
404.00	Solicitor / Legal Services	212					212
405.00	Secretary / Clerk	3,078		8,848			15,926
406.00	Other General Government Administration	47,915		70,143			117,158
407.00	IT-Networking Services-Data Processing	698					698
408.00	Engineering Services			78,832			78,832
409.00	General Government Buildings and Plant						
	Total General Government	57,417		157,980			215,407

Public Safety

410.00	Police						
411.00	Fire	7,577					7,577
412.00	Ambulance / Rescue	1,000					1,000
413.00	UCC and Code Enforcement						
414.00	Planning and Zoning						
415.00	Emergency Management and Communications						

SHIPPENVILLE BORO, CLARION County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2013

	Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
	General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service		

EXPENDITURES

Culture and Recreation								
457.00	Civil and Military Celebrations							
458.00	Senior Citizens Centers							
459.00	All Other Culture and Recreation							
	Total Culture and Recreation	369						969

Community Development								
461.00	Conservation of Natural Resources							
462.00	Community Development and Housing							
463.00	Economic Development							
464.00	Economic Opportunity							
455-465	All Other Community Development							
	Total Community Development							

Debt Service								
471.00	Debt Principal (short-term and long-term)				35,193			35,193
472.00	Debt Interest (short-term and long-term)				12,807			12,807
475.00	Fiscal Agent Fees							
	Total Debt Service				48,000			48,000

Employer Paid Benefits and Withholding Items								
481.00	Employer Paid Withholding Taxes and Unemployment Compensation	9,994			9,984			19,978
482.00	Judgments and Losses							
483.00	Pension / Retirement Fund Contributions							
484.00	Worker Compensation Insurance	2,362						2,362

SHIPPENVILLE BORO, CLARION COUNTY
STATEMENT OF REVENUES AND EXPENDITURES
 December 31, 2013

	Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
	General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service		

EXPENDITURES

Employer Paid Benefits and Withholding Items	General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Fiduciary Fund	Total
487.00 Other Group Insurance Benefits								
Total Employer Paid Benefits and Withholding Items	12,378				9,084			21,460

Insurance								
488.00 Insurance, Casualty, and Surety	6,234							6,234
Total Insurance	6,234							6,234

Unclassified Operating Expenditures	General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Fiduciary Fund	Total
488.00 Fiduciary Fund Benefits and Refunds Paid								
489.00 All Other Unclassified Expenditures								239
Total Unclassified Operating Expenditures								239

Other Financing Uses	General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Fiduciary Fund	Total
491.00 Refund of Prior Year Revenues								
492.00 Interfund Operating Transfers								
493.00 All Other Financing Uses								
Total Other Financing Uses								

TOTAL EXPENDITURES	87,393	47,008			215,654			350,045
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EXCESS/DEFICIT OF REVENUES OVER EXPENDITURES	-17,210	-33,528			-60,688			-131,426
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Pennsylvania-American Water Company, Inc.
Income Statement for the 12 Months Ended December 31, 2013 (Unaudited)
(Dollars in thousands)

	12 Months Ended December 31, 2013 Unaudited
Operating revenues	\$571,195
Operating expenses	
Operation and maintenance	\$200,367
Depreciation and amortization	\$87,484
General taxes and other	\$12,288
Total Operating Expenses	<u>\$300,139</u>
Operating income	<u>\$271,056</u>
Other income (expenses)	
Other income, net	\$1,453
Interest expense, net	-\$64,458
Total Other Expenses	<u>-\$63,005</u>
Income before income taxes	<u>\$208,051</u>
Provision for income taxes	<u>\$85,957</u>
Net income	<u>\$122,094</u>

PURCHASE AGREEMENT

Between

SHIPPENVILLE BOROUGH

As Seller

and

PENNSYLVANIA AMERICAN WATER COMPANY

As Buyer

Dated as of August 13, 2014

Exhibit F

PURCHASE AGREEMENT

THIS AGREEMENT, made and entered into as of the 13 day of August, 2014, by and between SHIPPENVILLE BOROUGH a municipal corporation organized and existing under the laws of the Commonwealth of Pennsylvania, (hereinafter referred to as "Shippenville"), and PENNSYLVANIA AMERICAN WATER COMPANY, a corporation organized and existing under the laws of the Commonwealth of Pennsylvania (hereinafter referred to as "PAWC").

WITNESSETH

WHEREAS, SHIPPENVILLE is a municipal authority owning a public sanitary wastewater treatment, collection and disposal system (hereinafter referred to as the "Wastewater System") in Shippenville Borough and a portion of Elk Township, Clarion County, Pennsylvania; and

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

WHEREAS, SHIPPENVILLE is a Wastewater System identified with NPDES number PA0103276; and

WHEREAS, PAWC is a public water and wastewater utility operating in various areas of Pennsylvania, including, portions of Clarion County including the a neighboring public sanitary wastewater system formerly owned by Paint-Elk Joint Sewer Authority wastewater system ("PEJSA"), which PAWC purchased on July 31, 2014; and

WHEREAS, SHIPPENVILLE wishes to sell, and PAWC desires to purchase, substantially all of the assets, properties and rights of SHIPPENVILLE in the Wastewater System (also referred to herein as "Acquired Assets") on the terms and subject to the conditions set forth in this Agreement.

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

ARTICLE 1

THE TRANSACTION

1.1 SALE AND PURCHASE OF ACQUIRED ASSETS. Subject to the terms, representations and conditions set forth in this Agreement, at Closing, SHIPPENVILLE shall sell, assign, transfer, deliver and convey or cause to be sold, assigned, transferred, delivered and conveyed to PAWC, free and clear of all liens and encumbrances whatsoever (other than Permitted Exceptions in Schedule 1.1), and PAWC shall purchase, the Acquired Assets. The Acquired Assets shall include all of SHIPPENVILLE's right, title, and interest in and to all of the assets, properties and rights owned by SHIPPENVILLE and used in the business of providing sanitary wastewater service of every kind, nature and description existing on the Closing Date, excepting only those assets listed in Section 1.2. For avoidance of doubt, PAWC and SHIPPENVILLE agree that, excepting only the assets specifically described in Section 1.2, or as otherwise provided in this Agreement, every asset, property and right owned by SHIPPENVILLE and used in the provision of sanitary wastewater service, whether real, personal, mixed, tangible or intangible, and including all the physical plant, property, equipment, and facilities comprising the existing Wastewater System owned by SHIPPENVILLE for providing sanitary wastewater service to the public in Shippenville Borough and a portion of Elk Township, Clarion County, Pennsylvania, wherever located and without any

other exception whatever, is included within the Acquired Assets to be conveyed hereby. Except as specifically described in Section 1.2, the Acquired Assets shall include all land and land rights (the "Real Estate"), sanitary wastewater treatment plant and related appurtenances, collection system mains and related appurtenances, pumping stations, laterals (main to edge of road or curb-line or property-line or right-of-way), equipment, tools, inventory and all other sanitary wastewater system assets and appurtenances, rights, titles, and interests of SHIPPENVILLE in and to such land, easements, and rights of way, as identified on Schedule 4.8 and Schedule 4.9 and such franchises, licenses, and permits related to SHIPPENVILLE's sanitary wastewater system.

1.2 EXCLUDED ASSETS. Specifically excluded from the Acquired Assets are (i) the sewer laterals from edge of road or curb-line or property-line or right-of-way to and throughout the customer's property; (ii) any and all grinder pump units, and related appurtenances, of the individual customers; (iii) all storm water system facilities; and (iv) those assets listed on Schedule 1.2.

1.3 LIABILITIES EXCLUDED. PAWC shall not assume any liabilities of SHIPPENVILLE. It is further understood and agreed that all obligations of any nature whatsoever, including obligations owed by SHIPPENVILLE to others, on the date of Closing shall be and remain with SHIPPENVILLE (the "Retained Liabilities"). Notwithstanding the foregoing, from and after Closing, PAWC shall assume full responsibility for providing public sanitary wastewater service in the area currently served by SHIPPENVILLE's Wastewater System.

1.4 ACCOUNTS RECEIVABLE Accounts receivable for sanitary wastewater services rendered through the close of business on the date of Closing shall be excluded assets as

shown on Schedule 1.2, and accounts receivable for sanitary wastewater services rendered thereafter shall belong to PAWC.

ARTICLE 2

PURCHASE PRICE

2.1 PURCHASE PRICE FOR THE ACQUIRED ASSETS.

Subject to the terms and conditions of this Agreement, the total purchase price for the Acquired Assets shall be Six Hundred Ninety Thousand (\$690,000) Dollars and shall be payable directly to SHIPPENVILLE on the date of Closing by corporate check or wire transfer at PAWC's discretion.

ARTICLE 3

THE CLOSING

3.1 CLOSING. Subject to the terms and conditions of this Agreement, the closing of the sale and purchase of the Acquired Assets (the "Closing") shall be held at such time and date as may be mutually satisfactory to the parties hereto (the "Closing Date"), within forty (40) days following the date on which all of the conditions set forth in Articles 7 and 8 of this Agreement have been met. Provided, however, that if Closing has not occurred on or before the one (1) year anniversary of the signing of this Agreement, either party shall have the right to terminate this Agreement by written notice to the other party. The Closing Date, as referred to in this Agreement, shall be the date of Closing. Closing shall take place at PAWC's offices at 800 West Hersheypark Drive, Hershey, Pennsylvania 17033.

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

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

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

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

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

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

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

3.2.7 Payment as described in Section 2.1.

3.2.8 The Opinion of Counsel.

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

ARTICLE 4

REPRESENTATIONS AND WARRANTIES OF SHIPPENVILLE

4. REPRESENTATIONS AND WARRANTIES OF SHIPPENVILLE.

SHIPPENVILLE represents and warrants to PAWC that:

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

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

4.3 NO VIOLATION OF LAWS OR AGREEMENTS. SHIPPENVILLE's

performance of this Agreement, as of the Closing Date, shall not (i) require any further approvals or consents from any other party; (ii) violate any law, ordinance or regulation; or, (iii) conflict with or result in a breach of, or constitute a default under, any contract, lease, permit or other agreement or commitment to which SHIPPENVILLE is a party.

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

4.4.1 SHIPPENVILLE has not knowingly violated any local, state or federal law, rule or regulation with respect to the use and operation of the Wastewater System. No outstanding notice, citation, summons or order has been issued, no outstanding complaint has been filed, no outstanding penalty has been assessed and no investigation or review is pending or, to the knowledge of SHIPPENVILLE, threatened, by any authority or other person with respect to any alleged violation by SHIPPENVILLE relating to the Wastewater System of any law, ordinance, rule, regulation, code or order of any authority or failure to have any Permit required in connection with the operation of the Wastewater System, except, in each case where such violations or failures, individually or in the aggregate, would not have a Material Adverse Effect. "Material Adverse Effect" means a change or effect (or series of related changes or effects) which has or is reasonably likely to have a material adverse change in or effect upon the business, assets, condition (financial or otherwise), or results of operations of the Wastewater System or the Acquired Assets, taken as a whole.

4.4.2 SHIPPENVILLE possesses and is in compliance with all Permits required to operate the Wastewater System as presently operated and to own, lease, or otherwise hold

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

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

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

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

4.6.1 SHIPPENVILLE has not disposed of or arranged for the disposal of or released any hazardous substances, other than in conformity with applicable laws and regulations, at any Real Estate, or at any other facility, location, or site to be transferred to PAWC pursuant to the terms of this Agreement.

4.6.2 SHIPPENVILLE has not received any written notice or request for information with respect to, and to the best of SHIPPENVILLE's knowledge, SHIPPENVILLE has not been designated a potentially liable party for remedial action or response costs, in connection with any Real Estate, or, as of the date hereof, with respect to the Acquired Assets or the operation of the Wastewater System, at any other facility, location, or other site under the federal Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA") or comparable state statutes.

4.6.3 To the best of SHIPPENVILLE's knowledge, except for such use or storage of hazardous substances as is incidental to the operation of the Wastewater System, which use and storage is or has been in compliance with applicable laws and regulations, no Real Estate has been used for the storage, treatment, generation, processing, production or disposal of any hazardous substances or as a landfill or other waste disposal site in violation of any law, rule or regulation.

4.6.4 During the period that SHIPPENVILLE has owned the Real Estate, underground storage tanks (other than tanks for the storage of water) are not, and have not in the

past, been located on or under any Real Estate. SHIPPENVILLE has no knowledge of any underground storage tanks (other than tanks for the storage of water) located on or under any Real Estate prior to the time SHIPPENVILLE acquired the Real Estate.

4.6.5 There are no pending or unresolved claims against SHIPPENVILLE or the Wastewater System for investigatory costs, cleanup, removal, remedial or response costs, or natural resource damages arising out of any releases or threat of release of any Hazardous Substances at any Real Estate or, as of the date hereof, with respect to the Wastewater System or the Acquired Assets or any other facility, location, or other site.

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

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

4.7 BROKERAGE. SHIPPENVILLE has not made any agreement or taken any other action which might cause any person to become entitled to a broker's or finder's fee or commission as a result of the transactions contemplated hereunder which could result in liability to PAWC.

4.8 REAL ESTATE. Schedule 4.8 is a complete and accurate list of the Real Estate. SHIPPENVILLE at Closing hereunder will convey and transfer to PAWC, indefeasible, good and marketable legal and equitable title to the Real Estate, free and clear of all liens, encumbrances

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

4.9 EASEMENTS. To the best of SHIPPENVILLE's knowledge, information and belief, Schedule 4.9, which shall be updated as of Closing, is a complete and accurate list of all easements and rights of way over the real property of others used by SHIPPENVILLE in the operation of the Wastewater System or on which any of the Acquired Assets are located ("Easements"). SHIPPENVILLE and PAWC agree to cooperate to identify and obtain all necessary rights-of-way prior to Closing. Upon execution of this Agreement, SHIPPENVILLE shall forward all documentation with respect to its rights-of-way, both recorded and unrecorded, at SHIPPENVILLE's expense to PAWC. PAWC will conduct a rights-of-way abstract, at PAWC's expense, to determine whether SHIPPENVILLE has continuous rights-of-way for all of its

wastewater lines and other facilities and that such rights are represented by legal instruments in appropriate form duly recorded. Upon notification from PAWC that the rights-of-way for the Wastewater System are not sufficient for the operation of the Wastewater System, SHIPPENVILLE will, at its own expense, secure such additional rights-of-way as PAWC requests. The title to be conveyed by SHIPPENVILLE TO PAWC shall be insurable at regular rates by a reputable title insurance company, selected by PAWC and authorized to do business in Pennsylvania.

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

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

landlord estoppel certificate form reasonably satisfactory to PAWC from each landlord under each Lease under which SHIPPENVILLE is Lessee.

4.12 CONTRACTS. As of the date of this Agreement, Schedule 4.12 contains a complete and accurate list of all contracts, commitments, agreements and instruments relating to the Wastewater System and all leases of Real Estate and personal property related to the Wastewater System ("Contracts"). SHIPPENVILLE has delivered to PAWC a correct and complete copy of each written agreement listed in Schedule 4.12. Except as disclosed on Schedule 4.12, with respect to each Contract, neither SHIPPENVILLE nor, to the best of SHIPPENVILLE's knowledge, any other party thereto, is in breach or default, no event has occurred which with notice or lapse of time would constitute a breach or default by SHIPPENVILLE, or permit termination, modification, or acceleration, under the Contract. Except as set forth in Schedule 4.12, there are no disputes pending or to the best of SHIPPENVILLE's knowledge, threatened under or in respect of any of the Contracts. Schedule 4.12 shall be updated as of Closing.

4.13 TAXES. The SHIPPENVILLE has (a) timely filed all material returns and reports for Taxes, including information returns, that are required to have been filed in connection with, relating to, or arising out of, the Wastewater System, (b) paid all Taxes that are shown to have come due pursuant to such returns or reports and (c) paid all other material Taxes not required to be reported on returns in connection with, relating to, or arising out of, or imposed on the Acquired Assets for which a notice of assessment or demand for payment has been received or which have otherwise become due. To the best of the SHIPPENVILLE's knowledge, all such returns or reports have been prepared in accordance with all applicable laws and requirements in all material respects.

None of the Acquired Assets (a) is property that is required to be treated as owned by another Person pursuant to the "safe harbor lease" provisions of former Section 168(f)(8) of the Code, (b) is "tax-exempt use property" within the meaning of Section 168(h) of the Code or (c) directly or indirectly secures any debt the interest on which is tax-exempt under Section 103(a) of the Code.

4.14 LIABILITIES. Schedule 4.14, which shall be updated as of Closing, contains a complete and accurate list of all indebtedness of the SHIPPENVILLE related to the Wastewater System. Such list includes the person to whom such indebtedness is owed, the interest rates applicable to such indebtedness, and a description of the property securing such indebtedness. SHIPPENVILLE has no liabilities with respect to the Wastewater System either direct or indirect, matured or un-matured or absolute, contingent or otherwise, except those liabilities expressly set forth at Schedule 4.14.

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

SHIPPENVILLE, or for any Extension Deposit Agreements to which SHIPPENVILLE is or becomes a party, except as specifically agreed to in writing. Schedule 4.15 may be updated prior to Closing at the mutual consent of the parties.

4.16 FREE WASTEWATER SERVICE. SHIPPENVILLE represents and warrants that it has not entered into any contracts to or provides free wastewater service to any customers connected to the Wastewater System, but should it discover that any such contracts exist, SHIPPENVILLE will terminate them prior to Closing.

ARTICLE 5

REPRESENTATIONS AND WARRANTIES OF PAWC

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

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

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

will constitute the legal, valid and binding obligation of PAWC, enforceable against PAWC in accordance with its respective terms.

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

5.4 BROKERAGE. PAWC has not made any agreement or taken any other action which might cause any person to become entitled to a broker's or finder's fee or commission as a result of the transactions contemplated hereunder which could result in liability to SHIPPENVILLE.

ARTICLE 6

COVENANTS

6.1 COVENANTS OF SHIPPENVILLE. From and after the date of this Agreement SHIPPENVILLE covenants and agrees that:

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

6.1.2 Contracts and Commitments. Except normal and usual commitments for the purchase of materials and supplies consistent with past practice, no contract or commitment

shall be entered into by or on behalf of SHIPPENVILLE relating to the Wastewater System which would materially affect the operation of the Wastewater System after Closing, except for those commitments approved in writing by PAWC.

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

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

6.1.5 Supplemental Information.

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

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

6.1.6 Title Information. Within forty-five (45) days following the execution of this Agreement, SHIPPENVILLE shall use its reasonable efforts to deliver to PAWC true, correct and complete copies of all existing title policies, surveys, leases, deeds, instruments and agreements relating to title to the Real Estate and Easements in SHIPPENVILLE's possession as outlined in Schedules 4.8 and 4.9, respectively as well as any amendments thereto through to Closing.

6.1.7. Regulatory Consents. SHIPPENVILLE shall at all times, use its best efforts and diligently pursue all approvals, authorizations, consents and permits required to be obtained to consummate the transaction contemplated by this Agreement, including approval of any necessary revision to the Act 537 Plan. SHIPPENVILLE shall (i) as promptly as practicable, make or cause to be made such filing and submissions under the laws, rules and regulations applicable to it as may be required for SHIPPENVILLE to sell the Acquired Assets pursuant to the terms of this Agreement; and (ii) keep PAWC apprised of the status of any filing or submission to any such governmental or regulatory agency.

6.1.8. Storm Water System. Shippenville Borough will retain ownership of any and all storm water system facilities, and retain ordinances that enforce that no storm water system facilities shall be connected to or cause storm water infiltration into the Wastewater System. Such ordinances shall be no less restrictive on storm water discharges after Closing than they were prior to Closing. If, at any time after Closing, PAWC identifies municipal storm water lines

interconnected with the Wastewater System, PAWC may at its sole cost and discretion, disconnect such storm water lines from the Wastewater System and tie them into the municipal storm water system.

6.1.9. Municipal Ordinances, etc. To the extent that SHIPPENVILLE has ordinances or laws that require properties to connect to and remain connected to the Wastewater System, SHIPPENVILLE shall maintain such ordinances or laws so long as the Acquired Assets, or modifications, renewals, replacements thereto, exist within the municipal boundaries of the Borough of Shippenville.

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

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

6.2.2. Rates. PAWC will implement SHIPPENVILLE's rates then in effect at Closing as PAWC's base rates, provided such rates shall not be lower than those in effect on the date this Agreement is executed. These rates are reflected on Schedule 6.2.2.

6.2.3 Expansion and Improvements to the Acquired Assets. PAWC will permit, engineer, design and construct, at its expense, a wastewater line to interconnect the Wastewater System to PAWC's PEJSA wastewater system to serve the customers of the Acquired

Assets from the existing PAWC PEJSA wastewater system (hereinafter referred to as “Wastewater System Improvements”). PAWC will use its best efforts to secure Pennsylvania Department of Environmental Protection (“DEP”) approval and required permits, to include updating any and all Act 537 Plan, as required by DEP (SHIPPENVILLE, Paint and Elk Townships), and shall prepare all regulatory applications, plans and documents required for the Wastewater System Improvements, at PAWC’s expense. The wastewater line interconnect component of the Wastewater System Improvements will be constructed within a reasonable time frame as will the balance of the Wastewater System Improvements after DEP’s approval for the Wastewater System Improvements and PAWC’s receipt of all required permits. In the time between Closing and the demolition of SHIPPENVILLE’s existing wastewater treatment plant, PAWC will operate the existing wastewater treatment plant until all Wastewater System Improvements have been placed into service by PAWC.

6.3 FURTHER ASSURANCES Each party to this Agreement shall cooperate and deliver such instruments and take such action as may be reasonably requested by the other party in order to carry out the provisions and purposes of this Agreement and the transactions contemplated hereby. After the Closing, each party shall take such other actions and execute such other documents, certifications, and further assurances as SHIPPENVILLE or PAWC, as the case may be, may reasonably require in order to transfer more effectively to PAWC or to put PAWC more fully in possession of any of the Acquired Assets.

ARTICLE 7

PENNSYLVANIA PUBLIC UTILITY COMMISSION APPROVAL

7. The parties recognize and expressly agree that:

7.1 PENNSYLVANIA PUC APPROVAL. The consummation of the transaction is conditioned upon the approval of the PUC. PAWC covenants and agrees to initiate, and faithfully prosecute the necessary proceedings to obtain the approval of the PUC for: (a) the transfer by sale of SHIPPENVILLE's Wastewater System to PAWC; (b) the right of PAWC to provide wastewater service to the public in areas presently being served by SHIPPENVILLE; (c) the right of PAWC to provide sanitary wastewater service to the public in Shippenville Borough and a portion of Elk Township; and (d) the right of PAWC to adopt SHIPPENVILLE's wastewater rates as PAWC's base rates in the area to be served at the time of Closing; and (e) to apply PAWC's existing rules and regulations for wastewater service as set forth in PAWC's duly filed and effective tariff for its Clarion system (generally applicable to its services) at the time of Closing. SHIPPENVILLE, by this Agreement, covenants and agrees to provide such information, documents and assistance as may be reasonably requested by PAWC in connection with any such proceedings and to otherwise cooperate in the initiation and prosecution of any such proceeding.

ARTICLE 8

CONDITIONS PRECEDENT

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

8.1.1 Representations and Warranties. SHIPPENVILLE's representations and warranties set forth in this Agreement or in any Schedule, list, certificate or document delivered pursuant to the provisions of this Agreement shall be true in all material respects at and as of the time of Closing with the same force and effect as though such representations and warranties were made at and as of such time, and SHIPPENVILLE shall deliver to PAWC a certificate executed by its proper representatives, and dated the Closing Date, certifying to the foregoing.

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

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

8.1.4 Release of Liens. All necessary action shall have been taken to cause the release, cancellation and discharge of any and all liens and encumbrances so that as of the Closing, the Acquired Assets shall be free and clear of any and all liens and encumbrances (other than Permitted Exceptions in Schedule 1.1), and SHIPPENVILLE shall have provided PAWC with such opinions, instruments or documents as PAWC may reasonably request, and in form and substance satisfactory to PAWC, evidencing the release, cancellation and discharge of any and all liens and encumbrances (other than Permitted Exceptions in Schedule 1.1) and that the Acquired Assets are not subject to any liens or encumbrances. In the event SHIPPENVILLE is unable to convey title to

the Acquired Assets to PAWC at the Closing in accordance with the terms of this Agreement, PAWC shall have the option of: (a) accepting such title as SHIPPENVILLE is able to convey without abatement of the purchase price; or (b) canceling this Agreement in which case this Agreement shall be of no further force or effect and neither of the parties hereto shall have any further liability hereunder.

8.1.5 Pa PUC Approval. The PUC shall have issued an order, which order shall have become final and un-appealable, approving the transactions set forth at Article 7.

8.1.6 Other Regulatory Consents. PAWC shall have obtained the written, final and un-appealable approvals, authorizations and consents (including consents for permit transfers) that are required to consummate the transactions contemplated by this Agreement, including without limitations the approval of every regulatory agency of federal, state or local government that may be required in the opinion of either PAWC or SHIPPENVILLE.

8.1.7 Certification of Financial Information. SHIPPENVILLE shall have delivered to PAWC a certificate, in substantially the form set forth at Schedule 8.1.7, executed by its authorized representative and in form and substance satisfactory to PAWC, listing (i) the amount of its net outstanding long-term debt or notes, if any, related to the Wastewater System, (ii) all unexpired customers' advances for construction and unexpended contributions in aid of construction as of the Closing Date, and (iii) any and all additions or retirements to the Wastewater System during the period from the date of this Agreement to the Closing Date, together with the cost thereof.

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

8.1.9 Opinion of Counsel. SHIPPENVILLE shall have delivered to PAWC a favorable written opinion of SHIPPENVILLE's counsel, dated as of the Closing Date and addressed to PAWC, in form and substance satisfactory to PAWC, to the effect set forth in Schedule 8.1.9.

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

8.1.11 Delivery of Documents. SHIPPENVILLE shall have delivered to PAWC the deeds, easements or assignments of easements, bills of sale, rights of way and other documents required to be transferred under this Agreement, and all books, records and such other instruments or documents maintained by SHIPPENVILLE relating to the Wastewater System.

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

8.1.13 Permits Issued. DEP and all other regulatory agencies or authorities having jurisdiction over the operations of the Wastewater System shall have issued or consented to the transfer of the necessary permits to PAWC to operate the Wastewater System. A copy of the NPDES Permit for the Wastewater System in effect on the execution date of this Agreement is attached at Schedule 8.1.15. PAWC reserves the right to terminate this Agreement if, at any time prior to Closing, a new NPDES Permit for the Wastewater System or PAWC's PEJSA wastewater

treatment plant is issued which, in PAWC's sole opinion, is more stringent or materially different from the NPDES Permit in effect on the date of the execution of this Agreement or that of PAWC's PEJSA wastewater treatment plant.

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

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

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

8.1.17 Consent Order and Agreement. The Wastewater System, as operated by SHIPPENVILLE, is subject to a Consent Order and Agreement, dated November 4, 2010, attached at Schedule 8.1.17. PAWC shall participate along with SHIPPENVILLE in obtaining a revised or new Consent Order and Agreement consistent with PAWC's plan to interconnect the Acquired Assets with PAWC's PEJSA wastewater system, and for the subsequent abandonment, demolition and removal of the existing wastewater treatment plant component of the Acquired Assets. The revised or new Consent Order and Agreement shall be written to the satisfaction of PAWC and be consistent with the terms of this Agreement prior to Closing.

8.1.18. Wastewater System. SHIPPENVILLE shall adopt and/or retain ordinances establishing rules and regulations consistent with PAWC's duly filed and approved Tariff rules and regulations for the making of connections and is of the Acquired Assets; and enforce the provisions of such ordinances at all times in the future.

8.1.19. Act 537 Plans. Any and all Act 537 Plans that DEP requires to be updated (SHIPPENVILLE, Paint and Elk Townships) as a result of PAWC's purchase shall be revised and approved prior to Closing unless otherwise agreed to in writing by the parties to this Agreement. Such plans shall be to the satisfaction of PAWC and complement its proposed plans to interconnect the Acquired Assets with its PEJSA wastewater system.

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

8.2.1 Regulations and Warranties. PAWC'S representations and warranties contained in this Agreement or in any Schedule, list, certificate or document delivered pursuant to the provisions of this Agreement shall be true in all material respects at and as of the time of Closing, with the same force and effect as though such representations and warranties were made at and as of such time, and PAWC shall deliver to SHIPPENVILLE a certificate executed by its proper representatives, and dated the Closing Date, certifying to the foregoing.

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

8.2.3 Opinion of Counsel. PAWC shall deliver to SHIPPENVILLE a favorable written opinion of PAWC's counsel, dated as of the Closing Date and addressed to SHIPPENVILLE, in form and substance satisfactory to SHIPPENVILLE, to the effect set forth in Schedule 8.2.3.

8.2.4 DEP Approval. The DEP shall have issued written approvals, including the issuance of a revised or new Consent Order and Agreement as well as all related permits for the transfer of the Wastewater System from SHIPPENVILLE to PAWC.

ARTICLE 9

INDEMNIFICATION

9.1 INDEMNIFICATION BY SHIPPENVILLE. SHIPPENVILLE agrees to indemnify, defend and hold harmless PAWC and its affiliates and their respective officers, directors and agents at all times after the date of this Agreement, from, against and in respect of any and all damage or deficiency resulting from (i) any misrepresentation, breach of warranty or nonfulfillment of any agreement or covenant made by SHIPPENVILLE in this Agreement or in any Schedule, statement, certificate or other document furnished or to be furnished to PAWC in connection with

the transactions contemplated hereby, and (ii) any and all liabilities of SHIPPENVILLE of any nature, whether due or to become due, whether accrued, absolute, contingent or otherwise, existing on the Closing Date or arising out of any transaction entered into, any state of facts existing or any event occurring on or prior to such date.

9.2 INDEMNIFICATION BY PAWC. PAWC will indemnify and hold harmless SHIPPENVILLE at all times after the date of this Agreement, from, against and in respect of any and all damage or deficiency resulting from (i) any misrepresentation, breach of warranty or nonfulfillment of any agreement or covenant made by PAWC as set forth in this Agreement or in any Schedule, statement, certification or other document furnished or to be furnished to SHIPPENVILLE, in connection with the transactions contemplated hereby, and (ii) PAWC's operation or use of the Wastewater System after Closing.

ARTICLE 10

MISCELLANEOUS

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

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

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

10.4 RISK OF LOSS. SHIPPENVILLE retains all risk of destruction, losses or damage to Acquired Assets due to fire or other casualty up to the Closing and agrees to maintain its current insurance coverage until the Closing. If prior to the Closing: (i) all or part of the Acquired Assets are destroyed by fire or the elements or by any other cause; or (ii) all or a part of the Acquired Assets are taken by eminent domain, SHIPPENVILLE shall give prompt notice thereof to PAWC and PAWC may, by notice given to SHIPPENVILLE prior to Closing, elect to cancel this Agreement. In the event PAWC shall so elect, both parties shall be relieved and released of and from any further liability hereunder.

10.5 ACCESS AND INFORMATION. SHIPPENVILLE will give to authorized representatives of PAWC reasonable access during normal business hours throughout the period prior to Closing to all the properties, books, contracts, commitments, and records of SHIPPENVILLE relating to the Wastewater System, and furnish PAWC during such period with all such information relating thereto as PAWC may reasonably request. Within thirty (30) days of the execution of this Agreement, the SHIPPENVILLE shall provide PAWC with a complete list of customers, including names, service addresses, billing addresses, and meter sizes and serial numbers in meter reading route sequence. This complete list shall be updated at Closing and provided to PAWC at Closing so as to be true and correct on the date of Closing.

10.6 RIGHT OF ENTRY. After the date of this Agreement and until Closing, PAWC shall have the reasonable right to enter upon the property and facilities constituting the

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

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

10.8. TERMINATION OF AGREEMENT.

10.8.1 If Closing does not occur by the one (1) year anniversary of the signing of this Agreement, with the full cooperation and diligent efforts of PAWC and SHIPPENVILLE, then either party may terminate this Agreement upon written notice to the other, and the parties shall be relieved of all rights and responsibilities hereunder, except as specified herein.

10.9 TIME OF THE ESSENCE. Time shall be of the essence with respect to all matters and times contained in this Agreement. Time as set forth in this Agreement shall not be extended except by written agreement signed by all parties. Notwithstanding the foregoing, if any date specified for the giving or receipt of notice, or for the exercise of any right or option, or for Closing, shall fall on a Saturday, Sunday or legal holiday observed by local banking institutions, the date so specified shall be extended to the next succeeding day which is not a Saturday, Sunday or legal holiday.

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

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

To SHIPPENVILLE: Shippenville Borough
Linda Duffee, Borough Council President
206 North School Street
Shippenville, PA 16254

To PAWC: Pennsylvania American Water Company


Seth A. Mendelsohn, Esquire
800 West Hershey Park Drive
Hershey, PA 17033

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

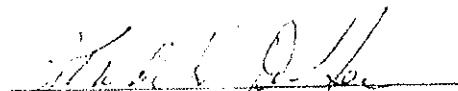
10.13 NO THIRD PARTY BENEFICIARIES. Nothing herein expressed or implied is intended or should be construed to confer upon or give to any person other than the parties hereto and their successors and permitted assigns any rights or remedies under or by reason of this Agreement.

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


ATTEST:


Secretary

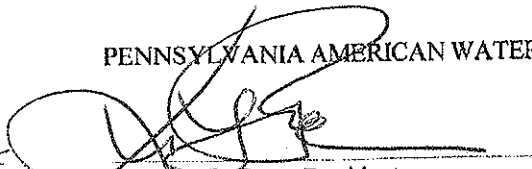
SHIPPENVILLE BOROUGH


Linda Duffee, Council President

ATTEST:


Secretary

PENNSYLVANIA AMERICAN WATER COMPANY


Kathy L. Pape, President

List of Schedules

Schedule 1.1	Permitted Exceptions
Schedule 1.2	Excluded Assets
Schedule 4.4	Permits and Compliance with Laws Generally
Schedule 4.5	Pending or Threatened Litigation
Schedule 4.6	Environmental Matters
Schedule 4.8	Real Estate
Schedule 4.9	Easements and Rights-of-Way
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Schedule 6.2.2	Existing Wastewater Rates
Schedule 8.1.7	Certification of Financial Information
Schedule 8.1.9	Opinion of Counsel (SHIPPENVILLE)
Schedule 8.1.15	Permits Issued
Schedule 8.1.17	Consent Order & Agreement
Schedule 8.2.3	Opinion of Counsel (PAWC)

Schedule 1.1

Permitted Exceptions

NONE

Schedule 1.2

Excluded Assets

Those items listed in Section 1.2 (i)-(iii), plus Seller's Cash and Accounts Receivable on the Seller's books at Closing, as well as all personal property not used in the everyday operation of the Wastewater System. Such personal property includes: all hand tools, string trimmer, mowers, two portable gasoline pumps, pressure washer, pipe wrenches, hoses, refrigerator and office equipment.

Schedule 4.4

List of Permits and Compliance with Laws Generally

- NPDES – 0103276, see also Consent Order & Agreement, dated November 4, 2010, at Schedule 8.1.17
- WQM - 1606404

Schedule 4.5

Pending or Threatened Litigation

NONE

Schedule 4.6

Environmental Matters

NONE, other than CO&A found at Schedule 8.1.17

Schedule 4.8

Real Estate

List of Real Property Interests (“In Fee”) to Be Acquired

1. Wastewater Treatment Plant Site, Parcel Numbers: 144 & 144-1 comprised of approximately 14.93 (M/L)

Schedule 4.9

List of Easements, Licenses and Rights-of-Way

1. Right-of-Way between, Franklin W. & Rita M. Kiser (Grantor) & Shipperville Municipal Authority & Shipperville Borough (Grantee)
2. Right-of-Way between, Donald L. Jeannerett (Grantor) & Shipperville Municipal Authority & Shipperville Borough (Grantee)
3. Right-of-Way between, Charles P. Ion (Grantor) & Shipperville Municipal Authority & Shipperville Borough (Grantee)
4. Right-of-Way between, Betty Taylor (Grantor) & Shipperville Municipal Authority & Shipperville Borough (Grantee)
5. Other Right-of-Way & Easements in areas wherein Acquired Assets are situated outside of any and all public right-of-ways for either Township, State or County roadways, including, but not limited to the following and all of which will be addressed prior to the Closing.

Schedule 4.10

Personalty

NONE

Schedule 4.11

Leases

NONE

Schedule 4.12

Contracts

Except for the Consent Order & Agreement on Schedule 8.1.17, NONE

Schedule 4.14

Liabilities

1. Farmers Bank Loan – Approximate Principal Balance as of March 31, 2014 -
\$266,118.37
2. Gwin, Dobson & Foreman – services provided in connection with the Consent Order &
Agreement and related work – between \$35,000 and \$60,000

Schedule 4.15

Customer Advances

NONE

Schedule 6.2.2

Shippenville's Existing Wastewater Rates – to be adopted by PAWC as its base rates effective at Closing

- Customer Charge (All Classes and Meter Sizes) - \$42.00/Month, but includes 1st 2,000 Gallons/Month
 - Volumetric Charge - \$6.50/Thousand Gallons for all usage in excess of 2,000 Gallons/Month

Schedule 8.1.7

Certification of Financial Information

CERTIFICATE AS TO DEBT, CONTRIBUTIONS,
AND ADDITIONS AND RETIREMENTS

The undersigned officer of Clarion Area Authority ("SHIPPENVILLE"), with regard to the Purchase Agreement dated 13, August 2014 (the "Agreement") between the SHIPPENVILLE, as Seller, and Pennsylvania American Water Company ("PAWC"), as Buyer, for the sale by SHIPPENVILLE to PAWC of the public wastewater treatment, collection and disposal system now owned by SHIPPENVILLE (the "Wastewater System"), hereby certifies that:

1. The amount of SHIPPENVILLE's net outstanding long-term debt or notes related to the Wastewater System is \$326,118.37.
2. The amount of all unexpired customers' advances for construction and unexpended contributions in aid of construction is \$0.00.
3. The additions or retirements to the Wastewater System during the period August 2014 through the date of this Certificate, together with the cost thereof, are: \$0.00.

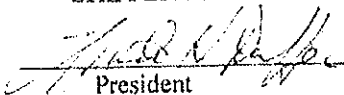
All of the foregoing statements are true and correct as of the 13 day of August, 2014.

ATTEST:



Secretary

SHIPPENVILLE BOROUGH



President

(SEAL)

Schedule 8.1.9

Opinion of Counsel (SHIPPENVILLE)

See Attached Draft (2 pages)

DRAFT

[DATE]

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

Ladies and Gentlemen:

I have acted as counsel for _____, a Pennsylvania _____ (the "Seller") in connection with the execution and delivery by the Seller of the Purchase Agreement (the "Agreement") dated _____ between the Seller and Pennsylvania American Water Company, a Pennsylvania corporation ("PAWC"). This opinion is delivered to you pursuant to Paragraph 8.1.9 of the Agreement. All capitalized terms used herein without definition shall have the respective meanings ascribed to them in the Agreement unless otherwise noted.

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

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

1. The Seller is validly existing under the laws of the Commonwealth of Pennsylvania and has all requisite municipal power and municipal authority to perform its obligations under the Agreement, and to own the Acquired Assets as now owned or leased and to operate the Acquired Assets as now operated.
2. All proceedings required to be taken by or on the part of the Seller to authorize the execution, delivery and performance of the Agreement and the Transaction documents, and the consummation of the transactions thereby, have been duly and properly taken. Each of the Agreement and the Transaction Documents have been duly and validly executed and delivered.
3. All consents, approvals, authorizations or orders of any court or governmental authority of the United States or the Commonwealth of Pennsylvania required for the consummation by the Seller of the transactions contemplated by the Agreement have been obtained.

Pennsylvania American Water Company

[DATE]

Page 2

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

5. The Agreement and other agreements and documents to be executed pursuant thereto, when executed and delivered by the Seller, will constitute legal, valid and binding obligations of the Seller, enforceable against it in accordance with their respective terms.

Sincerely,

Schedule 8.1.15

Permits Issued

See Schedule 4.4

Schedule 8.1.17

Consent Order & Agreement (37 pages)

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF ENVIRONMENTAL PROTECTION

In the Matter of:

SHIPPENVILLE BOROUGH : Clean Streams Law
P.O. Box 244 : Sewage Facilities Act
Shippenville, PA 16254 :

CONSENT ORDER AND AGREEMENT

This Consent Order and Agreement is entered into this 4th day of November 2010,
by and between the Commonwealth of Pennsylvania, Department of Environmental Protection
("Department") and Shippenville Borough ("Shippenville").

Findings

The Department has found and determined the following:

- A. The Department is the agency with the duty and the authority to administer and enforce The Clean Streams Law, Act of June 22, 1937, P.L. 1987, *as amended*, 35 P.S. §§691.1-691.1001 ("Clean Streams Law"); the Pennsylvania Sewage Facilities Act, Act of January 24, 1966, P.L. 1535, *as amended*, 35 P.S. §§750.1-750.20a ("Sewage Facilities Act"); Section 1917-A of the Administrative Code of 1929, Act of April 9, 1929, P.L. 177, *as amended*, 71 P.S. §§510-17 ("Administrative Code"); and the rules and regulations promulgated thereunder ("Regulations").
- B. Shippenville is a "municipality" as defined in Section 1 of the Clean Streams Law, 35 P.S. §691.1, and has a mailing address of P.O. Box 244 Shippenville, PA 16254.
- C. Shippenville owns, operates, and maintains a sewer system and sewage treatment plant ("Plant") that serves the residents of the Borough (collectively "Sewerage Facilities"). The Plant is located along State Route 208, in Elk Township, Clarion County, Pennsylvania.

D. All entities that discharge pollutants into waters of the Commonwealth must first obtain a National Pollutant Discharge Elimination System ("NPDES") permit for their discharges, as required by the Federal Water Pollution Control Act, 33 U.S.C. §1257, et seq., and the Clean Streams Law. Any violation of the terms, conditions, or effluent limitations contained in a NPDES permit issued by the Department is a violation of the Clean Streams Law.

E. On October 11, 2000, the Department reissued NPDES Permit No. PA0103276 ("NPDES Permit") to Shippenville authorizing the discharge of treated sewage from the Plant to Deer Creek, which is a "water of the Commonwealth" as defined in Section 1 of the Clean Streams Law, 35 P.S. §691.1.

F. At all times relevant hereto, Shippenville was permitted to discharge only as authorized by, and subject to the terms, conditions, and limitations set forth in the NPDES Permit.

G. Pursuant to the NPDES Permit, Shippenville submitted monthly Discharge Monitoring Reports to the Department. The Discharge Monitoring Reports, for the period April 2005 through July 2010, reported that the effluent discharge from the Plant exceeded the NPDES Permit limitations. The exceedances of the NPDES Permit limitations are summarized in Exhibit A, and incorporated herein.

Issuance of NPDES Permit

H. On March 21, 2005, the Department received a timely application from Shippenville to renew the NPDES Permit. However, the Department could not renew the NPDES Permit because Shippenville was not in compliance with the Clean Streams Law. Therefore, at midnight, on October 10, 2005, the NPDES Permit expired. Shippenville, however, continued to discharge to waters of the Commonwealth without a valid NPDES permit from the Department.

I. For settlement purposes only, the Department has agreed to treat the NPDES Permit as administratively extended until the date the Department issues a NPDES permit to Shippenville in accordance with this Consent Order and Agreement.

J. On September 18, 2010, the Department published a notice of the draft NPDES permit in the *Pennsylvania Bulletin* and Shippenville has reviewed and commented on the draft. Upon signing this Consent Order and Agreement, the Department will issue the final NPDES Permit to Shippenville, which Shippenville has agreed not to appeal. The final NPDES Permit is attached as Exhibit B and incorporated by reference.

Sewage Facilities Planning

K. Section 5 of the Sewage Facilities Act, 35 P.S. §750.5, and 25 Pa. Code §71.11, requires municipalities to develop and implement comprehensive Official Plans that provide for the resolution of existing sewage disposal problems, and the future sewage disposal needs of new land development, and provide for the future sewage disposal needs of the municipality. Official Plans must be developed, submitted to the Department for approval, and implemented by municipalities under the Sewage Facilities Act.

L. On September 15, 1986, pursuant to the Sewage Facilities Act, the Department approved an Official Plan for Shippenville, entitled "*Official Sewage Plan- Act 537- Borough of Shippenville*" ("September 1986 Official Plan").

M. Pursuant to 25 Pa. Code §71.12, municipalities shall review and revise their Official Plan whenever the municipality or the Department determines that the plan is inadequate to meet the existing or future sewage disposal needs of the municipality or portion thereof.

N. The Department has determined that the September 1986 Official Plan is inadequate to meet the existing and future sewage disposal needs of the Shippenville because the Plant continues to exceed the effluent limitations set forth in the NPDES Permit.

O. Pursuant to the Sewage Facilities Act, and 25 Pa. Code §71.12, Shippenville is required to revise/update the September 1986 Official Plan.

P. As of the date of this Consent Order and Agreement, Shippenville has not revised/updated the September 1986 Official Plan.

Violations

Q. The effluent discharge exceedances, set forth in Exhibit A, constitute violations of Sections 201, 202, and 401 of the Clean Streams Law, 35 P.S. §§691.201, 691.202, and 691.401.

R. Shippenville's failure to revise/update the September 1986 Official Plan violates Section 5 of the Sewage Facilities Act, 35 P.S. §750.5, and 25 Pa. Code §§71.11 and 71.12.

S. The violations set forth in Paragraphs Q and R, above, constitute unlawful conduct under Section 611 of the Clean Streams Law, 35 P.S. §691.611; a statutory nuisance under Sections 401 and 601 of the Clean Streams Law, 35 P.S. §§691.401 and 691.601, and Section 14 of the Sewage Facilities Act, 35 P.S. §750.14; and subject Shippenville to civil penalty liability pursuant to Section 605 of the Clean Streams Law, 35 P.S. §691.605, and Section 13a of the Sewage Facilities Act, 35 P.S. §750.13a.

T. Shippenville has requested that the Department allow it to come into compliance with the Clean Streams Law, the Sewage Facilities Act, and the Regulations on a schedule that is acceptable to the Department. The Department has agreed to this request.

Order

After full and complete negotiation of all matters set forth in this Consent Order and Agreement, and upon mutual exchange of the covenants contained herein, the Parties desiring to avoid litigation and intending to be legally bound, it is hereby ORDERED by the Department and AGREED to by Shippenville as follows:

1. **Authority.** This Consent Order and Agreement is an Order of the Department authorized and issued pursuant to Section 610 of the Clean Streams Law, 35 P.S. §691.610; Section 10 of the Sewage Facilities Act, 35 P.S. §750.10; and Section 1917-A of the Administrative Code.

2. **Findings.**

a. Shippenville agrees that the Findings in Paragraphs A through T are true and correct and, in any matter or proceeding involving Shippenville, and the Department, Shippenville shall not challenge the accuracy or validity of these Findings.

b. The Parties do not authorize any other persons to use the Findings in this Consent Order and Agreement in any matter or proceeding.

3. **Obligations.**

a. **Compliance with Law.** Shippenville shall take all actions necessary, including obtaining all necessary funding and permits and/or planning documents, to attain and thereafter maintain compliance with the Clean Streams Law, the Sewage Facilities Act, all relevant Regulations, and this Consent Order and Agreement.

b. **Official Plan Update Revision.** Shippenville shall perform the following tasks in accordance with the following schedule:

- i. By **November 1, 2010**, Shippenville shall submit to the Department draft Update Revision to its September 1986 Official Plan. The draft Update Revision shall evaluate alternatives and recommend an alternative which shall adequately address the existing and future sewage needs of Shippenville. The draft Update Revision shall be submitted in accordance with 25 Pa. Code §§71.21 and 71.31, and shall contain an implementation schedule that, among other things, provides for the implementation of all projects by October 31, 2013.
- ii. Within **90 days** of receiving comments from the Department concerning the draft Update Revision, Shippenville shall submit to the Department an Administratively Complete final Update Revision ("Final Update Revision") that addresses the Department's comments, and a resolution from Shippenville evidencing adoption of the Final Update Revision as a revision to its September 1986 Official Plan.

- iii. If the Department determines that the Final Update Revision is not approvable, Shippenville shall, within **90 days** of receiving the Department's written comments, submit to the Department an Administratively Complete revised Final Update Revision that addresses the Department's written comments.
- iv. If the Department determines that the revised Final Update Revision, as described in Paragraph 3.b.iii., above, is not approvable, the Department will disapprove the revised Final Update Revision, in writing, and Shippenville shall be subject to civil penalty liability, as set forth in Paragraph 9, below, until such time as Shippenville submits a Final Update Revision that is approvable by the Department.
- v. Upon Department approval of the Final Update Revision or revised Final Update Revision, Shippenville shall implement the approved Final Update Revision or approved revised Final Update Revision in accordance with the schedule(s) therein, and the approved implementation schedule(s) shall be incorporated herein by reference and shall be enforceable under this Consent Order and Agreement.

4. ***Agreement to Not Appeal the Final NPDES Permit.*** Shippenville hereby agrees to not appeal the final NPDES Permit, which will be issued by the Department to Shippenville upon execution of this Consent Order and Agreement.

5. ***Quarterly Progress Reporting.*** Beginning January 1, 2011, Shippenville shall submit to the Department written progress reports of its efforts to comply with the requirements of this Consent Order and Agreement. The written progress reports shall be submitted by the 30th day following each calendar quarter (i.e. April 30, July 30, October 30, and January 30), and continuing every calendar quarter thereafter until this Consent Order and Agreement is terminated.

6. ***Administratively Complete.*** For the purposes of this Consent Order and Agreement, the term "Administratively Complete" shall mean that all required submissions pursuant to Paragraph 3.b, above, shall contain all applicable fees, modules, signatures, certifications/reports by applicable licensed professionals, with all necessary laboratory analyses, plans, maps, drawings, specifications and/or supporting calculations, and any other necessary information/documents of sufficient quality to merit a full technical review by the Department.

7. ***Civil Penalty Settlement.***

a. Upon signing this Consent Order and Agreement, Shippenville shall pay a civil penalty of \$2,000, which Shippenville hereby agrees to pay. The payment is in settlement of the Department's claim for civil penalties for the violations set forth in Paragraphs Q and R, above, covering the dates set forth herein.

b. The payment shall be made by municipal check or the like made payable to Commonwealth of Pennsylvania Clean Water Fund and sent to the individual at the address set forth in Paragraph 14 (Correspondence with the Department), below.

8. ***Stipulated Civil Penalties.*** If Shippenville fails to comply in a timely manner with any applicable term or provision of this Consent Order and Agreement, Shippenville shall be in violation of this Consent Order and Agreement.

a. In addition to other applicable remedies, Shippenville shall pay the following penalties for the following violations:

i. \$100 per day for missing the deadline set forth in Paragraph 3.b.i, above, until the date the document is received by the Department; and

ii. \$250 per month for any and all effluent discharge violations reported on the monthly Discharge Monitoring Reports.

b. Stipulated civil penalty payments shall be payable monthly on or before the 30th day of each succeeding month, and shall be made by corporate check or the like made payable to Commonwealth of Pennsylvania, Clean Water Fund and sent to the individual at the address set forth in Paragraph 14 (Correspondence with the Department), below.

c. Any payment under this Paragraph shall neither waive Shippenville's duty to meet its respective obligations under this Consent Order and Agreement nor preclude the Department from commencing an action to compel Shippenville's compliance with the terms and

conditions of this Consent Order and Agreement. The payment resolves only Shippenville's liability for civil penalties arising from the violation of this Consent Order and Agreement for which the payment is made.

d. Stipulated penalties shall be due automatically and without notice.

9. ***Civil Penalty Liability for Planning.***

a. If the Department disapproves a revised Final Update Revision submitted by Shippenville, pursuant to Paragraph 3.b.iv, above, Shippenville shall be subject to civil penalty liability under 605 of the Clean Streams Law, 35 P.S. §691.605, and Section 13a of the Sewage Facilities Act, 35 P.S. §750.13a.

b. For all other violations of the obligations under this Consent Order and Agreement, except those violations set forth in Paragraph 9.a., above, and those violations subject to Stipulated Civil Penalties under Paragraph 8, above, Shippenville shall be subject to civil penalty liability under Section 605 of the Clean Streams Law, 35 P.S. §691.605, and Section 13a of the Sewage Facilities Act, 35 P.S. §750.13a.

10. ***Additional Remedies.***

a. If Shippenville fails to comply with any provision of this Consent Order and Agreement, the Department may, in addition to the remedies prescribed herein, pursue any remedy available for a violation of an order of the Department, including an action to enforce this Consent Order and Agreement.

b. The remedies provided by this Paragraph and Paragraphs 8 and 9, above, are cumulative and the exercise of one does not preclude the exercise of any other. The failure of the Department to pursue any remedy shall not be deemed to be a waiver of that remedy. The payment of a stipulated civil penalty, however, shall preclude any further assessment of civil penalties for the violation for which the stipulated civil penalty is paid.

11. ***Reservation of Rights.*** The Department reserves the right to require additional measures to achieve compliance with applicable law. Shippenville reserves the right to challenge any action which the Department may take to require those measures.

12. ***Liability of Shippenville.*** Shippenville shall be severally liable for any violations of the Consent Order and Agreement, including those caused by, contributed to, or allowed by its Borough Council, agents, employees, contractors, successors, and assigns.

13. ***Transfer of the Sewerage Facilities and Plant.***

a. Shippenville's duties and obligations under this Consent Order and Agreement shall not be modified, diminished, terminated, or otherwise altered by the transfer of any legal or equitable interest in the Sewerage Facilities, the Plant, or any part thereof.

b. If Shippenville intends to transfer any legal or equitable interest in the Sewerage Facilities, the Plant, or any part thereof, Shippenville shall serve a copy of this Consent Order and Agreement upon the prospective transferee of the legal and equitable interest at least 30-days prior to the contemplated transfer and shall simultaneously inform the Department of such intent pursuant to Paragraph 14 (Correspondence with Department), below.

c. The Department in its sole discretion may agree to modify or terminate Shippenville's duties and obligations under this Consent Order and Agreement upon transfer of the Sewerage Facilities, the Plant, or any part thereof, and the transferee entering into an enforceable document with the Department concerning the remainder of Shippenville's obligations. Shippenville agrees to waive any right that it may have to challenge the Department's decision in this regard.

14. *Correspondence with the Department.* All correspondence with the Department concerning this Consent Order and Agreement shall be addressed to:

Compliance and Monitoring Manager
Water Management
Department of Environmental Protection
230 Chestnut Street
Meadville, PA 16335-3481
Telephone: 814-332-6942
Fax: 814-332-6121

15. *Correspondence with Shippenville.* All correspondence with Shippenville concerning this Consent Order and Agreement shall be addressed to:

Council President
Shippenville Borough
P.O. Box 244
Shippenville, PA 16254
Telephone: 814-782-3321

Shippenville shall notify the Department whenever there is a change in the contact person's name, title, or address. Service of any notice or any legal process for any purpose under this Consent Order and Agreement, including its enforcement, may be made by mailing a copy by first class mail to the above address.

16. *Decisions Under Consent Order and Agreement.* Except as set forth in Paragraphs 13.c, above and Paragraph 22.c, below, any decision which the Department makes under the provisions of this Consent Order and Agreement, including a notice that stipulated civil penalties are due, is intended to be neither a final action under 25 Pa. Code §1021.2, nor an adjudication under 2 Pa.C.S.A. §101. Any objection which Shippenville may have to the decision will be preserved until the Department enforces this Consent Order and Agreement.

17. *Severability.* The Paragraphs of this Consent Order and Agreement shall be severable and should any part hereof be declared invalid or unenforceable, the remainder shall continue in full force and effect between the Parties.

18. **Entire Agreement.** This Consent Order and Agreement shall constitute the entire integrated agreement of the Parties. No prior or contemporaneous communications or prior drafts shall be relevant or admissible for purposes of determining the meaning or intent of any provisions herein in any litigation or any other proceeding.

19. **Attorney Fees.** The Parties shall bear their respective attorney fees, expenses, and other costs in the prosecution or defense of this matter or any related matters, arising prior to execution of this Consent Order and Agreement.

20. **Modifications.** No changes, additions, modifications, or amendments of this Consent Order and Agreement shall be effective unless they are set out in writing and signed by the Parties.

21. **Titles.** A title used at the beginning of any Paragraph of this Consent Order and Agreement may be used to aid in the construction of that Paragraph, but shall not be treated as controlling.

22. **Termination of Consent Order and Agreement.**

a. Shippenville's obligations, but not the Findings, of this Consent Order and Agreement shall terminate when Shippenville has: 1) completed all of the requirements of this Consent Order and Agreement; 2) achieved compliance with the Clean Streams Law, the Sewage Facilities Act, and all applicable Regulations, and 3) paid any outstanding penalties due under Paragraphs 8 and 9 of this Consent Order and Agreement.

b. Shippenville's compliance with this Consent Order and Agreement shall be determined by the Department and shall not be appealable by Shippenville.

c. The Department, in its sole discretion, may decide to terminate this Consent Order and Agreement at any time after October 31, 2013, and Shippenville agrees to waive its right to appeal any decision in this regard.

23. **Resolution.** Attached as Exhibit C is a resolution of Shippenville authorizing its signature below to enter into this Consent Order and Agreement on its behalf.

IN WITNESS WHEREOF, the Parties have caused this Consent Order and Agreement to be executed by their duly authorized representative. The undersigned representative of Shippenville certifies under penalty of law, as provided by 18 Pa.C.S.A. §4904, that he is authorized to execute this Consent Order and Agreement on behalf of Shippenville; that Shippenville consents to the entry of this Consent Order and Agreement as a final ORDER of the Department; and that Shippenville hereby knowingly waives its right to appeal this Consent Order and Agreement and to challenge its content or validity, which rights may be available under Section 4 of the Environmental Hearing Board Act, the Act of July 13, 1988, P.L. 530, No. 1988-94, 35 P.S. §7514; the Administrative Agency Law, 2 Pa.C.S.A. §103(a) and Chapters 5A and 7A; or any other provision of law. Signature by Shippenville's attorney certifies only that the agreement has been signed after consulting with counsel.

FOR SHIPPENVILLE BOROUGH:

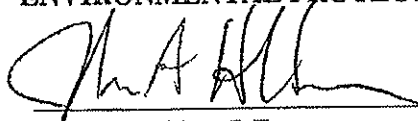


Michael Cotherman
Council President

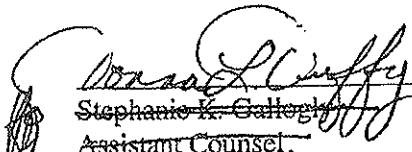


Name
Attorney for Shippenville Borough

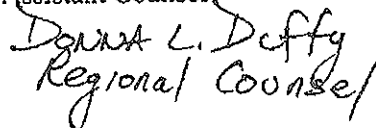
**FOR THE COMMONWEALTH OF
PENNSYLVANIA, DEPARTMENT OF
ENVIRONMENTAL PROTECTION:**



John A. Holden, P.E.
Regional Manager
Water Management
Northwest Region



Stephanie K. Gallen
Assistant Counsel



Donna L. Deffy
Regional Counsel

Exhibit A: Summary of Effluent Discharge Exceedances

Shippenville Borough NPDES Permit No. PA0103276

(April 2005 through July 2010)

Month	Parameter	Reported Value	NPDES Permit Limit
April 2005	CBOD ₅	11.1 lbs/day	10.5 lbs/day (monthly average loading)
	CBOD ₅	17.8 lbs/day	16.7 lbs/day (weekly average loading)
	CBOD ₅	32 mg/l	25 mg/l (monthly average concentration)
	CBOD ₅	44 mg/l	40 mg/l (weekly average concentration)
	TSS	34 mg/l	30 mg/l (monthly average concentration)
	pH	5.5 s.u.	Minimum 6.0 standard units (s.u.)
May 2005	CBOD ₅	27.9 mg/l	25 mg/l (monthly average concentration)
	TSS	14.9 lbs/day	12.5 lbs/day (monthly average loading)
	TSS	20.6 lbs/day	18.8 lbs/day (weekly average loading)
	TSS	78 mg/l	30 mg/l (monthly average concentration)
	TSS	100 mg/l	45 mg/l (weekly average concentration)
	pH	5.6 s.u.	Minimum 6.0 s.u.
June 2005	TSS	36.5 mg/l	30 mg/l (monthly average concentration)
	Fecal Coliform	5656/100 ml	200/100 ml (monthly average geo mean)
	pH	5.2 s.u.	Minimum 6.0 s.u.
July 2005	TSS	36 mg/l	30 mg/l (monthly average concentration)
	Fecal Coliform	2236/100 ml	200/100 ml (monthly average geo mean)
	pH	3.9 s.u.	Minimum 6.0 s.u.
August 2005	Fecal Coliform	456/100 ml	200/100 ml (monthly average geo mean)
September 2005	TSS	18.5 lbs/day	12.5 lbs/day (monthly average loading)
	TSS	33.2 lbs/day	18.8 lbs/day (weekly average loading)
	TSS	41 mg/l	30 mg/l (monthly average concentration)
	TSS	65 mg/l	45 mg/l (weekly average concentration)
	Fecal Coliform	316/100 ml	200/100 ml (monthly average geo mean)
	pH	5.8 s.u.	Minimum 6.0 s.u.
October 2005	pH	5.6 s.u.	Minimum 6.0 s.u.
November 2006	TSS	16.5 lbs/day	12.5 lbs/day (monthly average loading)
	TSS	22.7 lbs/day	18.8 lbs/day (weekly average loading)
	TSS	36 mg/l	30 mg/l (monthly average concentration)
	pH	4.9 s.u.	Minimum 6.0 s.u.
December 2006	CBOD ₅	32 mg/l	25 mg/l (monthly average concentration)
	CBOD ₅	52 mg/l	40 mg/l (weekly average concentration)
	TSS	162 lbs/day	12.5 lbs/day (monthly average loading)
	TSS	235 lbs/day	18.8 lbs/day (weekly average loading)
	TSS	55 mg/l	30 mg/l (monthly average concentration)
	TSS	77 mg/l	45 mg/l (weekly average concentration)
	pH	5.6 s.u.	Minimum 6.0 s.u.
January 2007	CBOD ₅	28 mg/l	25 mg/l (monthly average concentration)
	CBOD ₅	49 mg/l	40 mg/l (weekly average concentration)
	pH	5.6 s.u.	Minimum 6.0 s.u.

February 2007	CBOD ₅ TSS pH	32 mg/l 37 mg/l 5.6 s.u.	25 mg/l (monthly average concentration) 30 mg/l (monthly average concentration) Minimum 6.0 s.u.
March 2007	TSS TSS pH	48 mg/l 59 mg/l 5.7 s.u.	30 mg/l (monthly average concentration) 45 mg/l (weekly average concentration) Minimum 6.0 s.u.
April 2007	TSS TSS TSS TSS pH	77 lbs/day 103 lbs/day 41 mg/l 52 mg/l 5.5 s.u.	12.5 lbs/day (monthly average loading) 18.8 lbs/day (weekly average loading) 30 mg/l (monthly average concentration) 45 mg/l (weekly average concentration) Minimum 6.0 s.u.
May 2007	Fecal Coliform pH	2078/100 ml 4.9 s.u.	200/100 ml (monthly average geo mean) Minimum 6.0 s.u.
June 2007	Fecal Coliform pH	5366/100 ml 5.0 s.u.	200/100 ml (monthly average geo mean) Minimum 6.0 s.u.
July 2007	Fecal Coliform pH	2049/100 ml 5.1 s.u.	200/100 ml (monthly average geo mean) Minimum 6.0 s.u.
August 2007	TSS TSS Fecal Coliform pH	45 mg/l 46 mg/l 3471/100 ml 4.6 s.u.	30 mg/l (monthly average concentration) 45 mg/l (weekly average concentration) 200/100 ml (monthly average geo mean) Minimum 6.0 s.u.
September 2007	Fecal Coliform pH	64990/100 ml 5.3 s.u.	200/100 ml (monthly average geo mean) Minimum 6.0 s.u.
October 2007	pH	5.8 s.u.	Minimum 6.0 s.u.
November 2007	pH	5.6 s.u.	Minimum 6.0 s.u.
December 2007	TSS TSS pH	49 mg/l 72 mg/l 5.6 s.u.	30 mg/l (monthly average concentration) 45 mg/l (weekly average concentration) Minimum 6.0 s.u.
January 2008	TSS TSS pH	40 mg/l 58 mg/l 5.5 s.u.	30 mg/l (monthly average concentration) 45 mg/l (weekly average concentration) Minimum 6.0 s.u.
February 2008	TSS TSS pH	43 mg/l 51 mg/l 5.8 s.u.	30 mg/l (monthly average concentration) 45 mg/l (weekly average concentration) Minimum 6.0 s.u.
March 2008	CBOD ₅ CBOD ₅ TSS TSS pH	20.9 lbs/day 23.9 lbs/day 115.8 lbs/day 190.3 lbs/day 5.9 s.u.	10.5 lbs/day (monthly average loading) 16.7 lbs/day (weekly average loading) 12.5 lbs/day (monthly average loading) 18.8 lbs/day (weekly average loading) Minimum 6.0 s.u.
April 2008	CBOD ₅ CBOD ₅ TSS TSS pH	23.9 lbs/day 36.8 lbs/day 33.4 lbs/day 44.6 lbs/day 5.2 s.u.	10.5 lbs/day (monthly average loading) 16.7 lbs/day (weekly average loading) 12.5 lbs/day (monthly average loading) 18.8 lbs/day (weekly average loading) Minimum 6.0 s.u.
May 2008	Fecal Coliform pH	9197/100 ml 5.8 s.u.	200/100 ml (monthly average geo mean) Minimum 6.0 s.u.

June 2008	TSS TSS Fecal Coliform pH	44 mg/l 46 mg/l 4249/100 ml 5.7 s.u.	30 mg/l (monthly average concentration) 45 mg/l (weekly average concentration) 200/100 ml (monthly average geo mean) Minimum 6.0 s.u.
July 2008	TSS TSS Fecal Coliform pH	84 mg/l 131 mg/l 6324/100 ml 5.3 s.u.	30 mg/l (monthly average concentration) 45 mg/l (weekly average concentration) 200/100 ml (monthly average geo mean) Minimum 6.0 s.u.
August 2008	pH	5.4 s.u.	Minimum 6.0 s.u.
November 2008	TRC pH	.6 mg/l 5.9 s.u.	.5 mg/l (monthly average concentration) Minimum 6.0 s.u.
January 2009	TSS TSS TSS TSS	13.4 lbs/day 20.8 lbs/day 42 mg/l 47 mg/l	12.5 lbs/day (monthly average loading) 18.8 lbs/day (weekly average loading) 30 mg/l (monthly average concentration) 45 mg/l (weekly average concentration)
February 2009	pH	5.5 s.u.	Minimum 6.0 s.u.
March 2009	pH	5.0 s.u.	Minimum 6.0 s.u.
May 2009	Fecal Coliform TRC	629/100 ml .6 mg/l	200/100 ml (monthly average geo mean) .5 mg/l (monthly average concentration)
June 2009	TRC	1.5 mg/l	.5 mg/l (monthly average concentration)
August 2009	Fecal Coliform	762/100 ml	200/100 ml (monthly average geo mean)
September 2009	Fecal Coliform TRC	894/100 ml .7 mg/l	200/100 ml (monthly average geo mean) .5 mg/l (monthly average concentration)
October 2009	TRC	1.0 mg/l	.5 mg/l (monthly average concentration)
November 2009	TRC	.7 mg/l	.5 mg/l (monthly average concentration)
December 2009	TRC	1.0 mg/l	.5 mg/l (monthly average concentration)
January 2010	TRC	1.1 mg/l	.5 mg/l (monthly average concentration)
March 2010	TSS	54 mg/l	45 mg/l (weekly average concentration)
April 2010	pH	5.1 s.u.	Minimum 6.0 s.u.
May 2010	Fecal Coliform	939/100 ml	200/100 ml (monthly average geo mean)
June 2010	Fecal Coliform pH	28284/100 ml 5.2 s.u.	200/100 ml (monthly average geo mean) Minimum 6.0 s.u.
July 2010	Fecal Coliform pH	1122/100 ml 5.8 s.u.	200/100 ml (monthly average geo mean) Minimum 6.0 s.u.


Resolution Number 10-03

THIS RESOLUTION, approved and adopted by the Borough Council of Shippenville Borough, Clarion County, Pennsylvania on the date hereinafter set forth.

WITNESSETH:


BE IT RESOLVED we, the undersigned of Shippenville Borough, this 08th Day of September, 2010 do hereby authorize by signature below to enter into Consent Order and Agreement with the Commonwealth of Pennsylvania, Department of Environmental Protection .

Council of Shippenville Borough:



President

ATTEST:



Borough Secretary



CHIPPENWILLS BOROUGH SEWERAGE

CHIPPENWILLS BOROUGH SEWERAGE

CHIPPENWILLS BOROUGH SEWERAGE

RECEIVED

NOV 02 2010

ENVIRONMENTAL PROTECTION
SOUTHWEST REGIONAL OFFICE

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF ENVIRONMENTAL PROTECTION

In The Matter Of:

SHIPPENVILLE BOROUGH : Clean Streams Law
P.O. Box 244 : Sewage Facilities Act
Shippenville, PA 16254 :

FIRST MODIFICATION TO CONSENT ORDER AND AGREEMENT
DATED NOVEMBER 4, 2010

This First Modification to the Consent Order and Agreement dated November 4, 2010, ("First Modification") is entered into this 6th day of March, 2013, by and between the Commonwealth of Pennsylvania, Department of Environmental Protection ("Department"), and Shippenville Borough ("Shippenville").

Findings

The Department has found and determined the following additional Findings:

November 4, 2010, Consent Order and Agreement

U. On November 4, 2010, the Department and Shippenville entered into a Consent Order and Agreement to resolve violations of the Clean Streams Law and the Sewage Facilities Act ("Consent Order and Agreement").

V. Pursuant to Paragraph 3.b. of the Consent Order and Agreement, on September 28, 2012, the Department approved an update revision to Shippenville's September 1986 Official Plan ("Approved Final Update Revision"). The Approved Final Update Revision contains an implementation schedule that provides for the implementation of all projects by October 31, 2013.

W. In correspondence dated November 14, 2012, Shippenville requested an extension of the October 31, 2013, deadline contained in the Approved Final Update Revision.

X. Because Shippenville is in compliance with the Consent Order and Agreement, the Department has agreed to grant the request for an extension to implement all projects to bring Shippenville into compliance with the Clean Streams Law and Sewage Facilities Act.

Y. Pursuant to Paragraph 20 of the Consent Order and Agreement, the Department and Shippenville hereby agree to modify the Consent Order and Agreement as follows.

ORDER

After full and complete negotiation of all matters set forth in this First Modification, and upon mutual exchange of covenants contained herein, the Parties intending to be legally bound, it is hereby ORDERED by the Department and AGREED to by Shippenville as follows:

1. *Department Order.* This First Modification is an Order of the Department authorized and issued pursuant to Sections 5 and 610 of the Clean Streams Law, 35 P.S. §§691.5 and 691.610; and Section 1917-A of the Administrative Code, 71 P.S. §510-17. The failure of Shippenville to comply with any term or condition of this First Modification shall subject Shippenville to all penalties and remedies provided by those statutes for failing to comply with an Order of the Department.

2. *Replacement of Paragraph 3.b. of Consent Order and Agreement.* Paragraph 3.b. of the Consent Order and Agreement is replaced as follows:

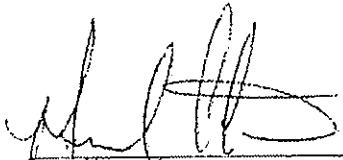
3.b. Shippenville shall complete construction of all projects in accordance with the Approved Final Updated Revision by October 31, 2015.

3. *Other Terms of the Consent Order and Agreement.* All other Findings, provisions, terms and conditions of the Consent Order and Agreement, not specifically replaced or modified above, shall remain in effect and are fully enforceable as set forth therein.

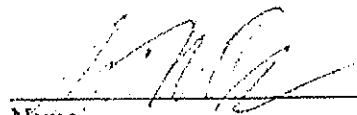
4. *Resolution.* Attached as Exhibit D, and incorporated herein by reference, is a resolution from Shippenville authorizing its signatories below to enter into this First Modification on its behalf.

IN WITNESS WHEREOF, the Parties have caused this First Modification to be executed by their duly authorized representatives. The undersigned representatives of Shippenville certify under penalty of law, as provided by 18 Pa. C.S. §4904, that he/she is authorized to execute this First Modification on behalf of Shippenville, that Shippenville consents to the entry of this First Modification as a final ORDER of the Department; and that Shippenville knowingly waives its rights to appeal this First Modification and to challenge its content or validity, which rights may be available under Section 4 of the Environmental Hearing Board Act, the Act of July 13, 1988, P.L. 530, No. 1988-94, 35 P.S. §7514; the Administrative Agency Law, 2 Pa. C.S. §103(a) and Chapters 5A and 7A; or any other provision of law. Signature by Shippenville's attorney certifies only that the agreement has been signed after consulting with counsel.

FOR SHIPPENVILLE BOROUGH:

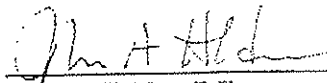


Michael C. Cotherman
Council President

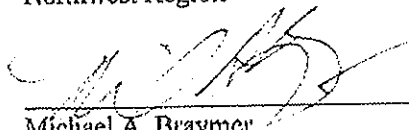


Name:
Attorney for Shippenville

**FOR THE COMMONWEALTH OF
PENNSYLVANIA, DEPARTMENT OF
ENVIRONMENTAL PROTECTION:**



John A. Holden, P.E.
Regional Manager
Clean Water Program
Northwest Region



Michael A. Braymer
Assistant Counsel

Resolution Number 13-01


THIS RESOLUTION, approved and adopted by the Borough Council of Shippenville Borough, Clarion County, Pennsylvania on the date hereinafter set forth.

WITNESSETH:


BE IT RESOLVED we, the undersigned of Shippenville Borough, this 9th Day of January, 2013 do hereby approve the ACT 537 Plan Implementation Schedule Revision

TASK/ACTIVITY	DATE
DEP Approval of Act 537 Plan	October 2012
Authorize Project	November 2012
Begin Design/Submit Part I Permit	April 1, 2013
Perform Wetland Delineation	March 2013
Perform Phase I Archaeological Survey	March 2013
Obtain Environmental Clearances	June 2013
Complete Design/Submit Part II Permit	November 2013
File Funding Applications	January 2014
Obtain DEP Approval	May 2014
Secure Funding Commitment	May 2014
Bld Project	June 2014
Begin Construction	August 2014
Complete Construction	September 2015
Complete Start-UP/Commissioning	October 2015
Meet NPDES Limits	December 2015

Council of Shippenville Borough:



President



Mayor

ATTEST:



Borough Secretary





pennsylvania
DEPARTMENT OF ENVIRONMENTAL PROTECTION

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

NPDES PERMIT NO: PA0103276

In compliance with the provisions of the Clean Water Act, 33 U.S.C. Section 1251 *et seq.* ("the Act") and Pennsylvania's Clean Streams Law, as amended, 35 P.S. Section 691.1 *et seq.*,

Shippenville Borough
106 School Street
PO Box 244
Shippenville, PA 16254

is authorized to discharge from a facility known as Shippenville Borough STP, located at 11252 State Route 208, Shippenville, PA 16254, located in Elk Township, Clarion County, to Deer Creek in Watershed(s) 17-B in accordance with effluent limitations, monitoring requirements and other conditions set forth in Parts A, B and C hereof.

THIS PERMIT SHALL BECOME EFFECTIVE ON JAN 01 2011
THIS PERMIT SHALL EXPIRE AT MIDNIGHT ON DEC 31 2015

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

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

In the event that a timely and complete application for renewal has been submitted and DEP is unable, through no fault of the permittee, to reissue the permit before the above expiration date, the terms and conditions of this permit, including submission of the Discharge Monitoring Reports (DMRs), will be automatically continued and will remain fully effective and enforceable against the discharger until DEP takes final action on the pending permit application. 25 Pa. Code 92.9

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

DATE PERMIT ISSUED DEC 10 2010

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

PART A - EFFLUENT LIMITATIONS, MONITORING, RECORDKEEPING AND REPORTING REQUIREMENTS

L.A. For Outfall 001, Latitude 41° 14' 46.02", Longitude 79° 28' 0.66", River Mile Index 7.8, Stream Code 49407

Discharging to Deer Creek

which receives wastewater from treated domestic sewage

1. The permittee is authorized to discharge during the period from Permit Effective Date through Permit Expiration Date.
2. Based on the anticipated wastewater characteristics and flows described in the permit application and its supporting documents and/or amendments, the following effluent limitations and monitoring requirements apply (see also Additional Requirements, Footnotes and Supplemental Information).

Parameter	Effluent Limitations						Monitoring Requirements	
	Mass Units (lbs/day) ⁽¹⁾		Concentrations (mg/L)				Minimum Measurement Frequency	Required Sample Type
	Average Monthly	Weekly Average	Minimum	Average Monthly	Weekly Average	Instant. Maximum		
Flow (MGD)	Report	Report	XXX	XXX	XXX	XXX	1/week	Measured
pH (S.U.)	XXX	XXX	6.0	XXX	XXX	9.0	1/week	Grab
Total Residual Chlorine	XXX	XXX	XXX	0.5	XXX	1.2	1/week	Grab
CBOD5	10.5	16.7	XXX	25	40	50	2/month	Composite
Total Suspended Solids	12.5	18.8	XXX	30	45	60	2/month	8-Hr Composite
Fecal Coliform (CFU/100 ml) May 1 - Sep 30	XXX	XXX	XXX	Geo Mean 200	XXX	XXX	2/month	Grab
Fecal Coliform (CFU/100 ml) Oct 1 - Apr 30	XXX	XXX	XXX	Geo Mean 2000	XXX	XXX	2/month	Grab

Samples taken in compliance with the monitoring requirements specified above shall be taken at the following location(s):

at Outfall 001 (after disinfection)

**PART A - EFFLUENT LIMITATIONS, MONITORING, RECORDKEEPING AND REPORTING REQUIREMENTS
(Continued)**

Additional Requirements

1. The discharger may not discharge floating materials, oil, grease, scum, foam, sheen and substances which produce color, taste, turbidity or settle to form deposits in concentrations or amounts sufficient to be, or creating a danger of being, inimical to the water uses to be protected or to human, animal, plant or aquatic life. 25 Pa. Code 92.51(6)
2. Except as otherwise specified in this permit, the 30-day average percent removal for carbonaceous biochemical oxygen demand and total suspended solids shall not be less than 85 percent. 25 Pa. Code 92.2c(b)(1)
3. Effective disinfection to control disease producing organisms from the period of May 1 to September 30 shall be the production of an effluent which will contain a concentration not greater than 200/100 ml of fecal coliform colonies as a geometric mean, nor greater than 1,000/100 ml of these colonies in more than 10 percent of the samples tested. 25 Pa Code 92.2c(b)(2)

Footnotes

- (1) When sampling to determine compliance with mass effluent limitations, the discharge flow at the time of sampling must be measured and recorded.
- (2) This is the minimum number of sampling events required. Permittees are encouraged, and it may be advantageous in demonstrating compliance, to perform more than the minimum number of sampling events.

Supplemental Information

If the permit requires reporting of average weekly limitations use the following guideline. If the "maximum average concentration" and the "maximum average mass loading" does not occur within the same week, both the highest weekly average concentration and the highest weekly average mass load should be reported, regardless of whether they both occur during the same calendar week.

II. DEFINITIONS

At Outfall (XXX) means a sampling location in outfall line XXX below the last point at which wastes are added to outfall line (XXX), or where otherwise specified.

Average refers to the use of an arithmetic mean, unless otherwise specified in this permit. 40 CFR 122.41(l)(4)(iii)

Best Management Practices (BMPs) means schedules of activities, prohibitions of practices, maintenance procedures and other management practices to prevent or reduce the pollution to surface waters of the Commonwealth. BMPs also include treatment requirements, operating procedures and practices to control plant site runoff, spillage or leaks, sludge or waste disposal, or drainage from raw material storage. 25 Pa. Code 92.1

Bypass means the intentional diversion of waste streams from any portion of a treatment facility. 40 CFR 122.41(m)(1)(i)

Calendar Week is defined as the seven consecutive days from Sunday through Saturday, unless the permittee has been given permission by DEP to provide weekly data as Monday through Friday based on showing excellent performance of the facility and a history of compliance. In cases when the week falls in two separate months, the month with the most days in that week shall be the month for reporting.

Clean Water Act means the Federal Water Pollution Control Act, as amended. (33 U.S.C.A. §§1251 to 1387).

Composite Sample (for all except GC/MS volatile organic analysis) means a combination of individual samples (at least eight for a 24-hour period or four for an 8-hour period) of at least 100 milliliters (mL) each obtained at spaced time intervals during the compositing period. The composite must be flow-proportional; either the volume of each individual sample is proportional to discharge flow rates, or the sampling interval is proportional to the flow rates over the time period used to produce the composite. EPA Form 2C

Composite Sample (for GC/MS volatile organic analysis) consists of at least four aliquots or grab samples collected during the sampling event (not necessarily flow proportioned). The samples must be combined in the laboratory immediately before analysis and then one analysis is performed. EPA Form 2C

Daily Average Temperature means the average of all temperature measurements made, or the mean value plot of the record of a continuous automated temperature recording instrument, either during a calendar day or during the operating day if flows are of a shorter duration.

Daily Discharge means the discharge of a pollutant measured during a calendar day or any 24-hour period that reasonably represents the calendar day for purposes of sampling. For pollutants with limitations expressed in units of mass, the "daily discharge" is calculated as the total mass of the pollutant discharged over the day. For pollutants with limitations expressed in other units of measurement, the "daily discharge" is calculated as the average measurement of the pollutant over the day. 25 Pa. Code 92.1 and 40 CFR 122.2

Daily Maximum Discharge Limitation means the highest allowable "daily discharge."

Discharge Monitoring Report (DMR) means the DEP or EPA supplied form(s) for the reporting of self-monitoring results by the permittee. 40 CFR 122.2

Estimated Flow means any method of liquid volume measurement based on a technical evaluation of the sources contributing to the discharge including, but not limited to, pump capabilities, water meters and batch discharge volumes.

Geometric Mean means the average of a set of n sample results given by the nth root of their product.

Grab Sample means an individual sample of at least 100 mL collected at a randomly selected time over a period not to exceed 15 minutes. EPA Form 2C

Hazardous Substance means any substance designated under 40 CFR Part 116 pursuant to Section 311 of the Clean Water Act. 40 CFR 122.2

Immersion Stabilization (i-s) means a calibrated device is immersed in the wastewater until the reading is stabilized.

Indirect Discharger means a non-domestic discharger introducing pollutants to a Publicly Owned Treatment Works (POTW). 25 Pa. Code 92.1 and 40 CFR 122.2

Industrial User means a non-domestic discharger introducing pollutants to a Publicly Owned Treatment Works (POTW). 25 Pa. Code 92.1

Instantaneous Maximum means the highest allowable discharge of a concentration of a substance at any one time as measured by a grab sample. 25 Pa. Code 92.1

Measured Flow means any method of liquid volume measurement, the accuracy of which has been previously demonstrated in engineering practice, or for which a relationship to absolute volume has been obtained.

Monthly Average Discharge Limitation means the highest allowable average of "daily discharges" over a calendar month, calculated as the sum of all "daily discharges" measured during a calendar month divided by the number of "daily discharges" measured during that month.

Municipality means a city, town, borough, country, parish, district, association or other public body created by or pursuant to State law and having jurisdiction over disposal of sewage, industrial wastes, or other wastes, or an Indian tribe or an authorized Indian tribal organization, or a designated and approved management agency under §1288 of the Clean Water Act. 40 CFR 122.2

Publicly Owned Treatment Works (POTW) means a treatment works as defined by §212 of the Clean Water Act, owned by a municipality. The definition includes any devices and systems used in the storage, treatment, recycling and reclamation of municipal sewage or industrial wastes of a liquid nature. It also includes sewers, pipes or other conveyances if they convey wastewater to a POTW providing treatment. 25 Pa Code 92.1 and 40 CFR 122.2

Severe Property Damage means substantial physical damage to property, damage to the treatment facilities that causes them to become inoperable, or substantial and permanent loss of natural resources that can reasonably be expected to occur in the absence of a bypass. Severe property damage does not mean economic loss caused by delays in production. 40 CFR 122.41(m)(1)(ii)

Stormwater means the runoff from precipitation, snow melt runoff, and surface runoff and drainage. 25 Pa. Code 92.1

Stormwater Associated With Industrial Activity means the discharge from any conveyance which is used for collecting and conveying stormwater and which is directly related to manufacturing, processing or raw materials storage areas as defined at 40 CFR §122.26(b)(14) and 25 Pa. Code 92.1.

Toxic Pollutant means those pollutants, or combinations of pollutants, including disease-causing agents, which after discharge and upon exposure, ingestion, inhalation or assimilation into any organism, either directly from the environment or indirectly by ingestion through food chains may, on the basis of information available to DEP cause death, disease, behavioral abnormalities, cancer, genetic mutations, physiological malfunctions, including malfunctions in reproduction, or physical deformations in these organisms or their offspring. 25 Pa. Code 92.1

Weekly Average Discharge Limitation means the highest allowable average of "daily discharges" over a calendar week, calculated as the sum of all "daily discharges" measured during a calendar week divided by the number of "daily discharges" measured during that week.

III. SELF-MONITORING, REPORTING AND RECORDKEEPING

A. Representative Sampling 40 CFR 122.4(i)(1)

1. Samples and measurements taken for the purpose of monitoring shall be representative of the monitored activity.
2. Records Retention 40 CFR 122.41(j)(2)

Except for records of monitoring information required by this permit related to the permittee's sludge use and disposal activities which shall be retained for a period of at least 5 years, all records of monitoring activities and results (including all original strip chart recordings for continuous monitoring instrumentation and calibration and maintenance records), copies of all reports required by this permit, and records of all data used to complete the application for this permit shall be retained by the permittee for 3 years from the date of the sample measurement, report or application. The 3-year period shall be extended as requested by DEP or the EPA Regional Administrator.

3. Recording of Results 40 CFR 122.41(j)(3)

For each measurement or sample taken pursuant to the requirements of this permit, the permittee shall record the following information:

- a. The exact place, date and time of sampling or measurements.
- b. The person(s) who performed the sampling or measurements.
- c. The date(s) the analyses were performed.
- d. The person(s) who performed the analyses.
- e. The analytical techniques or methods used; and the associated detection level.
- f. The results of such analyses.

4. Test Procedures 40 CFR 122.41(j)(4)

Facilities that test or analyze environmental samples used to demonstrate compliance with this permit shall be in compliance with laboratory accreditation requirements of Act 90 of 2002 (27 Pa. C.S. §§4101-4113), relating to environmental laboratory accreditation. Unless otherwise specified in this permit, the test procedures for the analysis of pollutants shall be those approved under 40 CFR Part 136 (or in the case of sludge use or disposal, approved under 40 CFR Part 136, unless otherwise specified in 40 CFR Part 503 or Subpart J of 25 Pa. Code Chapter 271), or alternate test procedures approved pursuant to those parts, unless other test procedures have been specified in this permit.

5. Quality/Assurance/Control

In an effort to assure accurate self-monitoring analyses results:

- a. The permittee, or its designated laboratory, shall participate in the periodic scheduled quality assurance inspections conducted by DEP and EPA. 40 CFR 122.41(e), 122.41(i)(3)
- b. The permittee, or its designated laboratory, shall develop and implement a program to assure the quality and accurateness of the analyses performed to satisfy the requirements of this permit, in accordance with 40 CFR Part 136. 40 CFR 122.41(j)(4)

B. Reporting of Monitoring Results

1. The permittee shall effectively monitor the operation and efficiency of all wastewater treatment and control facilities, and the quantity and quality of the discharge(s) as specified in this permit. 40 CFR 122.41(e) and 40 CFR 122.44(i)(1)
2. Unless instructed otherwise in Part C of this permit, properly completed DMR(s) must be received by the agency(ies) below within 28 days after the end of each reporting period. The permittee shall

complete all Supplemental Reporting forms (Supplemental DMRs) provided by DEP in this permit (or an approved equivalent), and submit the signed, completed forms as an attachment to the DMR(s). If the permittee elects to use DEP's electronic DMR (eDMR) system, one electronic submission may be made for DMRs and Supplemental DMRs. If paper forms are used, the completed forms shall be mailed to:

Department of Environmental Protection
Water Management Program
230 Chestnut Street
Meadville, PA 16335-3481

3. The completed DMR Form shall be signed and certified by either of the following applicable persons, as defined in 25 Pa. Code § 92.23:
 - For a corporation - by a principal executive officer of at least the level of vice president, or an authorized representative, if the representative is responsible for the overall operation of the facility from which the discharge described in the NPDES form originates.
 - For a partnership or sole proprietorship - by a general partner or the proprietor, respectively.
 - For a municipality, state, federal or other public agency - by a principal executive officer or ranking elected official.

If signed by a person other than the above, written notification of delegation of DMR signatory authority must be submitted to DEP in advance of or along with the relevant DMR form. 40 CFR 122.22(b)(3)

4. If the permittee monitors any pollutant at monitoring points as designated by this permit, using analytical methods described in Part A III.A.4. herein, more frequently than the permit requires, the results of this monitoring shall be incorporated, as appropriate, into the calculations used to report self-monitoring data on the DMR. 40 CFR 122.41(l)(4)(ii)

C. Reporting Requirements

1. Planned Changes 40 CFR 122.41(l)(1) - The permittee shall give notice to DEP as soon as possible of any planned physical alterations or additions to the permitted facility. Notice is required when:
 - a. The alteration or addition to a permitted facility may meet one of the criteria for determining whether a facility is a new source in 40 CFR §122.29(b).
 - b. The alteration or addition could significantly change the nature or increase the quantity of pollutants discharged. This notification applies to pollutants which are not subject to effluent limitations in this permit.
 - c. The alteration or addition results in a significant change in the permittee's sludge use or disposal practices, and such alteration, addition, or change may justify the application of permit conditions that are different from or absent in the existing permit, including notification of additional use or disposal sites not reported during the permit application process or not reported pursuant to an approved land application plan.
2. Anticipated Noncompliance

The permittee shall give advance notice to DEP of any planned changes in the permitted facility or activity that may result in noncompliance with permit requirements. 40 CFR 122.41(l)(2)
3. Unanticipated Noncompliance or Potential Pollution Reporting
 - a. Immediate Reporting - The permittee shall report incidents causing or threatening pollution in accordance with the requirements of 25 Pa. Code Section 91.33. If, because of an accident, other activity or incident a toxic substance or another substance which would endanger users downstream from the discharge, or would otherwise result in pollution or create a danger of

pollution or would damage property, the permittee shall immediately notify DEP by telephone of the location and nature of the danger and if reasonable possible to do so, notify downstream users of the waters of the Commonwealth to which the substance was discharged. Such notice shall include the location and nature of the danger. The permittee shall immediately take or cause to be taken steps necessary to prevent injury to property and downstream users of the waters from pollution or a danger of pollution and, in addition, within 15 days from the incident, shall remove the residual substances contained thereon or therein from the ground and from the affected waters of this Commonwealth to the extent required by applicable law.

b. The permittee shall report any noncompliance which may endanger health or the environment in accordance with the requirements of 40 CFR 122.41(l)(6). These requirements include the following obligations:

(i) 24 Hour Reporting - The permittee shall orally report any noncompliance with this permit which may endanger health or the environment within 24 hours from the time the permittee becomes aware of the circumstances. The following shall be included as information which must be reported within 24 hours under this paragraph:

(1) Any unanticipated bypass which exceeds any effluent limitation in the permit;

(2) Any upset which exceeds any effluent limitation in the permit; and

(3) Violation of the maximum daily discharge limitation for any of the pollutants listed in the permit as being subject to the 24-hour reporting requirement. Note see 40 CFR 122.44(g)

(ii) Written Report - A written submission shall also be provided within 5 days of the time the permittee becomes aware of any noncompliance which may endanger health or the environment. The written submission shall contain a description of the noncompliance and its cause; the period of noncompliance, including exact dates and times, and if the noncompliance has not been corrected, the anticipated time it is expected to continue; and steps taken or planned to reduce, eliminate, and prevent reoccurrence of the noncompliance.

(iii) Waiver of Written Report - DEP may waive the written report on a case-by-case basis if the associated oral report has been received within 24 hours from the time the permittee becomes aware of the circumstances which may endanger health or the environment. Unless such a waiver is expressly granted by DEP, the permittee shall submit a written report in accordance with this paragraph. 40 CFR 122.41(l)(6)(iii).

4. Other Noncompliance

The permittee shall report all instances of noncompliance not reported under paragraph C.3 of this section or specific requirements of compliance schedules, at the time DMRs are submitted. The reports shall contain the information listed in paragraph C.3.b.(ii) of this section. 40 CFR 122.41(l)(7)

PART B

I. MANAGEMENT REQUIREMENTS

A. Compliance Schedules 25 Pa. Code 92.55 and 40 CFR 122.47(a)

1. The permittee shall achieve compliance with the terms and conditions of this permit within the time frames specified in this permit.
2. The permittee shall submit reports of compliance or noncompliance, or progress reports as applicable, for any interim and final requirements contained in this permit. Such reports shall be submitted no later than 14 days following the applicable schedule date or compliance deadline. 40 CFR 122.47(a)(4)

B. Permit Modification, Termination, or Revocation and Reissuance

1. This permit may be modified, terminated, or revoked and reissued during its term in accordance with Title 25 Pa. Code 92.51(2) and 40 CFR 122.41(f).
2. The filing of a request by the permittee for a permit modification, revocation and reissuance, or termination, or a notification of planned changes or anticipated noncompliance, does not stay any permit condition. 40 CFR 122.41(f)
3. In the absence of DEP action to modify or revoke and reissue this permit, the permittee shall comply with effluent standards or prohibitions established under Section 307(a) of the Clean Water Act for toxic pollutants within the time specified in the regulations that establish those standards or prohibitions. 40 CFR 122.41(a)(1)

C. Duty to Provide Information

1. The permittee shall furnish to DEP, within a reasonable time, any information which DEP may request to determine whether cause exists for modifying, revoking and reissuing, or terminating this permit, or to determine compliance with this permit. 40 CFR 122.41(h)
2. The permittee shall furnish to DEP, upon request, copies of records required to be kept by this permit. 25 Pa. Code 92.51(3)(ii) and 40 CFR 122.41(h)
3. Other Information - Where the permittee becomes aware that it failed to submit any relevant facts in a permit application, or submitted incorrect information in a permit application or in any report to DEP, it shall promptly submit the correct and complete facts or information. 40 CFR 122.41(l)(8)
4. The permittee shall provide the following information in the annual Municipal Wasteload Management Report, required under the provisions of Title 25 Pa. Code Chapter 94 unless a more stringent time period is required by law, regulation or permit condition in which case the more stringent time period will apply.
 - a. A new introduction of pollutants into the POTW from an indirect discharger which would be subject to Sections 301 and 306 of the Clean Water Act if it were directly discharging pollutants. 40 CFR 122.42(b)(1)
 - b. A substantial change in the volume or character of pollutants being introduced into the POTW by an indirect discharger introducing pollutants into the POTW at the time of issuance of this permit. 40 CFR 122.42(b)(2)
 - c. Information on the quality and quantity of the effluent introduced into the POTW by an industrial user or an indirect discharger and the anticipated impact of the change in the quality and quantity of effluent to be discharged from the POTW. 40 CFR 122.42(b)(3)

- d. The identity of the industrial users served by the POTW which are subject to pretreatment standards adopted under Section 307(b) of the Clean Water Act; the POTW shall also specify the total volume of discharge and estimate concentration of each pollutant discharged into the POTW by the industrial user. 25 Pa. Code 92.53(c)
- e. The POTW shall require users of the treatment works subject to pretreatment standards adopted under Section 307(b) of the Clean Water Act to comply with the reporting requirements of Sections 204(b), 307, and 308 of the Clean Water Act and regulations thereunder. 25 Pa. Code 92.53(c)

D. Proper Operation and Maintenance

1. The permittee shall employ operator's certified in compliance with the Water and Wastewater Systems Operators Certification Act (63 P.S. §§1001-1015.1).
2. The permittee shall at all times properly operate and maintain all facilities and systems of treatment and control (and related appurtenances) which are installed or used by the permittee to achieve compliance with the terms and conditions of this permit. Proper operation and maintenance includes, but is not limited to, adequate laboratory controls including appropriate quality assurance procedures. This provision also includes the operation of backup or auxiliary facilities or similar systems that are installed by the permittee, only when necessary to achieve compliance with the terms and conditions of this permit. 40 CFR 122.41(e)

E. Duty to Mitigate

The permittee shall take all reasonable steps to minimize or prevent any discharge, sludge use or disposal in violation of this permit that has a reasonable likelihood of adversely affecting human health or the environment. 40 CFR 122.41(d)

F. Bypassing

1. Bypassing Not Exceeding Permit Limitations - The permittee may allow a bypass to occur which does not cause effluent limitations to be exceeded, but only if it also is for essential maintenance to assure efficient operation. These bypasses are not subject to the provisions in paragraphs two, three and four of this section. 40 CFR 122.41(m)(2)
2. Other Bypassing - In all other situations, bypassing is prohibited and DEP may take enforcement action against the permittee for bypass unless:
 - a. A bypass is unavoidable to prevent loss of life, personal injury or "severe property damage." 40 CFR 122.41(m)(4)(i)(A)
 - b. There are no feasible alternatives to the bypass, such as the use of auxiliary treatment facilities, retention of untreated wastes, or maintenance during normal periods of equipment downtime. This condition is not satisfied if adequate backup equipment should have been installed in the exercise of reasonable engineering judgment to prevent a bypass which occurred during normal periods of equipment downtime or preventive maintenance. 40 CFR 122.41(m)(4)(i)(B)
 - c. The permittee submitted the necessary notice required in F.4.a. and b. below. 40 CFR 122.41(m)(4)(i)(C)
3. DEP may approve an anticipated bypass, after considering its adverse effects, if DEP determines that it will meet the conditions listed in F.2. above. 40 CFR 122.41(m)(4)(ii)
4. Notice
 - a. Anticipated Bypass - If the permittee knows in advance of the need for a bypass, it shall submit prior notice, if possible, at least 10 days before the bypass. 40 CFR 122.41(m)(3)(i)

b. Unanticipated Bypass

- (i) The permittee shall submit immediate notice of an unanticipated bypass causing or threatening pollution. The notice shall be in accordance with Part A III.C.3.a.
- (ii) The permittee shall submit oral notice of any other unanticipated bypass within 24 hours, regardless of whether the bypass may endanger health or the environment or whether the bypass exceeds effluent limitations. The notice shall be in accordance with Part A III.C.3.b.

II. PENALTIES AND LIABILITY

A. Violations of Permit Conditions

Any person violating Sections 301, 302, 306, 307, 308, 318 or 405 of the Clean Water Act or any permit condition or limitation implementing such sections in a permit issued under Section 402 of the Act is subject to civil, administrative and/or criminal penalties as set forth in 40 CFR §122.4(a)(2).

Any person or municipality, who violates any provision of this permit; any rule, regulation or order of DEP; or any condition or limitation of any permit issued pursuant to the Clean Streams Law, is subject to criminal and/or civil penalties as set forth in Sections 602, 603 and 605 of the Clean Streams Law.

B. Falsifying Information

Any person who does any of the following:

- Falsifies, tampers with, or knowingly renders inaccurate any monitoring device or method required to be maintained under this permit, or
- Knowingly makes any false statement, representation, or certification in any record or other document submitted or required to be maintained under this permit (including monitoring reports or reports of compliance or noncompliance)

Shall, upon conviction, be punished by a fine and/or imprisonment as set forth in 18 Pa.C.S.A § 4904 and 40 CFR §122.41(j)(5) and (k)(2).

C. Liability

Nothing in this permit shall be construed to relieve the permittee from civil or criminal penalties for noncompliance pursuant to Section 309 of the Clean Water Act or Sections 602, 603 or 605 of the Clean Streams Law.

Nothing in this permit shall be construed to preclude the institution of any legal action or to relieve the permittee from any responsibilities, liabilities or penalties to which the permittee is or may be subject to under the Clean Water Act and the Clean Streams Law.

D. Need to Halt or Reduce Activity Not a Defense

It shall not be a defense for the permittee in an enforcement action that it would have been necessary to halt or reduce the permitted activity in order to maintain compliance with the conditions of this permit. 40 CFR 122.41(c)

III. OTHER RESPONSIBILITIES

A. Right of Entry

Pursuant to Sections 5(b) and 305 of Pennsylvania's Clean Streams Law, and Title 25 Pa. Code Chapter 92 and 40 CFR §122.41(i), the permittee shall allow authorized representatives of DEP and EPA, upon the presentation of credentials and other documents as may be required by law:

1. To enter upon the permittee's premises where a regulated facility or activity is located or conducted, or where records must be kept under the conditions of this permit; 25 Pa. Code 92.51(3)(i) and 40 CFR 122.41(i)(1)
2. To have access to and copy, at reasonable times, any records that must be kept under the conditions of this permit; 25 Pa. Code 92.51(3)(ii) and 40 CFR 122.41(i)(2)
3. To inspect at reasonable times any facilities, equipment (including monitoring and control equipment), practices or operations regulated or required under this permit; and 40 CFR 122.41(i)(3)
4. To sample or monitor at reasonable times, for the purposes of assuring permit compliance or as otherwise authorized by the Clean Water Act or the Clean Streams Law, any substances or parameters at any location. 40 CFR 122.41(i)(4)

B. Transfer of Permits

1. Transfers by modification. Except as provided in paragraph 2 of this section, a permit may be transferred by the permittee to a new owner or operator only if this permit has been modified or revoked and reissued, or a minor modification made to identify the new permittee and incorporate such other requirements as may be necessary under the Clean Water Act. 40 CFR 122.61(a)
2. Automatic transfers. As an alternative to transfers under paragraph 1 of this section, any NPDES permit may be automatically transferred to a new permittee if:
 - a. The current permittee notifies DEP at least 30 days in advance of the proposed transfer date in paragraph 2.b. of this section; 25 Pa. Code 92.71a(1) and 40 CFR 122.61(b)(1)
 - b. The notice includes the appropriate DEP transfer form signed by the existing and new permittees containing a specific date for transfer of permit responsibility, coverage and liability between them; and 25 Pa. Code 92.71a(2) and 40 CFR 122.61(b)(2)
 - c. DEP does not notify the existing permittee and the proposed new permittee of its intent to modify or revoke and reissue this permit, the transfer is effective on the date specified in the agreement mentioned in paragraph 2.b. of this section. 25 Pa. Code 92.71a(3) and 40 CFR 122.61(b)(3)
 - d. The new permittee is in compliance with existing DEP issued permits, regulations, orders and schedules of compliance, or that any noncompliance with the existing permits has been resolved by an appropriate compliance action or by the terms and conditions of the permit (including compliance schedules set forth in the permit), consistent with § 92.55 (relating to schedules of compliance) and other appropriate DEP regulations. 25 Pa. Code 92.71a(4)
3. In the event DEP does not approve transfer of this permit, the new owner or controller must submit a new permit application.

C. Property Rights

The issuance of this permit does not convey any property rights of any sort, or any exclusive privilege. 40 CFR 122.41(a)

D. Duty to Reapply

If the permittee wishes to continue an activity regulated by this permit after the expiration date of this permit, the permittee must apply for a new permit. 40 CFR 122.21(d)

E. Other Laws

The issuance of this permit does not authorize any injury to persons or property or invasion of other private rights, or any infringement of state or local law or regulations.

PART C

I. OTHER REQUIREMENTS

- A. No storm water from pavements, area ways, roofs, foundation drains or other sources shall be admitted to the sanitary sewers associated with the herein approved discharge.
- B. The approval herein given is specifically made contingent upon the permittee acquiring all necessary property rights by easement or otherwise, providing for the satisfactory construction, operation, maintenance and replacement of all sewers or sewerage structures associated with the herein approved discharge in, along, or across private property, with full rights of ingress, egress and regress.
- C. If, in the opinion of the Department, these works are not so operated or if by reason of change in the character of wastes or increased load upon the works, or changed use or condition of the receiving body of water, or otherwise, the said effluent ceases to be satisfactory or the sewerage facilities shall have created public nuisance, then upon notice by the Department the right herein granted to discharge such effluent shall cease and become null and void unless within the time specified by the Department, the permittee shall adopt such remedial measures as will produce an effluent which, in the opinion of the Department, will be satisfactory for discharge into the said receiving body of water.
- D. Collected screenings, slurries, sludges, and other Solids shall be handled and disposed of in compliance with 25 Pa. Code, Chapter 75, and in a manner "equivalent" to the requirements indicated in Chapters 271, 273, 275, 283 and 285 (relating to permits and requirements for landfilling, land application, incineration, and storage of sewage sludge), Federal Regulation 40 CFR 257, Pennsylvania Clean Streams Law, Pennsylvania Solid Waste Management Act of 1980, and the Federal Clean Water Act and its amendments.

The permittee is responsible to obtain or assure that contracted agents have all necessary permits and approvals for the handling, storage, transport and disposal of solid waste materials generated as a result of wastewater treatment.

E. Effluent Chlorine Optimization and Minimization

To reduce or eliminate the amount of chlorine discharged into water bodies, the permittee must: (1) implement source reduction activities, (2) improve operation/maintenance practices and, (3) improve/adjust process controls.

The permittee will ensure that applied chlorine dosages, used for disinfection or other purposes, are optimized to the degree necessary such that the total residual chlorine in the discharge does not cause an adverse stream impact. In doing so, the permittee shall consider relevant factors affecting chlorine dosage, such as wastewater characteristics, mixing and contact times, desired result of chlorination, and expected impact on the receiving water body.

If the Department determines or receives documented evidence levels of TRC in the permittee's effluent are causing adverse impacts in the receiving water, the permittee shall institute necessary additional steps to reduce or eliminate such impact.

COMMONWEALTH OF PENNSYLVANIA
 DEPARTMENT OF ENVIRONMENTAL PROTECTION
 BUREAU OF WATER STANDARDS AND FACILITY REGULATION
 NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM (NPDES)
 DISCHARGE MONITORING REPORT (DMR)

Facility Type: MINOR

PERMITTEE NAME/ADDRESS
 Shippenville Borough
 P.O. Box 244
 Shippenville, PA 16254
 FACILITY
 Shippenville Borough STP
 LOCATION
 11252 State Route 208, Shippenville, PA
 Elk Township, Clarion County
 WATERSHED
 17-B

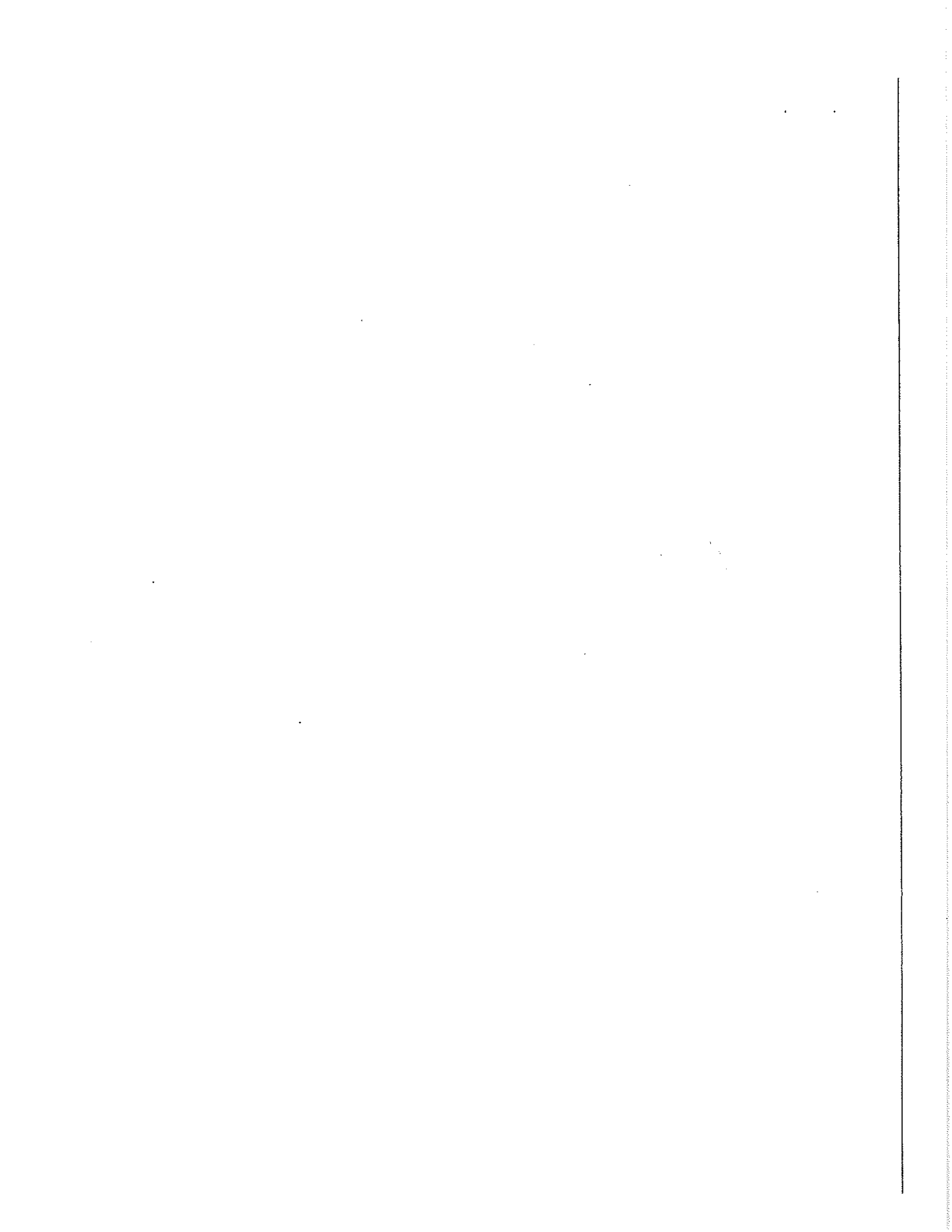
PA0103276
 PERMIT NUMBER
 901
 OUTFALL NUMBER

MONITORING PERIOD
 YEAR MO DAY TO YEAR MO DAY

Reporting Frequency: Monthly
 DMR Effective From: January 1, 2011
 DMR Effective To: December 31, 2015
 Permit Expires: December 31, 2015
 Permit Application Due: July 4, 2015
 Check Here if No Discharge

NOTE: Read instructions before completing this form

PARAMETER	SAMPLE MEASUREMENT	QUANTITY OR LOADING			QUALITY OR CONCENTRATION			UNITS	NO. OF ANALYSIS	FREQUENCY	SAMPLE TYPE
		VALUE	UNITS	PERMIT	VALUE	UNITS	PERMIT				
Flow	MEASUREMENT	Report	Report	MGD	*****	*****	*****	*****	1/week	Measured	
	PERMIT REQUIREMENT	Avg Mo	Wkly Avg		*****	*****	*****	*****			
pH	MEASUREMENT	*****	*****		6.0 Min	*****	9.0 Max	S.U.	1/week	Grab	
	PERMIT REQUIREMENT	*****	*****		*****	*****	*****				
Total Residual Chlorine	MEASUREMENT	*****	*****		0.5 Avg Mo	*****	1.2 IMAX	mg/L	1/week	Grab	
	PERMIT REQUIREMENT	*****	*****		*****	*****	*****				
CBOD5	MEASUREMENT	10.5 Avg Mo	16.7 Wkly Avg	lbs/day	*****	*****	40 Wkly Avg	mg/L	2/month	8-Hr Composite	
	PERMIT REQUIREMENT	*****	*****		*****	*****	*****				
Total Suspended Solids	MEASUREMENT	12.5 Avg Mo	18.8 Wkly Avg	lbs/day	*****	*****	45 Wkly Avg	mg/L	2/month	8-Hr Composite	
	PERMIT REQUIREMENT	*****	*****		*****	*****	*****				
Fecal Coliform Oct 1 - Apr 30	MEASUREMENT	*****	*****		2000 Geo Mean	*****	*****	CFU/100 ml	2/month	Grab	
	PERMIT REQUIREMENT	*****	*****		*****	*****	*****				
Fecal Coliform May 1 - Sep 30	MEASUREMENT	*****	*****		200 Geo Mean	*****	*****	CFU/100 ml	2/month	Grab	
	PERMIT REQUIREMENT	*****	*****		*****	*****	*****				
NAME/TITLE PRINCIPAL EXECUTIVE OFFICER TYPED OR PRINTED COMMENTS (Report all violations on the "Non-Compliance Reporting Form")											
SIGNATURE OF PRINCIPAL EXECUTIVE OFFICER OR AUTHORIZED AGENT AREA CODE NUMBER YEAR MO DAY TELEPHONE DATE											



Schedule 8.2.3

Opinion of Counsel (PAWC)

See Attached Draft (1 page)

DRAFT

Date _____

I am Corporate Counsel for Pennsylvania American Water Company ("PAWC"), a Pennsylvania corporation, in connection with the execution and delivery of the Purchase Agreement dated _____, between _____, as Seller, and PAWC, as Purchaser, for the sale by _____ to PAWC of the public wastewater system ("Wastewater System") and assets related to the Wastewater System now owned by _____. This Opinion is delivered to you under Paragraph 8.2.3 of the Purchase Agreement.

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

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

2. The execution, delivery and performance of the Purchase Agreement does not, and the consummation of the transaction contemplated by the Purchase Agreement as of Closing will not, violate any provision of law or conflict with, result in a breach of, or constitute a default under, the terms, conditions or provisions of any agreement, contract or other instrument to which PAWC is a party.

Sincerely,

Corporate Counsel
Pennsylvania American Water

Pennsylvania-American Water Company, Inc.
Pro-Forma Balance Sheet (Unaudited)
December 31, 2013
(Dollars in thousands)

	PAWC December 31, 2013 (Unaudited)	Shipperville Acquisition December 31, 2013 (Unaudited)	Consolidated December 31, 2013 (Unaudited)
Property, plant and equipment			
Utility plant - at original cost less accumulated depreciation	\$ 3,149,042	\$ 690	\$ 3,149,732
Utility plant acquisition adjustments, net	\$ 14,531		\$ 14,531
Total Non-Utility Plant, net	\$ 235		\$ 235
Total property plant and equipment	\$ 3,163,808	\$ 690	\$ 3,164,498
Current assets			
Cash and cash equivalents	\$ 683		\$ 683
Accounts receivable:			\$ -
Billed, net of allowance for doubtful accounts	\$ 42,469		\$ 42,469
Unbilled	\$ 36,111		\$ 36,111
Other current assets	\$ 14,643		\$ 14,643
Total current assets	\$ 93,906	\$ -	\$ 93,906
Long-term assets			
Regulatory assets	\$ 182,074		\$ 182,074
Goodwill	\$ 39,782		\$ 39,782
Prepaid Pension Expense	\$ 19,885		\$ 19,885
Other	\$ 553		\$ 553
Total long-term assets	\$ 242,294	\$ -	\$ 242,294
Total assets	\$ 3,500,008	\$ 690	\$ 3,500,698
Capitalization and Liabilities			
Capitalization			
Total stockholder's equity	\$ 1,169,390	\$ -	\$ 1,169,390
Long-term debt	\$ 1,147,870		\$ 1,147,870
Preferred stock without mandatory redemption requirements	\$ -		\$ -
Preferred stock with mandatory redemption requirements	\$ 10,052		\$ 10,052
Total capitalization	\$ 2,327,312	\$ -	\$ 2,327,312
Current liabilities			
Notes payable - associated companies	\$ 66,728	\$ 690	\$ 67,418
Current portion of long-term debt	\$ 5,117		\$ 5,117
Other	\$ 116,157		\$ 116,157
Total current liabilities	\$ 188,002	\$ 690	\$ 188,692
Long-term liabilities			
Deferred income taxes	\$ 699,187		\$ 699,187
Regulatory Liabilities	\$ 27,780		\$ 27,780
Other	\$ 129,879		\$ 129,879
Total long-term liabilities	\$ 856,846	\$ -	\$ 856,846
Contributions in aid of construction	\$ 127,848	\$ -	\$ 127,848
Total capitalization and liabilities	\$ 3,500,008	\$ 690	\$ 3,500,698

Pennsylvania-American Water Company, Inc.
Income Statement for the 12 Months Ended December 31, 2013 (Unaudited)
(Dollars in thousands)

	PAWC 12 Months Ended December 31, 2013 Unaudited	Shipperville Acquisition 12 Months Ended December 31, 2013 Unaudited	Consolidated 12 Months Ended December 31, 2013 Unaudited
Operating revenues	\$571,195	\$136	\$571,331
Operating expenses			
Operation and maintenance	\$200,367	\$43	\$200,410
Depreciation and amortization	\$87,484	\$15	\$87,499
General taxes and other	\$12,288	\$1	\$12,289
Total Operating Expenses	\$300,139	\$59	\$300,198
Operating income	\$271,056	\$77	\$271,133
Other income (expenses)			
Other income, net	\$1,453		\$1,453
Interest expense, net	-\$64,458		-\$64,458
Total Other Expenses	-\$63,005	-	-\$63,005
Income before income taxes	\$208,051	\$77	\$208,128
Provision for income taxes	\$85,957	-	\$85,957
Net income	\$122,094	\$77	\$122,171

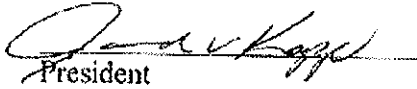
Pennsylvania-American Water Company's
Resolutions
To filed Separately


Resolution Number 14-3

THIS RESOLUTION, approved and adopted by the Borough Council of Shippenville Borough, Clarion County, Pennsylvania on the date hereinafter set forth.


WITNESSETH:

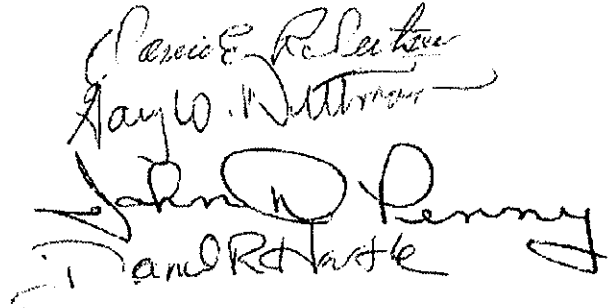
BE IT RESOLVED this day the 13th day of August 2014, we the Council of Shippenville Borough do authorize Linda Duffee, President of Shippenville Borough Council, to sell the Shippenville Borough Sewage Plant to Pennsylvania American Water


President


Mayor

ATTEST:

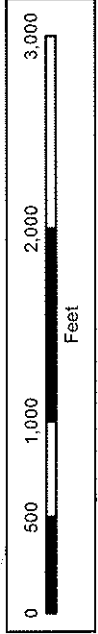
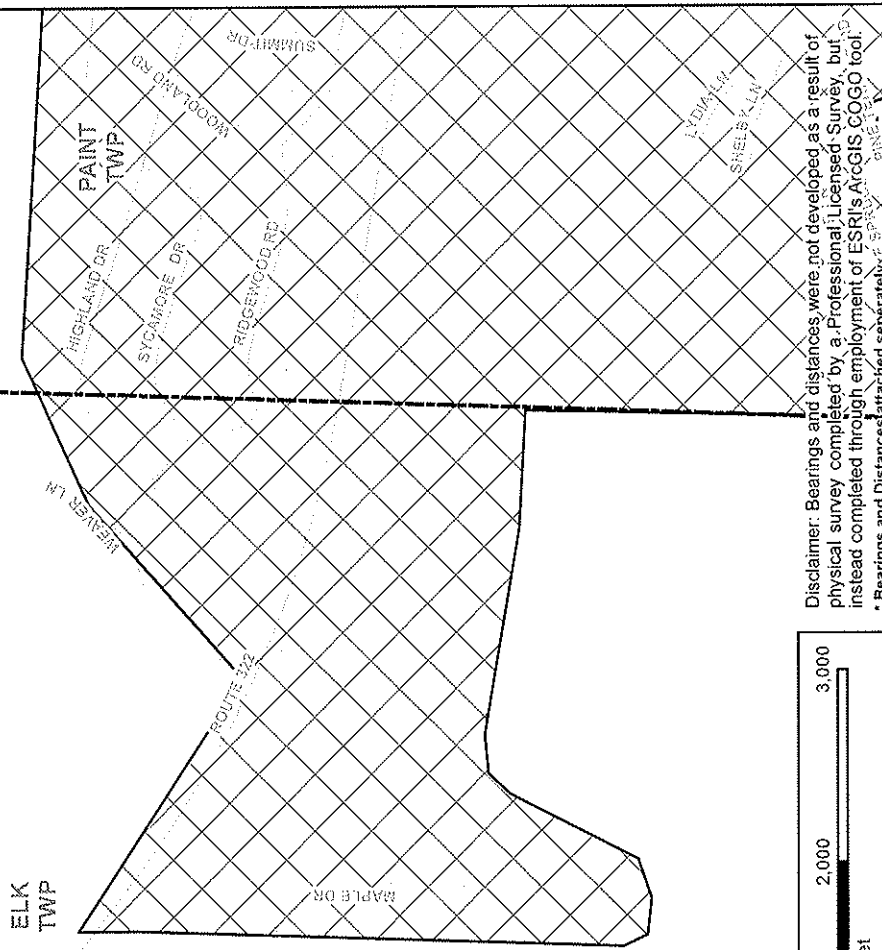
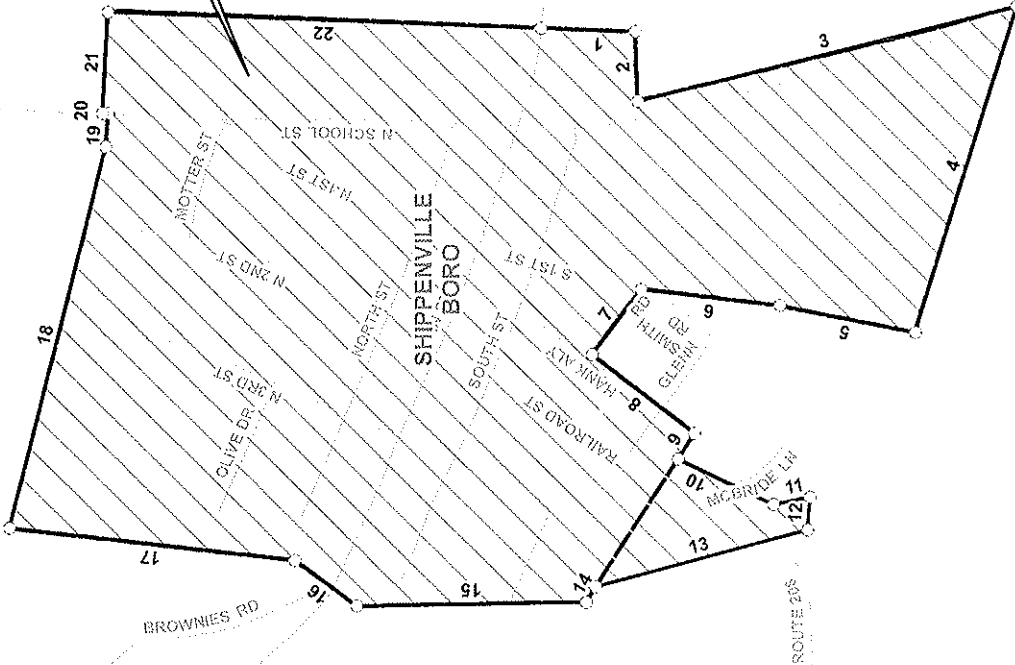

Borough Secretary


Council Members: David E. Reiter, Jay W. Dutton, John D. Penny, and R. H. Harkle

Shippenville's Existing Wastewater Rates – to be adopted by PAWC as
its base rates effective at Closing

- Customer Charge (All Classes and Meter Sizes) - \$42.00/Month, but includes 1st 2,000 Gallons/Month
 - Volumetric Charge - \$6.50/Thousand Gallons for all usage in excess of 2,000 Gallons/Month

**Proposed Service Area - Shippenville Sewage System:
Approximately 254 Acres**



Disclaimer: Bearings and distances were not developed as a result of physical survey completed by a Professional Licensed Survey, but instead completed through employment of ESRI's ArcGIS COGO tool.
* Bearings and Distances attached separately.

Pennsylvania American Water Company
Clarion Operating Area

Proposed Service Area - Shippenville Sewage System
Approximately 254 Total Acres

Shippenville Borough & Elk Township, Clarion County

**PENNSYLVANIA
AMERICAN WATER**
Pennsylvania American Water
800 West Hershey Park Drive
Hershey, PA 17033

Legend

- Proposed Shippenville Service Area
- PAWC Certified Wastewater Service Territory
- Municipality

TO BE USED FOR REFERENCE ONLY
Although every effort has been made to ensure the accuracy of the information, errors and omissions may occur from physical sources or in the development of the information. Physical sources to which the Certified Sewerage Territory may be affected in the data loaded.

Bearings & Distances: Proposed Service Area-Shippenville Sewage System

Sequence	From	To	Bearing	Distance (ft)
1	1	2	S2°31'26"W	490.1746
2	2	3	S87°47'51"W	361.3781
3	3	4	S13°41'26"E	2024.5356
4	4	5	N72°33'32"W	1772.4598
5	5	6	N11°43'03"E	718.0892
6	6	7	N7°03'24"E	720.7371
7	7	8	N53°13'29"W	420.4867
8	8	9	S38°14'27"W	667.5522
9	9	10	N58°55'42"W	158.1005
10	10	11	S25°59'43"W	546.6214
11	11	12	S11°18'36"E	194.7542
12	12	13	N85°57'20"W	172.3041
13	13	14	N14°44'21"W	1132.7603
14	14	15	N58°40'17"W	93.4924
15	15	16	N0°45'10"W	1189.3388
16	16	17	N36°58'06"E	404.1673
17	17	18	N6°40'15"E	1494.4932
18	18	19	S75°48'58"E	2044.0852
19	19	20	S85°57'20"E	172.3041
20	20	21	N1°35'28"E	31.2621
21	21	22	S86°43'21"E	529.396
22	22	1	S2°28'41"W	2248.6305

SERVICE AREA IDENTIFICATION
SHIPPENVILLE BOROUGH
WASTEWATER SYSTEM

The Shippenville Borough Wastewater System is a municipal wastewater system owned and operated by Shippenville Borough and serves both Shippenville Borough and Elk Township. The Shippenville Borough system is located in Clarion County approximately 3.25 miles north of Interstate 80 along S.R. 322. The exact location of the service area is reflected on the map contained in Exhibit L. The service area was identified by the planar coordinates based on the Pennsylvania State Plane System.

Estimated Annual Revenues and Expenses

Revenues - \$136,513

Expenses (excluding Interest, Taxes, Depreciation & Amortization) - \$43,577